



IN THE MATTER OF
INTERCITY TRANSIT

AND

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS,
AFL-CIO, DISTRICT LODGE NO. 160

Date Issued: August 24, 1995

INTEREST ARBITRATION OPINION AND AWARD

OF

ALAN R. KREBS

Appearances:

INTERCITY TRANSIT

Bruce L. Schroeder

INTERNATIONAL ASSOCIATION OF
MACHINISTS AND AEROSPACE WORKERS,
AFL-CIO, DISTRICT LODGE NO. 160

Dennis P. London

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OPINION OF THE ARBITRATOR

A. PROCEDURAL MATTERS

In accordance with RCW 41.56.492, an interest arbitration hearing was held involving certain employees in the maintenance department of Intercity Transit. These employees are represented for purposes of collective bargaining by International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge No. 160. The undersigned was selected by the parties to serve as the Arbitrator. The parties specifically waived the provision in RCW 41.56.450 which calls for the establishment of a three member arbitration panel. A hearing was held in Olympia, Washington, on May 18, 1995. Intercity Transit was represented by Bruce L. Schroeder of the law firm Heller, Ehrman, White & McAuliffe. International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge No. 160 was represented by Dennis P. London, Business Representative.

At the hearing, the testimony of witnesses was taken under oath and the parties presented documentary evidence. A court

reporter was present, and, subsequent to the hearing, a copy of the transcript was submitted to the Arbitrator.

The parties agreed upon the submission of post-hearing briefs. The Arbitrator received the briefs on June 22 and 26, 1995. In view of the lengthy record, the parties agreed to waive the statutory requirement that the interest arbitration award be issued within 30 days following the conclusion of the hearing. Instead, it was agreed that the Arbitrator would have 60 days to submit his award.

While your Arbitrator has carefully reviewed and considered all the evidence presented, given its volume it would be impractical to detail all the information and statistics provided. Evidence presented has been set forth in this Opinion to the extent deemed necessary to explain and support the Award.

B. APPLICABLE STATUTORY PROVISIONS

In the state of Washington, where public passenger transportation systems and their employees are unable to reach agreement on new contract terms by means of negotiations and mediation, RCW 41.56.492 calls for interest arbitration to resolve their dispute. In interest arbitration, an arbitrator or arbitration panel adjudicates a resolution to contract issues regarding terms and conditions of employment, which are at impasse following collective bargaining negotiations.

RCW 41.56.492 sets forth certain criteria which must be considered by the arbitration panel in deciding the controversy:

* * *

In making its determination, the arbitration panel shall be mindful of the legislative purpose enumerated in RCW 41.56.430 and as additional standards or guidelines to aid it in reaching a decisions [decision], shall take into consideration the following factors:

- (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.

RCW 41.56.430, which is referenced in RCW 41.56.492, reads as follows:

Uniformed personnel--Legislative declaration. The intent and purpose of this 1973 amendatory act is to recognize that there exists a public policy in the state of Washington against strikes by uniformed personnel as a means of settling their labor disputes; that the uninterrupted and dedicated service of these classes of employees is vital to the welfare and public safety of the state of Washington; that to promote such dedicated and uninterrupted public service there should exist an effective and adequate alternative means of settling disputes.

C. ISSUES

The employer's actual title is the Thurston County Transportation Benefit Area, but it is most commonly known as Intercity Transit. Intercity transit is the public transportation provider in Thurston County, Washington. It is an independent municipal corporation governed by a nine-member board composed of representatives from cities within Thurston County and the County government. The Union represents about 32 employees in the maintenance department bargaining unit. There are eight classifications within the bargaining unit: lead mechanic, mechanic, apprentice mechanic, lead service worker, support specialist, service worker, vehicle cleaner, and cleaner. This bargaining unit was first certified on April 21, 1994 by the state Public Employment Relations Commission. Following certification, the parties were unable to reach an agreement on a new contract despite their efforts in negotiations and the efforts of a mediator. In accordance with RCW 41.56.492 and RCW 41.56.450, the executive director of the Public Employment Relations Commission certified that the parties were at impasse on several issues. The issues submitted to arbitration are:

- 1) Wages
- 2) Duration of Contract
- 3) Retroactivity.

During the arbitration hearing, the parties mutually agreed that the duration of the contract should be three years. With the

exception of wages and retroactivity, the parties have agreed to all contract provisions for a three-year agreement, expiring on December 31, 1997.

D. PROPOSALS BY INTERCITY TRANSIT

1. General Wage Increases

Intercity Transit proposes a 2.5 percent general wage increase effective on the first full pay period after January 1, 1995, an increase which it has already implemented. Effective with the first full pay period after January 1, 1996, Intercity Transit proposes a general wage increase equal to the percentage general wage increase for 1996 to be negotiated with Amalgamated Transit Union Local 1384, the Union representing about 200 of Intercity Transit's employees, including its coach operators. Effective with the first full pay period after January 1, 1997, Intercity Transit proposes a general wage increase equal to the percentage general wage increase for 1997 negotiated with ATU Local 1384.

2. Progression To Top Step

The second component of Intercity Transit's wage proposal involves the number of steps from entry level to top step. Effective with the first full pay period after July 1, 1995, Intercity Transit proposes to reduce the current 13-step wage progression to seven steps. Effective with the first full pay period after July 1, 1996, Intercity Transit proposes to

eliminate an additional step, resulting in a 6-step progression. Effective with the first full pay period after July 1, 1997, Intercity Transit proposes to eliminate an additional step, resulting in a 5-step program. Effective with the end of the last full pay period before December 31, 1997, Intercity Transit proposes to eliminate one additional step, resulting in a 4-step progression at the end of this collective bargaining agreement. Employees would move one step per year based solely on time in service. Employees present in a step slated for elimination would move to the next highest step. The wage differential between steps would increase from 2.5 percent to 5 percent.

3. Lead Mechanic Differential

Intercity Transit proposes no special adjustment for lead mechanics. They would receive the same general wage increase and step movement described above.

4. Classroom Training Premium

Intercity Transit proposes to pay 50 cents per hour above the regular rate for actual time employees serve as instructors in classroom training.

5. Intercity Transit proposes that any pay increase awarded should be retroactive to July 1, 1995.

E. PROPOSALS BY THE UNION

1. The Union's wage proposal was presented in the following form:

	Step 1	Step 2	Step 3	Step 4
Classification	Probation to 1 Yr.	Over 1 Yr.	Over 2 Yrs.	Over 3 Yrs.
Journeyman Mechanic	\$15.00	\$16.00	\$17.00	\$18.00
Service Worker	\$12.60	\$13.25	\$14.10	\$14.95
Cleaner	\$10.00	\$10.90	\$11.80	\$12.45

LEADS - 10% OVER JOURNEYMAN RATE

PLACEMENT BASED UPON YEARS OF SERVICE IN CLASSIFICATION.

The Union also made the following proposals:

2. Classroom Training Premium - 10 percent
3. Effective January 1, 1996, a percentage wage increase equal to that received by ATU Local 1384, but with a minimum of 2 percent.

Effective January 1, 1997, a percentage wage increase equal to that received by ATU Local 1384, but with a minimum of 2 percent.

4. Retroactivity of any pay increase to January 1, 1995.

F. BACKGROUND

Intercity Transit assumed operation in 1981 in the urban areas of Thurston County and expanded service to the rural areas of the County in 1993. This expanded service resulted in an increase in the work force from 193 to over 300.¹ According to

¹ The number of employees is calculated on a full-time equivalency (FTE) basis.

Intercity Transit's 1995 budget, it services an area of 758 square miles with a population of 184,400. The city of Olympia, where Intercity Transit is centered, is located approximately 30 miles from the much larger city of Tacoma and about 60 miles from the metropolitan center of Seattle. The state capitol of Washington is located in the city of Olympia. The state government is by far the largest single employer in the County. Intercity Transit operates a variety of public transportation services, including fixed-route buses, shuttles connecting state facilities, dial-a-ride vans, vanpools, and intercounty service between Thurston and Pierce Counties.

Intercity Transit obtains its funding from four principal sources. The two largest sources of revenue by a wide margin are a local sales tax generated and approved by voters within Intercity Transit's service area and a percentage of the state motor vehicle excise tax (MVET) generated within the service area. Additional revenues are derived from federal and state grants as well as passenger fares. Funding is received from the state for the operation of the shuttle service for state offices.

Intercity Transit has already granted bargaining unit employees an across-the-board wage increase of 2.5 percent effective with the first payroll in January 1995.² According to Intercity Transit, this increase represents an "advance" on its

² There is one mutually recognized "red-circled" employee who did not receive a pay increase.

proposal for this contract. During collective bargaining for this contract, the parties agreed to some benefit improvements in overtime, out of class pay, and vacation accrual. The additional cost of these improvements adds up to about 0.4 percent of the compensation cost for the bargaining unit. In addition, Intercity Transit agreed to continue providing medical coverage for employees and their dependents at no cost to the employees.

G. THE CONSTITUTIONAL AND STATUTORY AUTHORITY OF THE EMPLOYER

This is the first standard or guideline set forth in RCW 41.56.492 for consideration by the arbitrator. Intercity Transit argues that it is barred by the state constitution, statute, and case law from granting a retroactive pay increase. The Union responds in a cursory manner that its request for a retroactive pay increase is within legal parameters.

Article VIII, Section 7 prohibits a municipal corporation from making a gift of public funds. Language in Christie v. The Port of Olympia, 27 Wn 2d 534, 544 (1947) indicates that a municipal corporation cannot provide a retroactive pay increase covering work already performed, unless before such work was performed there was an explicit agreement that future wage payments were not to be considered full compensation. In this context, in 1973, the state legislature enacted RCW 41.56.950 which would permit a retroactive pay increase in the situation

where there was a collective bargaining agreement which had expired:

Whenever a collective bargaining agreement between a public employer and a bargaining representative is concluded after the termination date of the previous collective bargaining agreement between the same parties, the effective date of such collective bargaining agreement may be the day after the termination date of the previous collective bargaining agreement and all benefits included in the new collective bargaining agreement including wage increases may accrue beginning with such effective date as established by this section.

Then, in King County/Public Safety Employees Local 519, PD 4236 (PECB, 1992), a hearing examiner for the Washington Public Employment Relations Commission held that it was an unfair labor practice for a union to insist to impasse on a retroactive pay increase for a group of employees who had not been previously covered by a collective bargaining agreement, where there had not been a prior "Christie agreement" stating that wage increases from the date of that special agreement would be subject to the results of collective bargaining. The hearing examiner reasoned that without such a prior agreement to use as a starting point, the Washington Constitution, as interpreted in the Christie decision, signified that the employer could not legally offer retroactive pay increases to previously unrepresented employees. This holding is particularly significant here since the

Washington Public Employment Relations Commission regulates collective bargaining, in accordance with Chapter 41.56 RCW, for the parties to this dispute.

Thus, the cited cases support Intercity Transit's position against retroactivity in the circumstances here. In any event, as indicated below, Intercity Transit's position on the merits of its retroactivity proposal is sufficiently supported by the evidence presented.

H. STIPULATIONS OF THE PARTIES

As previously indicated, the parties have stipulated to a three-year agreement. Although not technically a stipulation, they also agree upon two specific employers which should be used for compensation comparisons with Intercity Transit. Comparable jurisdictions will be discussed in the next section.

I. COMPARABLE JURISDICTIONS

The governing statute requires that the arbitrator consider "compensation package comparisons." In order to make such comparisons, the arbitrator must first decide which jurisdictions are to be compared.

Intercity Transit takes the position that this factor allows consideration of both comparable employers in the public transit industry as well as employers in the local labor market. In order to select comparable employers in the public transit

industry, Intercity Transit applied a band of minus 50 percent of its service area population and plus 50 percent to develop a list of comparables within Washington and Oregon:

	<u>Service Area Population</u>
C-Tran (Clark County	269,500
Lane Transit	201,400
Kitsap Transit	174,160
Ben Franklin Transit	128,874
Salem Transit	120,000
Rogue Valley Transit	117,000
Whatcom Transit	105,000
Intercity Transit	184,400

Intercity Transit asserts that the bulk of the agencies suggested are on the Interstate 5 corridor outside of the exceedingly dense central Puget Sound core.

The Union proposes a list of five comparable transit agencies. It provided population figures for the counties in which these agencies were located, rather than the service area population. Intercity Transit provided the numbers for the service area populations:

	<u>Service Area Population</u>	<u>County Population</u>
Pierce County	575,730	648,900 ³
Community Transit	335,000	516,500 ³
Kitsap Transit	174,160	213,200
Ben Franklin Transit	128,874	169,900
Grays Harbor Transit	66,500	67,400
Intercity Transit	184,400	185,900

³ The large difference between Community Transit's county population and service area population is explained by the existence of a second transit authority located within the county in the city of Everett.

The Union asserts that Pierce Transit is an appropriate comparable employer because it has a joint service area with Intercity Transit and also because they must compete in recruiting maintenance employees because of their proximity. The Union argues that Community Transit is comparable despite being somewhat larger, because it has been used as a comparable employer in the past. The Union asserts that Kitsap Transit is comparable because it is close in size and it has been used by Intercity Transit as a comparator in the past. According to the Union, Ben Franklin Transit was selected because it is common practice to select one comparable jurisdiction located in Eastern Washington. The Union contends that it selected Grays Harbor Transit because of its geographic proximity even though it is a much smaller agency.

Dan Snow is the executive director of the Washington State Transit Association. That organization represents the 24 operating transit agencies in the state. Mr. Snow testified that Intercity Transit's list of comparable agencies is a good one since "it makes sense to talk about systems that are on the I-5 corridor outside of large urban areas, but not too far outside." Mr. Snow testified that Pierce Transit and Community Transit are not comparable to Intercity Transit since they are much larger organizations and they have much more densely populated service areas. In Mr. Snow's opinion, Grays Harbor Transit is too small

to be compared particularly in view of the recent tremendous growth experienced by Intercity Transit. Cathy Silins is the manager of the public transportation office within the Washington State Department of Transportation. Ms. Silins testified that Pierce Transit and Community Transit are not comparable to Intercity Transit. She testified that those two transit systems are considered large urban transit systems and are therefore eligible for direct allocation of funding from the federal government. In contrast, Intercity Transit would be considered a small urban transit system as are Whatcom Transit, Kitsap Transit, and Ben Franklin Transit.

Dennis London, a business representative for the Union, testified that during a PERC hearing, he had heard somebody from Intercity Transit testify that Community Transit was used as a comparator by Intercity Transit. Mr. London further testified that the Union excluded Whatcom Transit as a comparator because that agency subcontracts its maintenance work to the city of Bellingham and Whatcom Transit itself does not employ mechanics. He testified that C-Tran was excluded because of its distance and its higher population.

Melody Johnson has been the manager of human resources for Intercity Transit for the past ten years. Ms. Johnson testified that Intercity Transit has not used Community Transit as a comparable agency, but has occasionally utilized Kitsap Transit and Ben Franklin Transit for comparison. Ms. Johnson testified

that Community Transit and Pierce Transit are not similar to Intercity Transit because of their size, location, and services they provide.

Intercity Transit provided evidence of wages and percentage increases paid to mechanics by all seven public employers in Thurston County who employ mechanics. It also provided evidence of wage levels paid to mechanics by eight automobile dealerships located in Thurston County, as well as average wage levels paid to mechanics in Thurston County, as reflected in an area wage survey published by the state Employment Security Department.

It is important to note that Chapter 41.56 RCW lists different interest arbitration standards for transit employees than it does for uniformed personnel. Since 1973, police and fire uniformed personnel have been subject to interest arbitration. In such proceedings, RCW 41.56.465 and its predecessor RCW 41.56.460, call for compensation comparisons between like personnel of like employers on the west coast of the United States. When RCW 41.56.492 was enacted in 1993 for transit employees, the legislature chose to apply much of the legislation already enacted for uniformed personnel, but it made some changes with regard to the standards or guidelines which the interest arbitrator must consider. One of those differences is that in interest arbitrations involving transit employees, the arbitration panel is called upon to consider "compensation package comparisons ... and similar factors determined by the

arbitration panel to be pertinent ... " This is certainly a less specific standard than that applied to uniformed personnel. The effect of this is to permit a wider range of discretion in the arbitration panel in selecting appropriate comparators.

In order to determine the prevailing practice, interest arbitrators will generally try to find the most relevant comparisons, comparisons that the parties themselves would be likely to consider during their collective bargaining negotiations. Thus, comparisons with similar types of employers would be more relevant than comparisons with very different types of employers. Comparisons with other employers which are geographically proximate would be more relevant than comparisons with distant employers.

Here, the parties agreed upon two transit agencies which they believe are comparable. Those two, Ben Franklin Transit and Kitsap Transit, will be adopted here. Of the remaining transit agencies which the parties proposed and for which they provided comparability data, I have selected the following three as appropriate for comparison with Intercity Transit: C-Tran, Lane Transit, and Salem Transit. Each of these transit agencies fall within a population band of 50 percent over or under the population of Intercity Transit. They, like Intercity Transit, are also on the I-5 corridor and reasonably close to larger urban centers. Salem Transit, like the employer here, is headquartered in a small city which serves as the state capitol. While it

would be desirable to have a few more comparable jurisdictions, for the reasons described below, I am not convinced that the other transit agencies suggested by the parties are appropriate for consideration.

Intercity Transit is three times as large as Grays Harbor Transit. Grays Harbor Transit is neither adjacent to Thurston County, nor is it on the I-5 corridor. There is just no reasonable basis for considering Grays Harbor Transit while ignoring other transit agencies which are closer in size or location to Intercity Transit. Pierce Transit and Community Transit operate in much more populated urban regions than does Intercity Transit. There is insufficient evidence that Community Transit has previously been relied upon as a comparable jurisdiction to Intercity Transit. Whatcom Transit cannot be used as a comparable agency because the undisputed testimony indicates that that agency does not employ mechanics, but rather has subcontracted its maintenance functions to the city of Bellingham. Rogue Valley Transit is not comparable based on a combination of factors, including its substantially smaller size, its distant out-of-state location in southern Oregon, about 400 miles away, and its isolation from any significant urban centers. Moreover, inclusion of Whatcom Transit and Rogue Valley Transit would lead to an imbalance among the comparators, in that a large majority would be smaller than Intercity Transit. Thus, the

principal comparable jurisdictions that will be utilized to compare compensation levels with Intercity Transit are:

C-Tran
Lane Transit
Kitsap Transit
Ben Franklin Transit
Salem Transit

Consideration shall also be given to evidence presented regarding compensation comparisons to public and private sector employers in Thurston County who employ maintenance employees and mechanics. Compensation paid for similar types of work by employers in the local labor market falls within the statutory standard of "compensation factor comparisons ... and similar factors." Certainly, if wages paid for mechanics by Intercity Transit were considerably below the local prevailing wage for mechanics, this would likely be a concern addressed by both parties during collective bargaining. As observed by Elkouri and Elkouri, in How Arbitration Works, 4th Ed. (BNA, 1985) at page 808, "Employees are sure to compare their lot with that of other employees doing similar work in the area." However, it is certainly the case that compensation paid for similar work by similar employers, in similar locations, such as the five comparable jurisdictions listed above, is the most significant comparison. Indeed, the parties appear to recognize this since they introduced into evidence the labor agreements for the relied

upon public transit agencies, but provided no such supporting documentation for local labor market employers.

J. WAGE COMPARABILITY

1.) With Comparable Employers

Below are reflected the 1995 hourly wages for representative classifications paid by the selected comparable jurisdictions and for Intercity Transit, with the 2.5 percent increase already provided by Intercity Transit factored in:

<u>Mechanic</u>	
Kitsap Transit	\$18.26 ⁴
C-Tran	16.23
Ben Franklin Transit	16.14
Salem Transit	14.76
Lane Transit	<u>14.69</u>
Average	<u>\$16.02</u>
Intercity Transit	\$17.57
Relation to average	<u>+8.8%</u>
<u>Support Specialist</u>	
Kitsap Transit	\$14.75
Lane Transit	14.39
Salem Transit	12.71
C-Tran	12.19
Ben Franklin Transit	<u>11.78</u>
Average	<u>\$13.16</u>
Intercity Transit	<u>\$14.38</u>
Relation to average	<u>+8.5%</u>
<u>Vehicle Cleaner</u>	
Lane Transit	\$12.98
Kitsap Transit	12.30

⁴ The Kitsap Transit contract provides for up to 4 percent in group merit pay, depending on whether certain department and agency goals are met. This has not been factored into the compensation level since it would be entirely speculative based on the record presented here, as to whether the employees would receive any group merit pay.

C-Tran	10.07
Ben Franklin Transit	8.90
Salem Transit	<u>No Position Match</u>
Average	<u>\$11.06</u>
Intercity Transit	<u>\$11.42</u>
Relation to average	<u>+3.15%</u>

2.) With the Local Labor Market

Mechanic Wages

<u>Public Employers</u>	<u>1995 Wages</u>
City of Lacey	\$19.00
City of Olympia	17.51
City of Tumwater	17.29
Thurston County	17.05
State of Washington	16.94
North Thurston School District	<u>13.96</u>
Average	<u>\$16.95</u>

Intercity Transit	<u>\$17.57</u>
Relation to average	<u>+3.5%</u>

<u>Private Employers⁵</u>	<u>1995 Wages</u>
Capitol Coachman, Mazda	\$17.50
Capitol Chevrolet/ Capitol Mazda	16.00
Hanson Volkswagen	15.90
Boone Ford	15.50
Hulbert Potiac-Cadillac	15.00
Evergreen Hyundai	15.00
Rotter's Olds, Buick, GMC	15.00
Lincoln-Mercury of Olympia	<u>14.63</u>
Average	<u>15.56</u>

Intercity Transit	<u>\$17.57</u>
Relation to average	<u>+11.4%</u>

⁵ Intercity Transit also submitted evidence of an area wage survey. That survey reflects that auto mechanics in Thurston County were paid a mean wage of \$14.41 in February 1992. The wage rates listed here are more significant since they are current and specific.

Mr. London testified that there is a distinction between the work done by mechanics at auto dealerships, such as those listed above, and the work done at Intercity Transit. He testified that auto dealerships do not work on wheelchair lifts and some other specialized equipment contained on transit equipment. In Mr. London's opinion, if non-transit comparators are utilized, they should involve "the heavy end of the industry" where wages are higher. No evidence was presented regarding this segment of the work force. Ms. Johnson testified that some of Intercity Transit mechanics had previously worked at some of these auto dealerships. She also noted that health benefits paid by Intercity Transit are, on average, more generous than those provided by the auto dealerships.

For the reasons already discussed, I find that evidence of the prevailing wages in the local market is significant, though to a lesser extent than are comparisons with comparable transit agencies. In the local labor market, I find public employers to be somewhat more significant for comparisons with Intercity Transit than are private employers since they are likely to have more in common regarding organizational structure, mission, and resources. The wage rates presented above are the best evidence of prevailing local wage rates which was presented at the hearing. I find that they do have relevance.

K. STEP COMPARABILITY

The current wage scale includes a wage progression of 13 steps for each classification. There is a 2 1/2 percent difference in pay between steps. Employees may either be denied a step increase, or receive a one or two step increase depending on performance. Such step increases have been provided each year in July.

Intercity Transit's proposal would eliminate the even numbered steps, effective with the first full pay period after July 1, 1995, thereby reducing the number of steps from 13 to 7. By eliminating every other step, there would be a 5 percent difference between steps, rather than the current 2 1/2 percent difference. Movement to the next step would occur each year in July as has occurred in the past, but would no longer be dependent upon performance. The number of steps would be further reduced by eliminating the bottom step effective with the first full pay period after July 1, 1996 to reduce the number of steps to 6, again eliminating the new bottom step in like manner in July 1997 to reduce the number of steps to 5, and then doing the same at the end of the last full pay period of 1997, leaving 4 steps at the expiration of the contract.

The Union would change the step structure effective January 1, 1995, creating a new step 1 which employees would receive during their first year of employment with Intercity Transit. Employees with between one and two years of employment would

automatically be placed at a new step 2. Employees with between two and three years of employment would automatically be placed at a new step 3. With three or more years with Intercity Transit, employees would be placed at step 4, which would be the top rate for the classification. Movement between steps would occur on the employee's anniversary date with Intercity Transit, though no step movement would occur after employees top out on their third anniversary. The Union would also combine the support specialist and service worker classifications and also the vehicle cleaner and cleaner classifications. The Union provided no evidence in support of these classification mergers.

1.) Step comparability with comparable employers

<u>Employer</u>	<u># of steps</u>	<u># of Years</u> ⁶
Kitsap Transit	1	At Entry
Ben Franklin Transit	5	3.5
Lane Transit	6	4
C-Tran	5	4.5
Salem Transit	<u>6</u>	<u>4.5</u> ⁸
Average	<u>4.6</u> ⁷	<u>3.1</u> ⁸
Intercity Transit -		
Current	13	@ 12 ⁹
Intercity Transit		
Proposal	13>4	@12>4
Union Proposal	4	3

⁶ " # of Years" reflects the number of years that it takes to progress from the bottom step to the top step.

⁷ The average of the four comparable jurisdictions that have steps is 5.5 steps in 4.1 years.

⁸ See footnote 5.

⁹ Variable depending upon performance.

2.) Step comparability with local public employers

<u>Employer</u>	<u># of Steps</u>	<u># of Years</u>
North Thurston School District	1	At Entry
City of Olympia	5	4
State of Washington	11	4.5
City of Tumwater	5	5
Thurston County	10	9
City of Lacey	<u>11</u>	<u>10</u>
Average	7.2 ¹⁰	5.4 ¹¹
Intercity Transit Current	13	@12
Intercity Transit Proposal	13 ^{>4}	@12 ^{>4}
Union Proposal	4	3

L. LEAD DIFFERENTIAL COMPARABILITY

<u>Employer</u>	<u>Lead Differential</u>
C-Tran	5.0%
Lane Transit	4.9%
Salem Transit	4.9%
Kitsap Transit	3.9%
Ben Franklin Transit	<u>3.1%</u>
Average	4.36%
Intercity Transit Proposal and Current	6.6%
Union Proposal	10% premium

The Union argues in its brief that Intercity Transit "failed to focus on the fact that the leads [at Intercity Transit] function at a supervisory level with responsibilities far exceeding those of the majority of the other comparators." No evidence presented at the hearing supports this contention.

¹⁰ The average of the five jurisdictions that have steps is 8.4 steps in 6.5 years.

¹¹ See footnote 10.

Moreover, Sharon Skeels, Intercity Transit's director of administration, testified that she requested job descriptions from the comparable agencies and made sure that the duties of the compared positions did match the work performed by Intercity Transit employees. She used the position of lead mechanic as an example where this was done.

M. TRAINING PREMIUM COMPARABILITY

	<u>Training Premium</u>
Salem Transit	\$0.50 per hour
Ben Franklin Transit	0
Kitsap Transit	0
Lane Transit	0
Salem Transit	0
Intercity Transit - Current	0
Intercity Transit Proposal	\$0.50 per hour
Union Proposal	10% premium

The parties agree that the training premium would apply where the employee is required to instruct other employees in a classroom-type setting.

N. ECONOMIC INDICES

The statute requires a consideration of "economic indices." The most common of the economic indices relied upon by interest arbitrators are those published by the U.S. Department of Labor relating to changes in the cost of living. Reflected below is the change in the cost of living for calendar year 1994, according to several of the leading indices:

CPI - W (All U.S. Cities)	2.7%
CPI - U (All U.S. Cities)	2.7%
CPI - U (Seattle-Tacoma)	3.4%
CPI - W (Seattle-Tacoma)	3.6%

Intercity Transit points out that bargaining unit members are insulated from increases in medical costs by receiving employer paid health benefits. Intercity Transit, relying upon several published articles, questioned whether published CPI figures actually overstates the true level of inflation. Intercity Transit submitted figures which indicate that the top step wages for mechanics have kept up with published cost of living increases during the past ten years, and that over this period, vehicle cleaners have received pay increases substantially above the published rise in the cost of living.

O. FISCAL CONSTRAINTS

This standard requires a consideration of Intercity Transit's financial circumstances, i.e., its ability to pay additional costs associated with a new labor agreement. Inherent in this factor is the fact that public transit agencies in Washington are limited in their funding sources.

Intercity Transit's 1995 budget documents reflect a projected increase of only 1.7 percent over 1994 revenues. Sales tax revenues are expected to grow only slightly. The projected slow growth is not surprising inasmuch as the state government, which is the predominant employer in the county, provided no

general wage increase in either 1994 or 1995, and some of the other local public employers, such as the county government, followed suit. Projected higher expenses are expected to reduce cash and reserves by the end of 1995 to less than half of what they were at the beginning of the year. Randy Riness, Intercity Transit's director of development, testified that with its operating reserves dwindling and soon to be nonexistent, the agency has recently undergone some modest service reductions, and he expects that more service reductions are coming. Moreover, current levels of funding from the state and federal government are in jeopardy. Ms. Silins testified that in recent years, there has been a significant deterioration in the funding of public transportation agencies. She testified that in 1990, the maximum motor vehicle excise tax devoted to transit was reduced from 1 percent to .815 percent. Then two years ago it was further reduced to .725 percent. Ms. Silins testified that further reductions in this revenue source are being considered by the legislature. Mr. Snow testified that the legislature has diverted \$12 million from the transit account to road construction. Mr. Snow testified that there are active efforts in the legislature to divert even more funds from transit to roads. Mr. Snow testified that current levels of federal funding are also threatened. He testified that the House Budget Resolution would cut funding for transit by more than 40 percent. He further testified that in the current political climate, there

is no hope of obtaining additional funds for transit by raising the local sales tax.

I find based on the dwindling reserves and the small increase in revenues over the past year, that Intercity Transit currently can afford to finance only a modest increase in wages and benefits. Given the evidence that its funding sources are seriously threatened by legislative and congressional cuts in support, Intercity Transit is legitimately apprehensive concerning its ability to finance substantial wage and benefit increases in the near future. On the other hand, the prediction of slow growth in the local economy is suggestive of a small growth in revenues, if it turns out that transit funding is not significantly negatively impacted by legislative and congressional action. In sum, it appears that there exists considerable uncertainty regarding the level of revenues over the next few years, more so than would be usual.

P. OTHER FACTORS

RCW 41.56.492 requires a consideration of "such other factors ... which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment." Such factors, which are discussed below, have been considered, but with lesser weight than that which is given to the specifically enumerated criterion of comparability, economic indices, and fiscal constraints.

1.) Internal Parity

From the standpoint of both Intercity Transit and the Union, the settlement reached by Intercity Transit with its other bargaining unit and the wage increases provided to nonrepresented employees are significant. There is often an understandable desire by employers to achieve consistency in its dealings with employee groups. Unions want to do at least as well for their memberships as other unions and employee groups have done. At the bargaining table, the settlements reached by the employer with other unions, and wage increases granted to other groups of employees are likely to be brought up by one side or the other. The significance of internal parity is evident here inasmuch as the parties have already agreed to tie wage increases for the second and third years of the agreement with the increase to be negotiated with Intercity Transit's other bargaining unit. Thus, internal parity is a factor which should be considered.

For 1995, Intercity Transit's ATU bargaining unit received a 2.5 percent pay increase. Non-represented employees received wage increases ranging from 1.6 percent to 2.5 percent. Maintenance employees received the same percentage wage increase as ATU bargaining unit members in 1993 and 1994. Percentage wage increases paid to maintenance employees exceeded those received by ATU members in each of the years 1990 through 1992. The ATU contract provides for a wage progression of a probationary rate

and six steps. There is 7 percent difference in wages between steps in that contract.

2.) Turnover

Turnover and ability to attract qualified applicants are significant indicators of whether existing compensation levels are adequate. Here, there has been a low turnover rate. Excluding retirements and transfers, there has been either no resignations or one resignation each year since 1990. In its last recruitment for vehicle cleaner, Intercity Transit had 224 applications for one opening. There were 34 applications for two mechanic positions. These statistics indicate that the compensation package paid by Intercity Transit is sufficient to attract and retain employees.

Q. EXPLANATION OF AWARD

Balancing the various factors, your Arbitrator shall award a wage increase of 2 1/2 percent for all classifications, effective with the first full pay period after January 1, 1995, with improved step movement according to Intercity Transit's proposed timetable. Such a percentage wage increase, considered in conjunction with the improved benefits and continued full funding of medical benefits, is consistent with the increase in the cost of living and with the wage increases received by other Intercity Transit employees. With this wage increase, bargaining unit employees would continue to receive higher wages than the average

of comparable transit agencies. The wage level would also be favorable when viewed in the context of the local labor market. The cost of the Union proposal estimated by Union Business Agent London based on information provided to him was about 22 percent. The unrebutted evidence provided by Intercity Transit was that the Union's proposal would result in immediate increases for 23 of the 32 bargaining unit members ranging from 10 percent to 46.7 percent. Such an increase is excessive and is unsupportable based on any of the statutory standards. It is particularly inconsistent with the reality of a local tax base depressed by the dominant local employer having provided no general wage increase during the past two years. Intercity Transit's proposal for 1995 regarding wages and step movement, which has been adopted, would result in wage increases of 7.6 percent to 10.5 percent for 22 of the 32 bargaining unit members. Five employees who are already at the top step would receive the minimum 2 1/2 percent increase, four would receive between 3.8 percent and 5.1 percent and one employee would continue to be red-circled. These increases appear to be reasonable, particularly in view of the limited increase in revenue. The evidence presented neither supports the Union's demand for a 10 percent differential for lead employees, nor its demand for a 10 percent training premium. None of the selected comparable jurisdictions provide for premiums of that size. Intercity Transit's proposal for a 50-cent-per-hour training premium shall be adopted. That rate

corresponds with the highest training premium offered by any of the comparable transit agencies. Intercity Transit's proposal to reduce the number of steps from 13 to 4 over the life of the contract is reasonable. By the end of the contract term, the step structure would be in line with most of the comparable agencies. The gradual implementation of the new step structure during the contract term appears to be a significant additional expense for Intercity Transit. Such gradual implementation would avoid the excessive immediate costs which would be caused by immediately reducing the number of steps to four as the Union proposes. For the second and third year of the contract term, I shall order a percentage increase consistent with the increase to be negotiated with the ATU bargaining unit. The parties are in agreement as to this. Their disagreement is over whether there should be any minimum increase, with the Union requesting a 2 percent minimum and Intercity Transit opposing any minimum. I find that a 1.5 percent minimum wage increase in 1996 and 1997 is appropriate. The Union relies on the minimum 2 percent increase in the current ATU contract. The ATU contract was not submitted into evidence and there was no evidence presented regarding how the "2 percent minimum" language reads in the ATU agreement. In any event, it appears that Intercity Transit's future revenues are more threatened now than they have been before. The 1.5 percent minimum appears to be a reasonable balance between protecting the employees from an unexpectedly low increase

negotiated by the ATU bargaining unit and Intercity Transit's reasonable apprehension of disappointing revenues. Minimum increases of 1.5 percent during 1996 and 1997 takes into consideration applicable economic indices such as the CPI, as well as fiscal constraints, and comparability, particularly since the actual increases may very well be higher inasmuch as they are tied to the increases to be negotiated by Intercity Transit with the numerically predominant ATU bargaining unit.

R. INTEREST ARBITRATION AWARD

It is the determination of your Arbitrator, in accordance with the findings set forth in the attached Opinion, that the 1995-97 Collective Bargaining Agreement between Intercity Transit and International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge No. 160 shall be consistent with the following:

- I. Effective on the first full pay period after January 1, 1995, the rates of pay for all classifications shall be increased by 2 1/2 percent.

Effective January 1, 1996, the rates of pay for all classifications shall increase by a percentage equal to the general wage increase for 1996 negotiated with Amalgamated Transit union Local 1384, but in any event shall increase no less than 1.5 percent.

Effective January 1, 1997, the rates of pay for all classifications shall increase by a percentage equal to the general wage increase for 1997 negotiated with Amalgamated Transit union Local 1384, but in any event shall increase no less than 1.5 percent.

II. Effective with the first full pay period after July 1, 1995, Intercity Transit shall reduce the current 13 step wage progression to 7 steps with a 5 percent differential between steps, in accordance with its wage proposal as contained in Employer Exhibit 1.5 submitted during the interest arbitration proceeding.

Effective with the first full pay period after July 1, 1996, Intercity Transit shall eliminate the bottom step, resulting in a 6 step progression.

Effective with the first full pay period after July 1, 1997, Intercity Transit shall eliminate the bottom step, resulting in a 5 step progression.

Effective with the end of the last full pay period before December 31, 1997, Intercity Transit shall eliminate the bottom step, resulting in a 4 step progression.

Employees shall move one step per year in July as they have in the past, but such step movement shall be based solely on time in service.

Employees who are in a step slated for elimination shall move to the next higher step.

III. A classroom training premium of 50 cents per hour above the regular rate shall be paid for actual time employees serve as instructors in classroom training.

IV. There shall be no special adjustment for lead employees over and above the existing premium. They shall receive the same general wage increase and step movement as described above.

Redmond, Washington

Dated: August 24, 1995

S/ALAN R. KREBS
Alan R. Krebs, Arbitrator