

IN THE MATTER OF THE	)	INTEREST ARBITRATION PANEL'S
)	
INTEREST ARBITRATION	)	OPINION
)	
BETWEEN	)	AND
)	
INTERNATIONAL ASSOCIATION OF	)	AWARD
FIRE FIGHTERS, LOCAL 2444)	
	)	FOR THE ISSUES OF
"IAFF" OR "THE UNION")	
	)	WAGES AND
AND	)	CAPTAIN'S DIFFERENTIAL
	)	FOR EACH YEAR OF A
CITY OF CAMAS, WASHINGTON	)	3-YEAR AGREEMENT
	)	COMMENCING JANUARY 1, 1996 AND
"THE CITY" OR "THE EMPLOYER"	)	ENDING DECEMBER 31, 1998

HEARING SITE: City Hall
Camas, Washington

HEARING DATES: February 21 and 22, 1996

BOARD MEMBERS:

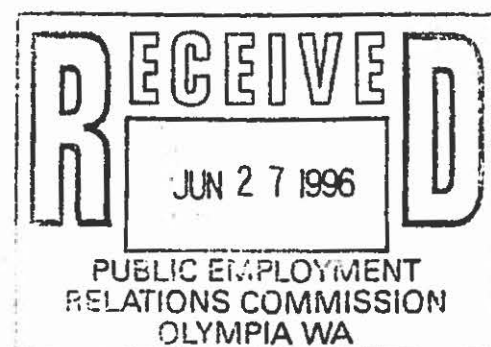
<u>Neutral Chairman</u>	<u>City Appointed Board Member</u>	<u>Union Appointed Board Member</u>
John H. Abernathy Neutral Arbitrator	Lloyd N. Halverson City Administrator City of Camas	Michael L. McGovern President, Washington State Council of Fire Fighters

APPEARING FOR THE FIRE FIGHTERS:

Jim Hill, Spokesperson, IAFF Local 2444
Vice President, 7th District, IAFF
Don Fulthorp, Treasurer, Local 2444
Randy Miller
Allen Wolk, President, Local 2444

APPEARING FOR THE CITY:

Howard Strickler, Management Consultant
Sandra G. Brown
David Artz
Dean Dossett, Mayor of Camas



EXHIBITS

Joint

1. 1992-94 Collective Bargaining Agreement between the City of Camas and IAFF Local 2444
2. Job Description for Fire Fighter
3. Job Description for Fire Fighter/Paramedic
4. Job Description for Fire Captain
5. Job Description for Paramedic Captain

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1. Handout and video
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6. What has Mayor Dossett Accomplished? (political pamphlet)
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8. Fire and EMS response totals
9. Ambulance response history
10. Ambulance response history by District, 1995-96
11. 1989-91 Agreement between Local 2444 and City of Camas
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15. Comparison of population served for EMS response area by Union comparables
16. Budget analysis of budget of City of Camas by IAFF
17. Union comparison of assessed valuation
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21. City of Camas salary grid for 1994
22. 1994 comparison 7-year fire fighter - City's comparables, February 17, 1996
23. 1994 comparison 7-year fire fighter/paramedic - City's comparables, February 17, 1996
24. Washington fire departments for 5,000 to 40,000 population by assessed valuation $\pm 50\%$ of Camas
25. Nine collective bargaining agreements for the fire fighters with:
 - (A) Gig Harbor - Pierce County #5 1996-98

(B)	Bellingham	1995-96
(C)	Olympia	1993-95
(D)	Snohomish #7	1994-96
(E)	Port Angeles	1994-95
(F)	Pierce County #9	1994-96
(G)	Pierce County #3	1996-97
(H)	Bremerton	1993-95
(I)	Kitsap Fire District #7	1996

City

1. March 29, 1995 letter from Marvin Schurke, Executive Director, PERC, certifying four issues for interest arbitration (wages, health care, Captain's differential and post-retirement insurance)
2. City's letter to arbitrator stating City's position on each issue, February 12, 1996
3. Excerpts from City's budget relating to Fire Department, City of Camas
4. Statement of Honorable Dean E. Dossett, Mayor of Camas
5. January 29, 1996 memo from David Artz to Howard Strickler, re: Ambulance Service Area (ASA) population
6. January 22, 1996 memo from Ken Pearrow, GIS Demographics to Lloyd Halverson, re: population estimates for Camas EMS District
7. List of IAFF Bargaining Unit Employees
8. City of Camas, Fire fighter/Paramedic recruitment by geographical location, August 1, 1994 prepared by Sandy Brown, Personnel Specialist
9. Camas Fire employee terminations, November 1990 - December 31, 1995 prepared by Chief
10. All emergency calls 1990-1995 by totals for Ambulance Service Area and Camas only
11. Fire and EMS emergency calls 1990-1995 by Camas Fire calls, Camas EMS calls and non-Camas EMS calls
12. Statement of City's negotiator Howard Strickler
13. CPI data, US Department of Labor, Bureau of Labor Statistics, 1975-1995 by months and annual average
14. 1995 Washington State Almanac, Office of Financial Management, Population Forecasting Division, population, April 1, 1990-1995 by county and municipality
15. Not used
16. The City's methodology for the selection of comparables
17. Master List, Washington State Fire Departments, 1995 populations served for fire suppression
18. Master List, all Washington State Fire Departments Protecting 1995 Population for fire suppression between 10,945 and 30,284

19. Washington State Fire Departments providing fire and Advanced Life Support (ALS) serving populations for fire suppression between 10,945 and 30,284
20. Master list, all Washington State Fire Departments protecting 1995 populations for fire suppression between 10,945 and 30,284 (Camas assessed valuation $\pm 50\%$ of actual \$808,810,762 is \$404,405,381 to \$1,213,216,143)
21. 1995 populations and assessed valuations protected for fire suppression (EMS/ALS and transport) $\pm 50\%$ of Camas's assessed Evaluation
22. City's position on Issues 1 and 3, Wages and Captain's Differential
23. Letter from Carol J. Wilnes, Employee Benefits Specialist, Association of Washington Counties, dated February 20, 1996 to Larry Halverson, City of Camas, re: AWC Employee Benefit Trust medical program rate increases compared to marketplace trends, 1990-1996
24. Benchmark Position: Fire fighter - by name, hire date and years of service
25. 1995 Comparisons of 7-year fire fighter compensation comparisons in descending order by net hourly rate for Port Angeles, Kitsap 15, Aberdeen, Pasco, Monroe, Tumwater, Pierce 16, Walla Walla, Anacortes, Cowlitz 2 and Camas
26. Benchmark Position: Fire fighter/paramedic, by name, hire date, years of service
27. 1995 comparisons, 7-year fire fighter/paramedic compensation comparisons by net hourly rate for same districts specified in C-25
28. Benchmark Position: Captain, by name, hire date and years of service
29. 1995 comparisons, 15-year first line supervisors, same districts as in C-25
30. Differentials for first line supervisors
31. 1995 fire fighter compensation at 7 years of service for fire departments providing fire/EMS and ALS service, 10,000 to 30,000 population. Note figures for City of Camas Fire District do include 3% increase for 1995
32. 1995 comparisons, 7-year fire fighter/paramedic salary comparison
33. Standard Metropolitan Statistical Areas, state of Washington and Portland, Oregon SMSA (includes Clark County, Washington)
34. Uses of COLA clauses in southwestern Washington, various bargaining units
35. American Chamber of Commerce Research Association (ACCRA) cost of living index, second quarter 1995 for Portland (108.0) and Seattle/Bellevue/Everett (120.3)
36. February 15, 1996 letter from Lawrence P. Daniels, Survey Manager/Compensation Consultant, Milliman & Robertson, Inc., Actuaries and Consultants to Lloyd Halverson, City

- Administrator, City of Camas, re: geographic wage differentials between Seattle and Portland
37. Historical Comparison of Top Step Fire fighter Wage vs. Portland CPI-W and National CPI-w, 1980-1995
 38. BNA Special Report of September 10, 1995 on findings of Senate Finance Committee's Advisory Commission to Study the Consumer Price Index along with copy of the Commission's report
 39. History of Wage Adjustments, City of Camas, 1980-1995
 40. Survey of Clark County wage adjustments for represented and non-represented employees employed by Clark County, Clark PUD, Camas School District, James River Corporation and City of Vancouver
 41. Top Step Fire Fighter Base Wage - Summary of Local Fire Jurisdictions, 1994-96 for Camas Fire Department, Washougal Fire Department, Clark Fire District #6, Clark Fire District #3, Clark Fire District #11, and Vancouver Fire Department
 42. Collective bargaining agreement for fire departments selected by the City as comparables and selected others
 - (A) Aberdeen Fire Department/IAFF 2639
 - (B) Anacortes Fire Department/IAFF 1537
 - (C) Cowlitz 2 Fire and Rescue/Teamsters 58
 - (K) Kitsap County Fire District 15/IAFF 2819
 - (P) City of Pasco Fire Department/IAFF 1433 (1994-95)
 - (Q) City of Port Angeles Fire Department/IAFF 656
 - (R) Pierce County Fire Protection District 16/IAFF 3152 (1995-97)
 - (T) Snohomish County Fire Protection District 3/IAFF 3315 (1995-97)
 - (U) City of Tumwater/IAFF 2409 (1994-95)
 - (V) The City of Walla Walla/IAFF 404 (1994-96)
 - (W) The City of Camas/Local 307, Washington State (1995)
 - (X) The City of Camas (Library) and OPEIU Local 11 (1995-97)
 - (Y) The City of Camas and Camas Police Officers Association (1995-97)
 43. Award of Interest Arbitrator John H. Abernathy, 1980, City of Lynnwood v. Teamster Local 763
 44. Award of Interest Arbitrator John H. Abernathy, 1981, City of Everett v. Everett Police Guild/5
 45. Award of Interest Arbitrator Michael H. Beck, 1983, City of Bothell v. IAFF Local 2099
 46. Award of Interest Arbitrator Michael H. Beck, 1983, City of Seattle v. Seattle Police Management Association
 47. Award of Interest Arbitrator Alan R. Krebs, 1984, City of Seattle v. Seattle Police Management Association
 48. Award of Interest Arbitrator Tom Levak, 1985, City of Tukwila v. IAFF Local 2088
 49. Award of Interest Arbitrator Alan R. Krebs, 1986, Snohomish County v. Teamsters Local 763

50. Award of Interest Arbitrator Michael H. Beck, 1987, Cowlitz County v. Teamsters Local 763
51. Award of Interest Arbitrator Michael H. Beck, 1988, King County Fire District #16 v. IAFF Local 2459
52. Award of Interest Arbitrator Tom Levak, 1990, City of Pasco v. Pasco Police Officers' Guild
53. Award of Interest Arbitrator Michael H. Beck, 1991, City of Bellingham v. IAFF Local 106
54. Award of Interest Arbitrator Michael H. Beck, 1994, City of Bellingham v. IAFF Local 106

BACKGROUND

The City of Camas, Washington (the City) and International Association of Firefighters, Local No. 2444 (IAFF) have been parties to several previous collective bargaining agreements, the latest being the 1992-94 agreement (Joint Exhibit 1). Failed attempts to negotiate a successor to the 1992-94 agreement resulted in this interest arbitration.

The City of Camas is located in Clark County, Washington, approximately twelve miles east of Vancouver, Washington and on the Washington (or north) side of the Columbia River. Portland, Oregon is located on the Oregon (south) side of the Columbia River directly across from Vancouver. Interstate Highways 5 and 205 bridge the Columbia to connect Portland and Oregon to Vancouver and Washington. The Seattle metropolitan area is 180 miles to the north.

Camas is a municipality and a senior taxing district within the state of Washington. The Camas Fire Department provides fire suppression services to the approximately 8,000 residents of the city. The Camas Fire Department also provides Emergency Medical

Service to the City of Washougal, Clark County Fire Districts 2 and 9 and the unincorporated portion of Clark County between the cities of Vancouver and Camas -- about 7,000 people.

The Camas Fire Department consists of approximately 23 paid full-time employees, including the Fire Chief support staff and 18 fire fighters. The Department provides fire prevention and suppression services within the city limits of Camas and Emergency Medical Service within Camas and a larger area around the city. The Emergency Medical Service (basic life support, advanced life support and ambulance service with a fee-for-service structure) provided by the Department account for approximately 90% of all emergency calls. IAFF Local 2444 serves as the exclusive bargaining agent for the 18 person bargaining unit: six fire fighters, eight fire fighters paramedics, three captains and one captain/paramedic.

Bargaining for a 3-year (1995-97) successor contract began on May 23, 1994. The parties bargained intermittently during the summer of 1994. Serious and more frequent negotiations began in August and continued until November. Agreement was reached on some issues but a number of issues remained in dispute in November. So the parties requested mediation. A Washington Public Employment Relations Commission (PERC) mediator conducted three mediation sessions and resolved some more issues but four issues remained unresolved. The mediator then recommended the remaining issues be submitted to interest arbitration. Shortly

thereafter Marvin L. Schurke, Executive Director of PERC, reviewed the case; concurred with the mediator's recommendation; certified four issues for interest arbitration (wages, health care, Captain's differential and post-retirement insurance); docketed this case for interest arbitration; and instructed the parties to proceed with the appointment of partisan arbitrators and a neutral chairman. (City Exhibit 1).

The City chose City Administrator Lloyd Halverson as its partisan arbitrator. The Union chose Washington State Council of Firefighters President Michael McGovern as its partisan arbitrator. I was chosen as neutral arbitrator and chairman of the three-person arbitration board. After being notified of my selection, I contacted the parties to schedule a hearing. That arbitration hearing was scheduled for Wednesday and Thursday, February 21 and 22, 1996 in Camas, Washington at City Hall. Mr. James L. Hill, Vice President, 7th District IAFF acted as spokesman for the Union and Mr. Howard Strickler, Consultant acted as spokesperson for the City. The parties jointly asked the neutral chairman to attempt mediation on February 21st and I did so. During that mediation session, the parties agreed to a one-year agreement to commence on January 1, 1995 and end at midnight on December 31, 1995. That one-year agreement would provide a 3% wage increase across the board for firefighters and captains but would not change any of the other items in dispute

or any other agreed upon contract provisions during the term of that one-year agreement.

At that point, the parties began discussing the possibility of a 3-year agreement commencing on January 1, 1996 and running through December 31, 1998. The parties agreed that a new 3-year agreement was desirable and they also agreed on the health and welfare issue¹ and the post-retirement issue² for the new 3-year agreement. The parties were unable to reach agreement on wages for 1996, 1997 and 1998 contract years or the Captain's differential for those years. Thus wages and Captains' differential are the only issues currently unresolved and are the only issues submitted to this Arbitration Panel.

The current or amended proposals of the parties on the remaining two issues are as follows:

<u>Wages</u>	<u>Proposals of IAFF Local 2444</u>	<u>Proposals of City of Camas</u>
Effective 1/1/96	CPI-W Seattle + 2%	80% of CPI-W Portland
Effective 1/1/97	CPI-W Seattle + 2%	80% of CPI-W Portland Min. 2.5% & Max. 5%
Effective 1/1/98	CPI-W Seattle + 2%	90% of CPI-W Portland Min. 2.5% & Max. 5%

¹For active employees, AWC Plan B and Kaiser plans, status quo for 1996 and 1997, but in 1998 put a 105% cap on the AWC plan and a \$5 co-pay on the Kaiser plan. City to continue to pay premiums.

²New Article 13.7 as follows:

The Employer shall provide post-retirement medical insurance from retirement to age 65 for the retired employee only subject to the provisions above. Spousal coverage may be purchased from the Employer at the medical plan rates, in accordance with plan requirements.

<u>Captain's Differential</u>	<u>Proposals of IAFF Local 2444</u>	<u>Proposals of City of Camas</u>
Effective 1/1/96	CPI-W Seattle + 3%	The current 12% differential remain the same as fire fighter/captain paramedic/captain for all three years of the 1996-98 agreement.
Effective 1/1/97	CPI-W Seattle + 3%	
Effective 1/1/98	CPI-W Seattle + 3%	

The parties provided documentary evidence (see list of exhibits above) and oral argument on these issues at the hearing. The parties agreed to waive the statutory requirement that the Chairman issue his decision within thirty days following the conclusion of the hearing. The parties also chose to file post-hearing briefs. Upon my receipt of those briefs on April 15, 1996 the hearing record was closed.

The Chairman reviewed the complete record in this case and prepared a draft decision which was mailed to each of the other Panel Members. Thereafter, the Chairman talked with the other two Panel Members on the phone. Panel Member McGovern raised no issues and made no objections to the draft report. Panel Member Halverson a three-page letter summarizing his concerns. I have studied Mr. Halverson's letter and have considered the points he made in preparing the final opinion and award of the Arbitration Panel. Based on the record and my consultation with the Panel, the following constitutes findings of fact and determination of the issues by a majority of the panel.

AUTHORITY OF INTEREST ARBITRATORS

Interest arbitrators in Washington public employment derive their authority, not from collective bargaining agreements as grievance arbitrators do, but from the enabling statute that creates interest arbitration, RCW 41.56.460. That statute also sets forth certain standards or guidelines which must be considered by interest arbitrators in reaching their decisions. Those standards or guidelines include:

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

(b) Stipulations of the parties;

(c)(i) For employees listed in RCW 41.56.030(7)(a) and 41.56.495, comparison of the wages, hours and conditions of employment of personnel involved in the proceedings with the wages, hours and conditions of employment of like personnel of like employers of similar size on the west coast of the United States.

(ii) For employees listed in RCW 41.56.030(7)(b), comparison of the wages, hours and conditions of employment of personnel involved in the proceedings with the wages, hours, and conditions of employment of like personnel of public fire departments of similar size on the west coast of the United States. However, when an adequate number of comparable employers exists within the state of Washington, other west coast employers shall not be considered;

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

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

(f) Such other factors not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment [1988 c 110 Section 1; 1987 c 521 Section 2; 1983 c 287 Section 4; 1979 cx.s. c 194 Section 3; 1973 c 131 Section 5.]

(City Exhibit 15)

Only four of these named statutory criteria were argued in this dispute. They are:

1. Cost of Living.³ What is the most appropriate geographical area for compiling cost of living data -- Portland or Seattle? Should the CPI index that is selected be given full weight (as the Union proposes) or should it be discounted (as the City proposes)? If it is to be discounted, by how much?
2. Ability to pay. Does the City have the ability to pay the full demands of the Union on wages and Captain's differential.
3. Comparability. What are the appropriate jurisdictions to be selected as comparable jurisdictions? When comparisons are made between Camas and these comparable jurisdictions for comparable work, what do those comparisons reveal? The parties spent most of their time, effort and energy arguing which jurisdictions were most comparable. Each party used a different methodology and each came up with an entirely different list of comparables.
4. Other factors. Each party argued that another factor should be considered and argued that these other actors deserved heavy weight. Unfortunately they argued different other factors. The Union argued that an increasing demand for fire and EMS services (due to the rapid economic growth of the area) and increased productivity fully justified the Union's demands. The City argued that it needed to maintain internal equity between the wage increases granted to fire fighters and those of other City employees. The issues the Panel must address are whether these other factors should be given consideration and weight, and, if so, how much?

The most efficient way of approaching this dispute, in the opinion of the Chairman, is to make preliminary rulings and findings on each of these four disputed criteria and then apply those rulings and findings to the wage issue and the Captain's differential issue to arrive at the Panel's final recommendations.

³Both parties proposed using the CPI-W index, and there was no dispute over the actual CPI-W numbers. Originally there was a dispute over what annual time period (July to July or January to January) but the parties apparently agreed on a January to January period for the new three-year agreement.

COST OF LIVING INDEX

The Union argued (but presented no supporting evidence) that the City of Camas is more closely tied with the Seattle/Puget Sound area in terms of economic growth. None of the Union's comparable jurisdictions utilize the Portland CPI. Camas fire fighters live in a state-imposed tax environment common to all Washington jurisdictions but no Oregon jurisdictions. Retirees of the Camas Fire Department receive a state provided pension which is adjusted annually based on 100% of the Seattle CPI.

The City contends that the Portland CPI is the appropriate index for Camas. The City of Camas is part of the greater Portland labor and business markets and in the Portland Standard Metropolitan Statistical Area (SMSA). The City has used the Portland CPI in prior negotiations with this and other⁴ bargaining units and the Portland CPI is used in other southwest Washington jurisdictions. The City contends that the Union is pushing for the Seattle CPI because it is increasing at a faster rate than the Portland CPI.⁵ The January 1996, Portland CPI-W was 2.7%.

The majority of the Panel finds that the Portland CPI-W is the appropriate index to be used. Camas is geographically closer to Portland than to Seattle. Camas is part of the Portland SMSA

⁴OPEIU Local 11 and Camas Police Officers Association.

⁵The City used the American Chamber of Commerce Research Association's (ACCRA) cost of living index which is a comparison of the differences in the cost of living between areas. According to this index, Portland is 11% behind Seattle.

and is part of the Portland wholesale and retail trading area. The January 1996 Portland CPI-W was 2.7%.

The next CPI question put to the Panel is whether fire fighter wages should be increased by an amount equal to or less than the Portland CPI-W. The Union maintains they are entitled to 100% of the increase in the CPI-W, but offered no persuasive supporting evidence. The City has proposed 80% of the Portland CPI-W chosen in the first two years of the 3-year agreement and 90% in the third year. The City notes that the CPI market basket contains a medical component and that medical component is given a great deal of weight in computing the CPI. The City notes that it has already agreed to pay all of the increases in medical insurance premiums in the first two years of the new agreement. The medical insurance bought by those premiums will cover a large portion of an employee's medical expenses. For the City to pay both the employees' medical insurance and the full amount of the CPI (which includes a medical cost component) would mean that the City would be paying twice for medical cost. The City presented un rebutted evidence in the form of the Findings of the Senate Finance Committee's Advisory Commission to Study the Consumer Price Index and the Advisory Committee's Interim Report (City Exhibit 38). The City argued that these reports prove that the CPI overstates the actual cost of living because of five built-in biases known as the formula, substitution, outlet substitution, quality change and new product biases. The Union

offered no evidence to rebut this evidence by the City. The Chairman notes that for all these faults, the government's CPI data is still considered the most accurate and is the most widely used. Finally, the City argued that other employees have accepted a discounted CPI as the basis for current and future wage increases.

The majority of the Panel also finds that the Union failed to support its 100% of CPI position and failed to rebut any of the evidence and arguments of the City as to why the Portland CPI-W should be discounted as proposed by the City. The majority of the Panel finds it appropriate to discount the CPI-W for Portland

ABILITY TO PAY

The Union presented evidence showing that the City had the ability to pay the full increases sought by the Union. The City did not seriously contest this evidence. In fact, written and oral statements by the mayor clearly establish that the City had the ability, but not the willingness, to pay the wages sought by the Union.

The majority of the Panel also finds the City has the ability to pay the full increases demanded by the Union.

COMPARABILITY

The third criteria that interest arbitrators in the state of Washington must consider is comparability. RCW 41.56.460

specifically requires interest arbitrators to make comparisons between:

"...the wages, hours and conditions of employment of personnel involved in the (interest arbitration) proceedings with the wages, hours, and conditions of employment of like personnel of public fire departments of similar size on the west coast of the United States."

The statute goes on to state:

"However, when an adequate number of comparable employers exists within the state of Washington, other west coast employers shall not be considered."

In the instant case, only wages and the Captain's differential are at issue and only those two items will be compared.

The Panel notes that the statute provides no further guidance as to how the comparability criterion is to be applied. Rather, the interpretation and application of this criterion is left to individual interest arbitrators on a case-by-cases basis. In this case each party has provided a number of other interest arbitration decision and each party has urged this interest arbitration panel to adopt the methodology and reasoning of the interest arbitrator of their choice with respect to comparability. Of course, the methodology and reasoning the parties urge this Panel to adopt just happen to support the position of that party and not the other. Thus, they are self serving. A reading of these interest arbitration decisions clearly shows that those interest arbitrators have interpreted and applied the comparability criterion on a case-by-case basis.

Each time the interest arbitrator(s) relied on the facts and circumstances present in each individual case, and those interest arbitrators used different methodology and came up with different results.

This Panel is not bound by the decisions, methodology or reasoning of interest arbitrators in other cases. The majority of the Panel determines that a case-by-case approach is the appropriate approach and will apply that approach in this case. Thus, while the decisions of these other interest arbitrators have been read and considered, the Panel does not feel obligated to consider any of them as precedent or as controlling in this case.

The parties jump into their methodology for selecting comparables before considering the purpose and intent of the comparability criterion. This jump has created a fundamental error in both parties' approach. The majority of the Panel concludes that the purpose and intent of the comparability criterion should be considered first.

Comparability Criterion - Purpose and Intent. It is generally agreed that the three primary criteria that interest arbitrators in Washington must consider are cost-of-living, ability-to-pay, and comparability. Each of these criteria exert a different force on wages, hours and working conditions. A rising cost-of-living, for example, exerts a pushing or driving upward force on wages as unions argue that wages "must" keep pace

with the rising cost of living. A true inability-to-pay situation creates a restraining force on wages. Comparability, on the other hand, is a recognition of the impact of self-regulating market forces on wages. If, for example, an employer is paying wages significantly below the prevailing labor market wage, then that employer could have difficulty in attracting and retaining workers. Prospective and current employees will be attracted by the higher market wage and will attempt to move away from lower paid and into higher pay jobs.

In the opinion of the Chair, the comparability criterion attempts to insure that wages set through the interest arbitration process do not vary greatly from what the wages for comparable positions and comparable employees in a free and perfect local labor market. In local labor markets, wage rates are determined by the interaction of local labor supply and local labor demand. And, in such markets, a labor shortage or a rapid increase in demand will generate forces that will create self regulating forces in the market. For example, if a shortage of workers with Job X skills occurs in a free and perfect local labor market, wage rates will rise high enough to attract more workers to that local labor market with Type X job skills. The supply of Type X workers will continue to rise to the point where an equilibrium, or market clearing, wage rate prevails -- i.e. where supply of and demand for Type X workers in that local labor market stabilize. Similarly, a sudden increase in the demand for

Type Y workers in another free and perfect local labor market will cause wage rates to increase, an inflow of more Type Y workers attracted by this higher wage rate, and this inflow of workers will continue until that labor market for Type Y workers stabilizes.

The same analysis applies when one examines the wages, and the supply of and demand for workers by a specific employer, e.g. the City of Camas. If an employer pays wages significantly below the local labor market rate, that employer will have difficulty in attracting and retaining workers. New applicants will, other things being equal, select higher paying jobs elsewhere over the lower paying jobs of this employer. High turnover, for non-medical or health and non-retirement reasons, often is an indication that employees are leaving their jobs with the lower paying employer for higher wage jobs elsewhere.

The Chair recognizes that local labor markets are neither completely free nor completely perfect. Not all employees, for example, are free to move to the same or similar jobs with a different employer. Home ownership, pension plans, children in school and numerous other factors act as impediments to mobility. But it is not necessary for all workers in a labor market to be mobile in order for the labor market to be self-adjusting. It is only necessary for some to be mobile. The Chair also recognizes that all workers in a labor market do not have full, complete and readily available information about other jobs in the labor

market. Again, it is only necessary that some do and that some with that knowledge act on it.

Regardless of imperfections in a given local labor market, that labor market is still to a large degree self-regulating. Imperfections in a local labor market may slow down its self-regulating forces -- but imperfections do not stop self-regulating forces. Neither does the local labor market react to small wage rate differences. Certainly workers who are mobile do not change jobs when the wage rate differences between two employers are only a few cents per hour. Workers make their own cost-benefit analyses. Only when the differences in wage rates between two employers become large enough to overcome the costs of making a move, will mobility occur. However, all of us have seen or heard of cases when large changes in mobility take place. For example, when a mill, the major employer in a local labor market, closes down for good. Unemployed workers eventually leave the area and wages fall in that worker surplus local labor market. Or, for example, when new employers, employing hundreds of new workers, decide to locate in suburban areas, such as to the west of Camas. The resulting labor shortage puts upward pressures on wages.

In general, then, the purpose and intent of the comparability criterion is to produce a wage result that closely approximates that which would occur in a local market for labor.

That is accomplished by comparing wages of similar employers for similar jobs and similar employees in the local labor market.

Thus, the comparability criterion raises three questions for interest arbitrators that the statute does not answer completely but that must be addressed. Those questions are:

What constitutes comparable public fire departments of similar size?

What constitutes "like" or "similar" work for comparative purposes?

What constitutes a comparable employee?

Each of these three questions will be discussed below -- at first in general terms and then as to how they relate to this case.

What constitutes comparable public fire departments of similar size?

The statute restricts interest arbitrators to public fire departments on the west coast of the United States and, where an adequate number is possible in the state, to Washington. The statute does not provide any other guidance, however. What factors have other interest arbitrators considered in searching for answers to this questions?

In Interest Arbitration in the Public Sector: Standards and Procedures,⁶ Arvid Anderson and Loren Krause state that the most common factors used by interest arbitrators to establish comparability are:

⁶Chapter 63, Volume 3, Labor and Employment Arbitration, Tim Bornstein and Ann Gosline, General Editors, 1966, 63.03[3].

- (1) nearby communities;
- (2) similar population size;
- (3) past practice;
- (4) parity relationships (e.g., police and firefighters);
- (5) extent of fire or crime problem;
- (6) extent of recruitment and retention problems;
- (7) comparable ability to pay, state equalized value, taxes levied;
- (8) distinctive characteristics of the locality;
- (9) comparable duties of the referenced group of employees;
and
- (10) the peculiarities of the particular trade or profession, specifically the hazards of employment, physical qualifications, educational qualifications, mental qualifications and job training and skills.

Apparently these factors are listed in order of importance. The first of these factors is "nearby communities" which bolsters the local labor market discussion above. The Panel finds that neither party in this interest arbitration paid serious attention to "nearby communities" or the local labor market. Perhaps the local labor market was ignored because such analysis would place Camas in the greater Portland/Vancouver labor market.⁷ In the higher wage Portland area labor market for fire fighters there would be one, maybe two, large sized public employers of fire

⁷The City was perfectly willing to place Camas in the Portland CPI-W area but not in the Portland labor market. The Union argued that benefits and retirement plans were different on the Portland side of the river -- so different as to make comparisons difficult. Besides, the Union argued, there were enough comparables in Washington. Other plausible explanations are the difficulty in gathering statistical data or that the parties were results oriented in choosing comparables.

fighters (Portland and Vancouver) and then a number of satellite cities (e.g. Troutdale, Gresham, Milwaukie, Lake Oswego, Camas) whose wage rates are influenced by what happens to wages for fire fighters in the core cities. This is not to say that the wages in Camas must equal to those paid to fire fighters in Vancouver or Portland. Rather, it is to say that Camas's wages cannot be isolated from labor market forces and prevailing wage conditions in this greater local labor market for fire fighters. Perhaps the parties found it difficult to compare wages and total compensation of Washington fire fighters with wages and total compensation of Oregon fire fighters. Wage schedules for fire fighters differ between the two states, so do benefits, especially retirement benefits and insurance. But whatever the reason, the fact remains that neither party addressed the local labor market and their failure to do so, in the Chair's opinion, results in a major deficiency and a fault in their methodology for selecting comparables from the outset. That fault is serious enough for the Panel to find the comparability data produced by the parties to be flawed, unrealistic and largely unusable.

Nevertheless, the Panel will summarize the different methodology for selecting comparables used by the parties and comment on other deficiencies in methodology.

The parties differ greatly in the jurisdictions they have chosen as comparables. Differences in data and data sources, in assumptions, in range of population used, in the similarity of

services and in assessed valuation data contribute to these differences.

Data and Data Services. The parties agree that the Camas Fire Department provides fire suppression and ALS services to the City's 8,015 residents and ALS and transport to a large area outside the city limits. They differ on the population served outside the City and in how that population should be weighted. The Union claims the area outside the City contains 32,000 people, while the City claims that area contains 26,755 people. Using each party's City and out-of-City figures to arrive at a total results in a Union total population of 40,000 and a City's total population of 34,770 (or 35,000 for ease of reference) for the total of the in-City and out-of-City area.

The Panel had some difficulty with the Union's figures. The Union did not identify its source for its 32,000 figure, consequently there is no independent way of verifying its accuracy. The opposite is true for the City's figures. The City obtained its population data from the State Department of Revenue and from the county demographer, Mr. Ken Pearrow (City Exhibits 5 and 6). Because the City presented data from reliable sources, the majority of the Panel decided to use the City's figures -- 8,0125 inside the City, almost 27,000 outside the City for a total population served of 35,000.

The Union based its other steps used to select comparables on jurisdictions on its figure of 40,000. The majority of the

Panel has already found that 40,000 figure overstates the in-City and out-of-City total population by 5,000 -- or by around 14%. That figure of 40,000 makes a great deal of difference when it is used as a base figure for selecting a population range for comparables. Starting with an inflated base figure gives an inflated range on the high side of the range. The majority of the Panel finds this flawed population base figure makes the rest of the Union's comparability analysis flawed.

The City starts with a total population of 35,000 but reduces that figure to 20,200 by applying an adjustment formula (see discussion of Assumptions as to Workload below). The base figure of 20,000 is important in defining the range of population of comparables. Thus if both parties used a +50% and -50% of population above the base, the Union's range would be 17,500 to 52,500 and the City's range would be 10,000 to 30,000. Those differences in range would automatically generate different comparables. Therefore, from the first step in the selection of comparables the parties differ in methodology so much that meaningful comparisons between them are impossible.

Assumptions as to workload. It is undisputed that the Camas Fire Department in 1995 responded to a total of 2,500 calls -- 1,508 EMS and transport calls outside the City limits (60.3%) and 992 fire, EMS and transport calls inside the City limits (39.7%).

The Union contends the total population of the area served and the total number of calls should be used in selecting

comparables. The City disagreed. The City stated in the hearing that it did not think the figure of 35,000 was "a reasonable figure to use" in making its selection of comparables. The City would adjust the total area population 35,000 to reflect the ratio of in-City v. out-of-City calls to get a weighted population of 20,189 (rounded by the Panel to 20,200). The City would make population comparisons based on this weighted population figure of 20,200. In its brief, the City contended that the weighted population approach makes common sense and is consistent with what Interest Arbitrator Beck did in the City of Bellingham v. IAFF Local #106 (1991).

The Panel recognizes the difference between fire suppression, EMS and transport services and we understand that 40% of the total calls were within the City and were for fire suppression, transport and EMS. The other 60% of calls were outside the City and were only for EMS and transport (no fire suppression). The majority of the Panel recognizes to weigh the 27,000 persons outside the City who receive only EMS/transport calls, the same as the 8,000 within the City who receive fire suppression, transport and EMS calls would overstate the importance of the out-of-City population receiving EMS only. The City's weighted average population claims to equalize the comparisons. What is really does is lower the base population figure and insure that the range of comparables relates to the lower figure of 20,200, resulting in a range of 10,000 to 30,000.

The Union's approach would result start with 40,000 population and a range of 20,000 to 60,000. Again, the difference in the methodology of the parties makes it impossible to compare their results.

Population range. The majority of the Panel notes that a reading of the interest awards shows that there is no generally accepted range of population around a base population that is always used, i.e. there is no magic number that is used by all interest arbitrators. Rather, interest arbitrators have used a wide variety of ranges -- e.g. 1/2 to 2; 1/3 to 3; $\pm 30\%$; -22% to $+69\%$; etc. The range chosen by the interest arbitrator is the one the interest arbitrator deemed most appropriate in each individual case.

In this case, the Union proposed using a population range of 1/2 (-50%) to 2 times ($+100\%$) the base population. Thus for its 40,000 population, the range would be jurisdictions with populations ranging from 20,000 to 80,000.

The City would use a range of plus or minus 50%, so that with a 20,200 weighted population, the City's range would be 10,100 to 30,300. The City argued that other arbitrators have used the $\pm 50\%$ range in other interest arbitrations and that $\pm 50\%$ is logical.

The majority of the Panel finds the City's range of plus or minus 50% to be more reasonable and logical while the Union's $+100\%$ overstates the influences of larger jurisdictions. The

majority of the Panel finds the Union's range to be more results-oriented and beyond a common sense meaning of comparing like jurisdictions. The majority of the Panel agrees with the City's statement that "[T]o claim that the Camas Fire Department is comparable to such jurisdictions as the City of Bellingham (an EMS population served of 130,000) or Pierce County #9 (also a fire suppression and EMS population served of 130,000) is "outside the pale." The majority of the Panel also notes that the Union's comparable list deliberately contains no jurisdictions from eastern Washington (because of geography). On the other hand, a majority of the Panel finds the City's approach understates the range of population. Both parties claim their approaches are not results oriented, but the Union's approach results in comparisons with much larger (and generally higher paying jurisdictions) and the City's approach permits it to compare with smaller (and generally lower paying jurisdictions). The Union also deleted eastern Washington jurisdictions, ostensibly because of geography, but if geography or distance is a factor, why not exclude Bellingham and Port Angeles, because both are 200 or more miles away?

In summary, the majority of the Panel finds several reasons for rejecting both parties' population range methodology.

The majority of the Panel also finds the Union, when dealing with assessed valuation, compared different years and attempted to use the assessed valuation of the Ambulance Service Area

outside the City limits. Therefore, the majority of the Panel finds the City's assessed valuation figures more realistic.

Further adjustments. Both the Union and the City arrived at a long list of possible comparables and then decreased into a short list by eliminating those that did not provide fire suppression and advanced life support.⁸ The parties used different figures, however, for both population and assessed valuation.

These adjustments brought the Union's list of comparables down to 9 and the City's list down to 10. The different lists of comparables are:

Union's List

Bellingham
Pierce #5
Olympia
Kitsap
Pierce #9
Snohomish #7
Bremerton
Pierce #3
Port Angeles

City's List

City of Walla Walla
Cowlitz 2
Pasco
Port Angeles
Monroe
Snohomish #3
Aberdeen
Pierce 16
Anacortes
Tumwater

One of these jurisdictions is in the Portland labor market -- Cowlitz 2. Only one jurisdiction is common to both lists (Port Angeles). Any comparison of Camas's fire fighter wages to fire fighters' wages in the Union's list of comparables or the City's list of comparables will obviously yield different, and essentially unusable, results. This Panel is not given the

⁸The Union also eliminated eastern Washington jurisdictions "for geographical as well as historical economic reasons."

authority to make independent investigations. Rather, the Panel receives evidence and evaluates that evidence. While there is a lot of comparability evidence in this record, a majority of the Panel finds it unusable and will reject it.

The Union's list of comparables and the Union's and City's population figures are compared in the chart below.

<u>Union's Comparables</u>	<u>Population of EMS Area Served</u>	
	<u>Union's Data</u>	<u>City's Data</u>
Bellingham	55,000	148,300
Pierce #5	40,100	40,000
Olympia	36,000	80,000
Kitsap	50,000	65,000
Pierce #9	80,000	145,000
Snohomish #7	30,000	47,500
Pierce #3	35,000	98,000
Bremerton	40,000	39,610
Port Angeles	19,000	18,500

The Union did not indicate the source of its population data, so those Union figures cannot be verified. The City obtained its data from Attachment 5 of the Fire Service Directory, City and County Population Statistics (City Exhibit 14). If the Panel were to use population of the EMS area served, it would use the City's population data because it is verifiable.

Nearly all of the jurisdictions selected as comparables by the Union and the City are located considerable distances away from Camas -- from about 100 to 200 miles away. Assuming, for the sake of argument, that all are similar in size, only one can be considered part of the local labor market, i.e. as part of an area within daily commuting distance of Camas. Therefore, only

one, in the opinion of the Chair, can be considered a direct influencer of wages for fire fighters in Camas.

What constitutes "like" or "similar" work for comparative purposes?

To answer the second comparability question one must look first to the work performed by fire fighters in Camas. The record is clear that Camas fire fighters provide suppression, advanced life support, and transportation of citizens from the site of their accident or illness to hospitals. The best comparison to the work performed by Camas fire fighters would be with public fire departments of similar size in the local labor market area that provide these same services in about the same ratio of fire and EMS calls and in the aggregate. The City tries to make other jurisdictions more comparable to Camas (or the other way around) by adopting a formula that weighs the population to reflect the ratio of in-City vs. out-of-City calls. That formula has the effect of decreasing the population served outside the City of 34,770 to an arbitration population of about 20,200. The net effect of the City's approach is to restrict the population range of possible comparables. It does nothing to insure the comparison of like jobs. The City did then identify departments that provided fire and ALS. But what departments provide fire, ALS and transport?

In negotiations the parties used fire departments that employed fire fighter/paramedics as comparables -- the Union used nine and the City fourteen. There was no evidence that any of

these 23 departments also provided transport of people from the site of their accident, injury, or illness to hospitals, however. So again the parties were not comparing like jobs.

In summary, even if the parties had used the same list of comparable public fire departments in Washington (selected entirely by population), the comparisons made would not be valid because they did not compare like jobs.

What constitutes a comparable employee?

Interest arbitrators normally reach this question only if there is a finding of an acceptable list of comparable jurisdictions and a finding that the jobs being compared are similar. Having found otherwise in this case, it is not necessary to address this third question. But the Panel shall do so to provide guidance to the parties in the future.

The Union has constructed a "model employee," i.e. a fire fighter with 10 years of service, a spouse and two or more dependent children. The Union claimed that the average length of service in the fire department is 10 years and the maximum health care coverage is for a fire fighter, his/her spouse and two or more dependent children. The Union made comparisons within the list of comparables on this basis.

The City used a 7-year fire fighter (City Exhibit 25) and a 7-year fire fighter/paramedic (City Exhibit 27) and made comparisons within the City's list of comparable jurisdictions on

these bases. The seventh step is the top step in the Camas fire fighter salary schedule.

The Union concluded from their comparison that Camas fire fighters were paid below the average in their comparable jurisdictions and so a catch-up wage increase is in order -- i.e. 3% above the CPI in each of three years. The City concluded that Camas fire fighters were paid more than the average in their list of comparative jurisdictions and so only a partial cost-of-living increase is justified. It should come as no surprise that two different sets of data yield different results and lead to different conclusions.

Thus even if the parties had used the same jurisdictions and similar jobs for comparisons, the use of different comparable employees makes it impossible to contrast and compare their exhibits and makes their data even less useful for this Panel.

In summary, both parties ignored local labor market considerations in selecting comparable jurisdictions. Concentrating, instead, primarily on population to select comparable jurisdictions -- the Union using a total service area population but with figures from an unknown source, and the City adjusting the out-of-the-City population to arrive at a lower population figure. The result was that each party came up with a different set of comparable jurisdictions. The parties then did not use similar or like jobs or similar or like employees to make wage comparisons. Finally, the parties could not decide whether

to compare basic wages or total compensation. When these differences in methodology are considered as a whole, the volumes of comparability material furnished the arbitration panel do not provide the Panel with useful data for decision making.

OTHER FACTORS

Three "other factors" were argued by the parties to be important -- the Union argued economic growth in Camas and in east Clark County and productivity, and the City argued internal comparisons.

Economic Growth. There is unrebutted evidence in the record showing that Camas and east Clark County are growing rapidly in relation to other Washington cities and counties. Several new employers will be or are currently building plants in the east county -- Linear Technology, Sharp Microelectronics, Sharp Laboratories, Sharp of North America, Heraeus Shin-Etsa, Inc., Funino USA Inc., IMT Corp., CID Corp., Underwriters Laboratories, and Taiwan Semiconductor Manufacturing Inc. (Union Exhibit 1). These new employers will eventually employ over 1400 new workers. The number of building permits issued in Camas grew from 79 in 1992 to 360 in 1995 -- an increase of 400% in three years. This growth in industry, population, and housing will increase the demand for fire suppression, ALS, and transport services provided by the City of Camas.

Internal Equity. The City put great weight on providing the same percentage increase in wages to all employees of the City -- including employees in this bargaining unit. The City expressed an unwillingness to pay the fire fighter bargaining unit any increase greater than the City has provided to other bargaining units and to non-represented City employees. The City argued that this has historically been the City's salary philosophy and practice and that the City regarded this practice as an equitable one.

The Union contended that the City had not always followed this policy and had, in fact, given more to the police bargaining unit in their last negotiations than it gave to other City employees -- including fire fighters. The Union charged that the City ignored its own parity policy in its recent police contract by awarding a 3% across-the-board salary adjustment and increasing base salaries by #5 premium pay for off-duty training. The City disputes this Union claim. The City claims that during police negotiations the method for administering off-duty training pay was changed and simplified. The City claimed a history of internal equity going back to 1980 and asserts their evidence (City Exhibit 39) on this history was unrebutted.

The Union contends that fire fighters are the only City employees afforded interest arbitration and this is the first time that Camas fire fighters have exercised their right to interest arbitration. The Union argues that nothing in state

statute requires internal parity or prevents internal parity policy from being broken.

The majority of the Panel concludes that it is not bound by the City's parity wage policy. The majority of the Panel finds nothing in the statute that specifically requires them to give weight and consideration to the internal equity argument. Rather it is another of those "other factors" that will be given some, but not overriding, weight (as the City does) by the Panel.

Productivity. This is another one of those "other" factors that influence wages. The Union contends that Camas fire fighters have increased their productivity over the past 10 years by

- agreeing in 1990 to a 14% increase in hours by increasing from a 42 hour workweek to a 48 hour workweek with no increase in compensation;
- responding to more fire and EMT calls -- 21.5% more between 1992 and 1993 and 17% more between 1994 and 1995;
- responding to more ambulance calls (a 100% increase over the past ten years).

All these changes occurred with no increase in the number of fire fighters. Consequently, a catch-up wage increase is appropriate, the Union argued.

The City argued that the increase in workweek hours was a bargained change that the fire fighters voluntarily accepted in negotiations and should not be used here to justify a wage increase.

The majority of the Panel finds that productivity should be considered as an "other" factor and given some weight in their deliberations. However, we do not assign this factor the same weight the Union would. Productivity is generally defined as output per person-hour. The bargained increase in the workweek in 1990 put 14% more person-hours in the workweek, so there would be a corresponding opportunity for handling more fire, EMT and ambulance calls in a week. Economic and population growth in the service area has and will increase the demand for services, thus resulting in more calls. Meeting that increase in calls with 14% more person-hours (but the same number of fire fighters) could naturally result in an increase in productivity. But to count and give equal weight to both the increased demand for services and the resulting increase in productivity would be to count both the cause and the result. The majority of the Panel decided it would give some weight to one or the other, but not both.

FINDINGS

The following findings flow directly from the rulings on criteria made above. These findings are:

1. The City has the ability to pay the wage increase demanded by IAFF Local 2444.
2. The City of Portland, not the City of Seattle, is the proper city for CPI statistics. The parties have agreed that the proper cost of living index is CPI-W.
3. Comparability data by both parties ignores the basic purpose of the comparability criterion and does not compare similar jobs or similar employees. Consequently, the comparability data produced by both

parties is unusable for determining the appropriate increase in wages.

4. Internal equity should be given some, but not overriding weight.
5. Economic growth of Camas and eastern Clark County will cause an increase in the demand for fire suppression, ALS and transport services and will put a long-run upward pressure on fire fighter wages.

In addition, the following findings are supported by record evidence.

5. The Union has proposed a "catch-up" wage increase beyond the cost of living increase in each year of a 3-year agreement. The Union, therefore, has the burden of proving the need for a catch-up wage increase. In the opinion of the majority of the panel, the Union failed to meet this burden.
6. The Union also failed to meet its burden of proving the need for a 3% increase over CPI-W for the Captain's differential.
7. The City offered un rebutted evidence as to why CPI data should be discounted.
8. The City's evidence to support its position that wages should be discounted to 80% of CPI in the first two years came from the amounts that other City employees agreed to in their contracts for 1996 and 1997. The 90% figure for 1998 reflects the potential increase in medical premiums the fire fighters may have to bear in that year.

AWARD

Based on the record evidence, the arguments of the parties, the above rulings on criteria and the above findings, the majority of the Panel would award as follows:

Wages - for all members of the bargaining unit

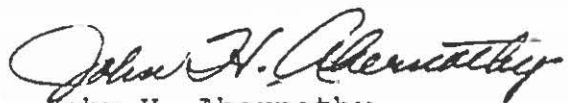
Effective 1/1/96 - 90% of CPI-W Portland
Minimum of 2.5% and a maximum of 5%.

Effective 1/1/97 - 90% of CPI-W Portland
Minimum of 2.5% and a maximum of 5%.

Effective 1/1/98 - 100% of CPI-W Portland
Minimum of 2.5% and a maximum of 5%.

Captain's Differential - Maintain the current 12% differential for all three years of the new contract.

Respectfully submitted on this the 20th day of June 1996 by



John H. Abernathy
Neutral Chairman

1.