

APR 20 1998
PUBLIC EMPLOYMENT
RELATIONS COMMISSION
OLYMPIA WA
PERC CASE 12924-I-97-279

IN THE MATTER OF)
INTEREST ARBITRATION)
BETWEEN)
BREMERTON POLICE OFFICERS GUILD,)
Guild,)
and)
THE CITY OF BREMERTON,)
WASHINGTON,)
City.)

ARBITRATOR'S OPINION
AND AWARD
1997-99 AGREEMENT

[REDACTED]
JUN - 5 1998
[REDACTED]

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City Hall
Bremerton, Washington

HEARING DATES:

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Table of Contents

<u>ISSUE</u>	<u>Page</u>
Introduction.....	1
Comparability.....	7
1 - Wages.....	18
2 - Salary Advancement.....	40
3 - Longevity Pay.....	44
4 - Reassignment Non-Probationary Employees.....	48
5 - Health and Welfare - Medical Co-Pay.....	49
6 - Non-Uniform Allowance.....	52
7 - Entire Agreement.....	55
8 - Deferred Compensation.....	56
9 - Duration.....	60
10 - Sick Leave Donation.....	64
11 - Master Police Officer.....	65

I. INTRODUCTION

The parties are signatory to a written Collective Bargaining Agreement in effect for the period January 1, 1995, through December 31, 1996. Guild Ex. 5. In early 1996 the parties began preparations to negotiate a successor contract. The parties held several negotiating sessions--but were unable to resolve their differences. Subsequent mediation sessions failed to resolve the dispute.

On January 24, 1997, the PERC certified eleven issues for interest arbitration pursuant to RCW 41.56.450. The case was originally set for hearing on November 3, 4, and 5, 1997. Due to health problems of the Guild attorney, the Guild requested the hearing postponed. The City objected to the postponement of the hearing. In a letter to the parties dated October 26, 1997, the Arbitrator held the Guild had shown good cause to postpone the hearing. The November 1997 hearing dates were canceled.

A significant amount of time elapsed after the postponement of the November 1997 hearing dates until new hearing dates could be agree on. The parties ultimately rescheduled the hearing for April 20, 21, and 22, 1998. Following negotiations and mediation, the parties remained at issue over several key subjects until the April 1998 hearing dates.

The City of Bremerton is located in Kitsap County, Washington. The City is situated along the western shore of the Central Puget Sound region. Guild Ex. 2. Because of its relatively water-bound situation, Kitsap County depends on the

Washington State Ferry System for direct access to King, Pierce, and Snohomish counties. Highway passage to the eastern side of the Puget Sound area is by driving to the south and across the narrows at Tacoma, Washington.

The population of Bremerton is approximately 38,600. Kitsap County had an estimated population in 1995 of 220,600, ranking it the 6th largest of Washington's 39 counties. The county population increased from 189,731 in 1990 to 220,600 in 1995. The Puget Sound Naval Shipyard and related naval operations play a significant role in the economic health of the area. Guild Ex. 106. Community leaders are seeking to expand Bremerton's economic base beyond the strong government related business and employment opportunities which exist in the Bremerton area.

The Bremerton Police Department is managed by Chief Paul L. DuFresne. The Guild represents 63 sworn officers in the rank of sergeant or below. The parties most recent contract covered a two-year period and expired on December 31, 1996.

At the commencement of the arbitration hearing, the opening statements of the parties revealed a deep division on the issue of comparability. In addition, the parties also disagreed over the methodology and means by which to compare the wages and benefits of Bremerton police officers with their counterparts in other cities. A significant amount of hearing time was devoted to the statutory factor of comparability. The Arbitrator directed the parties to address this issue at the beginning of their post-

hearing briefs. The Arbitrator advised the parties he would address the comparability issue at the commencement of the Award.

This case is an interest arbitration conducted pursuant to the Public Employees Collective Bargaining Act. The parties to this dispute are the Bremerton Police Officers Guild (Guild) and the City of Bremerton, Washington (City). The Guild and the City are parties to Collective Bargaining Agreements dating back to the 1970s. The parties went to interest arbitration in 1979. The interest arbitrator issued an award dated August 14, 1979. Guild Ex. 3.

Bargaining between the parties produced agreement on several issues. However, the parties were unsuccessful in resolving all of the issues that divided them in contract negotiations. Eleven fundamental issues were presented by the parties for interest arbitration. To the credit of the parties, they were able to reach agreement on four of the impasse issues during the course of the April 1998 arbitration hearing.

The hearing in this case took two days for each side to present their evidence and testimony. Because there were few stipulations by the parties, it was necessary for the Guild and the City to present detailed evidence on the issues for the purpose of establishing the terms of the successor Agreement to the 1995-96 contract. The majority of the hearing time was consumed with different attempts by the parties to make comparisons of compensation among the comparator jurisdictions.

The hearing was tape-recorded by the Arbitrator as an extension of his personal note taking. Testimony of the witnesses was received under oath. At the hearing the parties were given the full opportunity to present written evidence, oral testimony, and argument. Both the Guild and the City provided the Arbitrator with substantial written documentation in support of their respective cases.

The parties also submitted comprehensive and lengthy post-hearing briefs in support of their respective positions taken at arbitration. The approach of this Arbitrator in writing the Award will be to summarize the major and most persuasive evidence and argument presented by the parties on each of the issues. After the introduction of the issue and positions of the parties, I will state the basic findings and rationale which caused the Arbitrator to make the award on the individual issues. A considerable portion of the evidence and argument related to more than one of the issues and will not be duplicated in its entirety in the discussion of the separate issues.

This Arbitrator carefully reviewed and evaluated all of the evidence and argument submitted pursuant to the criteria established by RCW 41.56.465. Since the record in this case is so comprehensive, it would be impractical for the Arbitrator in the discussion and Award to restate and refer to each and every piece of evidence and testimony presented. However, when formulating this Award the Arbitrator did give careful consideration to all of the evidence and argument placed into the record by the parties.

The statutory criteria are set out in RCW 41.56.465(1):

(1) In making its determination, the 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 decision, it shall take into consideration the following factors:

(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) through (d); 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)(e) through (h), 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 may 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 circumstances under (a) through (d) of this subsection during the pendency of the proceedings; and

(f) Such other factors, not confined to the factors under (a) through (e) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, hours, and

conditions of employment. For those employees listed in RCW 41.56.030(7)(a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a county with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.

Because of the voluminous record in the case, the parties waived the thirty-day period an arbitrator would normally have to publish an award under the statute. The parties later accepted the Arbitrator's need for additional time to prepare the Award due to a personal situation in the Arbitrator's immediate family which delayed publication of this Award.

II. COMPARABILITY

A. Background

The threshold issue to be resolved by the Arbitrator involves the statutory factor of comparability. Both parties offered strong and compelling arguments as to why their respective list of cities should be the one adopted by the Arbitrator to utilize in formulating an Award for police wages and working conditions in Bremerton. The differences between the parties on the issue of comparability were further complicated because each party used a different methodology for selecting the purported comparable jurisdictions to Bremerton.

The disparity between the parties was demonstrated by the lack of substantial agreement on cities which should be used as the comparators. The Guild offered a list of 14 cities drawn from what it believed to be the Central Puget Sound labor market. In reply, the City presented a list of 11 jurisdictions which it asserted had historically been applied by the parties in developing a fair wage schedule. The City's list previously included Vancouver, Washington, but because of massive annexations of land and population growth in Vancouver, the city of Vancouver was dropped from the City's list of comparables.

A review of the 14 comparators presented by the Guild and 11 offered by the City revealed agreement on only 6 jurisdictions out of the 25 jurisdictions offered by the parties as comparators. The initial task of your Arbitrator is to formulate a list of comparable jurisdictions that is consistent with the statutory

mandate enumerated in RCW 41.56.465(1). The following is the statement of the positions of the parties and your Arbitrator's resolution of the comparability issue.

B. The Guild

The Guild takes the position that the Award should be based on a principled application of the statute rather than a compromise between each party's position. According to the Guild, the City has engaged in posturing both through negotiations and in interest arbitration. The Arbitrator should reject the City's implicit invitation to compromise and be rewarded with terms and conditions they could not otherwise achieve by voluntary agreement.

The Guild's approach towards comparability is more consistent and more reasonable than the approach taken by the City. Comparability has long been recognized as the predominant criteria used in interest arbitration proceedings. Arbitral authority instructs that the reliance on comparability data is that such a comparison allows a "presumptive test to the fairness of a wage." Because these comparisons carry an aura of fairness, they create an opportunity to produce a result acceptable to the parties to a labor dispute.

The Guild asserts its method for selecting comparables is superior to the method advocated by the City. The Guild's arguments with respect to why its comparables should be adopted are summarized as follows:

1. The statute specifically mandates that comparisons be based on "like personnel of

like employers of similar size." According to the Guild, this requirement has generally been interpreted to mean that comparison is made between commissioned police officers of similar rank in municipal police departments. "The requirement that comparisons be made between employers of 'similar size' has usually been interpreted to mean population jurisdictions at issue." Population provides a rational basis to measure comparability because it is a good indicator of the complexity of a city and the type of crime problems and working conditions an officer would face in the jurisdiction.

2. If demographic factors other than population are to be used in selecting comparables, a wide range of factors should be used and not just assessed valuation. It makes little sense in Washington State to rely heavily on assessed valuation while ignoring such measures as sales tax and business and occupation tax revenues. The tax base for Washington municipalities is much broader than the value of land and buildings. The Arbitrator should reject the City's invitation to develop a list of comparables based exclusively on population and assessed valuation. The demographic data introduced by the Guild concerning the various proposed comparables is available for use as a screening device to limit or fine-tune the comparable list.

3. The comparables should be selected only from the relevant Puget Sound labor market. Arbitrators have a long tradition of recognizing labor market and geographic proximity as a factor in selecting comparables. Jurisdictions which share a defined labor market deserve special consideration in the determination of comparables. Bremerton is part of the Central Puget Sound labor market which makes up the Seattle--Tacoma--Bremerton PMSA. The extensive data offered by the Guild indicates the relevant labor market consists of the region from which the Guild selected its comparables. Specifically, the data reveals that the relevant labor market consists of the cities located in Snohomish, King, Pierce, Thurston, and Kitsap counties.

The leading measure of the general labor market is the data provided by the census bureau defining metropolitan areas. The consolidated metropolitan standard area that Bremerton is a part of, in fact, is labeled the Seattle--Tacoma--Bremerton CMSA. In addition, regional planning and development is evolving in a direction which will incorporate Bremerton into the Central Puget Sound labor market in an even more integrated manner. The evidence further indicates that the specific labor market for Bremerton police officers is the Central Puget Sound area. The existence of a Central Puget Sound labor market for police work is further indicated by the fact that police wages in the Seattle Metropolitan area are substantially higher than in other regions of the state.

4. The City's claim that there are agreed or historical comparables is incorrect. Contrary to the City's position that there was some kind of agreement as to comparables, is the lack of evidence to support this agreement or the parameters of any such alleged agreement. The evidence shows there is no historical set of comparables that have been used by the parties. The fact is the parties have moved back and forth between comparables as circumstances have changed. The interest arbitration decisions involving the City of Bremerton and the police have confirmed the use of divergent sets of comparables. The credibility of the City's list of selected comparables is suspect because it failed to provide a clear and coherent explanation of how it arrived at its comparables that was consistent with the actual demographic data. The City could not explain the absence of Mountlake Terrace or Des Moines on their proposed list of comparables. The City also was forced to admit that Bremerton was more than twice as large as Port Angeles. The City had to concede that Oak Harbor and Port Angeles did not make very good comparables for Bremerton. Finally, the City was unable to explain why its list of comparables would be reasonable when all of its comparables, except for Olympia were smaller than Bremerton or describe why it dropped the only larger city--Vancouver--from its list of comparators.

5. The significant advantage of the Guild's set of comparables is that it is drawn from the relevant Puget Sound labor market while several of the City's comparables are drawn from outside the relevant labor market. In addition, the Guild's comparables taken as a whole are a more reasonable set of comparables because the City of Bremerton tends to rank closer to the middle on most of the relevant demographic factors on the Guild's comparables than on the City's set of comparables. Two of the comparables proposed by the City--Mount Vernon and Longview--provide a reasonable match on demographic factors alone, but both are removed from the Central Puget Sound labor market. The evidence before this Arbitrator indicates the City of Bremerton is competing with other Seattle area jurisdictions for police officers. The Arbitrator should stay within the relevant Central Puget Sound labor market from which the Guild drew its comparables and reject the City's attempt to depart from the local labor market.

The Guild proposed the following list of cities as its list of comparators:

<u>Rank</u>	<u>Jurisdiction</u>	<u>County</u>	<u>Population</u>
1	Kent	King	62,006
2	Renton	King	45,920
3	Kirkland	King	43,720
4	Redmond	King	42,230
5	Olympia	Thurston	38,650
6	Bremerton	Kitsap	38,600
7	Auburn	King	36,720
8	Edmonds	Snohomish	35,470
9	Lynnwood	Snohomish	33,070
10	Puyallup	Pierce	29,490
11	Lacey	Thurston	27,570
12	Des Moines	King	27,030
13	Bothell	King	26,350
14	Mercer Island	King	21,550
15	Mountlake Terrace	Snohomish	20,360

C. The City

The City begins by pointing out that the parties used comparable jurisdictions in previous negotiations to reach an agreement on wages and benefits. In 1994 the City prepared a comprehensive wage and benefit survey which derived a set of Western Washington cities with populations and assessed valuations within one-half to twice the populations and assessed valuations of the City of Bremerton. The survey produced in 1994 supported the Guild's proposal for a parity adjustment. The employer accepted the survey as fair and accurate and agreed that both the CPI increase and a 1% market adjustment were appropriate. Accordingly, the wage increases were implemented on settlement of the Agreement.

During negotiations for the 1997 labor Agreement the employer conducted a similar survey using the same set of comparable jurisdictions, but excluded the city of Vancouver because it almost quadrupled in population. The City submits that its list of 11 comparators has survived the test of time.

The City points to both reasonableness in its method of selection based on population and assessed valuation and the historical use made of the comparables by the parties. During negotiations, the Guild also used the City's comparables in its wage submission to the City in October of 1996. It was not until March 27, 1998, that the Guild offered a new set of comparables by injecting 9 King County cities and deleting 4 of the 10 previously used comparables. Four of the King County cities now top the population list and 7 top the 1997 assessed valuation rankings.

The City urges the Arbitrator to reject the Guild's position that its comparables are based upon a "well defined common labor market" the Central Puget Sound labor market. The 9 King County cities added to the list results in Bremerton being ranked number 7 in 1997 population. A flaw in the Guild's proposed comparables is the City's rank at 14 in 1997 assessed valuation. Kent, Redmond, Kirkland, and Renton have assessed valuations of approximately three times that of Bremerton. The larger jurisdictions are among the top five 1997 police budgets of the comparables and all are located in King County.

The Guild's arguments are further weakened by the fact they are based upon a "hypothetical world." For example, the Guild's claim the impact of the predicted number of retirees in the Seattle Police Force will cause officers to move from Bremerton to Seattle is totally without factual evidence. The hopeful signs of an increased interest in Kitsap County real estate were not supported by the Guild's own real estate expert. Kelly's testimony that prices are lower in the Bremerton area provides excellent support for the City's proposed use of the 90% CPI-W for 1998 and 1999 wage increases.

The City also took its analysis relating to assessed valuation and population one step further with a per capita analysis. Per capita is indicative of the tax base of a community, relating to both the issues of size as well as ability to pay. While per capita analysis was not part of the 1994 wage survey, such an analysis at this time is an excellent citation to the

viability of the City's comparables. While the City's population is at 138% of its own comparables, the City is at 60.47% of the assessed valuation per capita, and 63.59% of the sales tax per capita in the comparables. It is true the Guild's comparables are more compatible to the City in population, but the economic incompatibility of the Guild's comparables is found in the per capita positions of 43.10% for Bremerton in assessed valuation, and 54.51% in sales tax. In sum, the City concluded:

The City encourages the Arbitrator to adopt the City's comparable jurisdictions due to the history of use and acceptance; the durability of their status as valid comparables, their relevance to today's economy; contrasted with the inappropriateness of the speculative and exclusively King County injections by the Guild.

Brief, p. 6.

The City proposed the following list of cities as its list of comparators:

<u>Rank</u>	<u>Jurisdiction</u>	<u>County</u>	<u>Population</u>
1	Olympia	Thurston	38,650
2	Bremerton	Kitsap	38,600
3	Edmonds	Snohomish	35,470
4	Longview	Cowlitz	33,620
5	Lynnwood	Snohomish	33,070
6	Puyallup	Pierce	29,490
7	Lacey	Thurston	27,570
8	Mount Vernon	Skagit	22,280
9	Mountlake Terrace	Snohomish	20,360
10	Oak Harbor	Island	20,190
11	Port Angeles	Clallam	18,890

D. Discussion and Findings

The Arbitrator begins with the premise that the parties agree that Olympia, Edmonds, Lynnwood, Puyallup, Lacey, and Mountlake Terrace are jurisdictions with which to compare Bremerton for establishing wages and working conditions. These 6 jurisdictions form the core for developing a list of "like employers of similar size." The population and geographic location of the 6 cities all comport to the statutory factor of like employers.

The City maintains its list of 11 jurisdictions, minus Vancouver, should be adopted based on history of use, acceptance, and assessed valuation. The Arbitrator rejects the City's argument that its list constituted a group of cities that were agreed on and historically used for comparison by the parties.

The Arbitrator finds two compelling points drive the decision on which cities should be included on the list of comparators. The first is population. Both parties have identified cities that are of comparable population. The ability to have a sufficient number of similarly sized cities provides a solid ground on which to compose a list of comparators.

The second reason which strengthens the population factor is geographic proximity to Bremerton. There are a sufficient number of similarly sized cities in the Puget Sound labor market to compose a strong list of comparators that meet the statutory test of "like personnel of like employers of similar size on the west coast of the United States."

Moreover, the Arbitrator finds the evidence justifies one exception to compiling a list composed of cities located exclusively in the Puget Sound area. Four factors argue for the inclusion of Longview on the list of comparators. First, the population of Longview at 33,620 is extremely close to Bremerton's population of 38,600. Second, the assessed valuation of the two cities is within \$1,440,935.

Third, even the Guild concedes the demographic factors of Longview match closely with Bremerton. Fourth, the historical use of a city from outside the Puget Sound area--which closely mirrors Bremerton in size and demographic factors--provides a balance to the larger King County cities.

The geographic locations of Oak Harbor and Port Angeles are far removed from the Central Puget Sound labor market. Further, these two cities are significantly smaller in population than Bremerton. They even failed the City's assessed valuation test and thus should not be included on the list.

Regarding the Guild's list of comparators, the Arbitrator concurs with the City that the Guild's list of 14 cities which includes 8 King County cities is unacceptable. Bremerton is not located in King County. Establishing a list of comparators which included 8 King County cities would give undue weight to jurisdictions located on the east side of Puget Sound. The Arbitrator is persuaded that Redmond and Auburn should be added to the list. Redmond's population of 42,230 is 3,630 higher than Bremerton. Auburn's population is 1,880 less than Bremerton.

These two cities certainly meet the test as to similarly sized jurisdictions.

Based on all of the cited reasons, the Arbitrator concludes the appropriate group of comparators are as follows:

<u>Rank</u>	<u>Jurisdiction</u>	<u>County</u>	<u>Population</u>
1	Redmond	King	42,230
2	Olympia	Thurston	38,650
3	Auburn	King	36,720
4	Edmonds	Snohomish	35,470
5	Longview	Cowlitz	33,620
6	Lynnwood	Snohomish	33,070
7	Puyallup	Pierce	29,490
8	Lacey	Thurston	27,570
9	Mount Vernon	Skagit	22,280
10	Mountlake Terrace	Snohomish	20,360
	Bremerton	Kitsap	38,600

This group of 10 cities--with the exception of Longview--are located in the Puget Sound area. The Arbitrator is convinced the above list is consistent with the statutory criteria and will serve as an acceptable "guideline to aid" in reaching a decision on wages and working conditions for Bremerton police officers. For purposes of reference the Arbitrator will refer to the comparators as the "Puget Sound 10" or "PS 10."

ISSUE 1 - WAGES

A. Background

The 1995-96 salary schedule provides for two job classifications. The two classifications are police officer and sergeant. Each schedule has five steps through which the officer progresses. Neither side is proposing a change to the structure of the existing salary schedule.

One of the complicating factors in making comparisons with the other cities is that Bremerton police officers do not participate in the social security system. The lack of participation in the social security system has two sides. First, the members do not receive social security benefits on retirement. Second, the members do not pay a social security tax while employed by the City to secure future social security benefits so their take-home pay is greater.

The deferred compensation program discussed in Issue 8 provides some recognition in the total economic package for the lack of social security benefits. Further, the wage dispute is closely connected with Issue 3, Longevity Pay. Bremerton police officers earn additional amounts of money based on length of service with the City. The Arbitrator will address the longevity pay dispute in Issue 3.

Moreover, members of this unit do have a longevity and deferred compensation program. However, the Collective Bargaining Agreement does not require the payment of education incentives. The combination of benefits paid and not paid created a vigorous

dispute between the parties over the appropriate methodology with which to compare total compensation paid to Bremerton police officers with their counterparts in other cities.

The parties do agree the benchmark wage for purpose of comparison is the five-year level. The basic wage scale for Bremerton police officers for 1996 was as follows:

Police Officer	1996	Current
Step 1		3,074
Step 2		3,189
Step 3		3,340
Step 4		3,484
Step 5		3,789

Sergeant	1996	Current
Step 1		4,003
Step 2		4,091
Step 3		4,178
Step 4		4,264
Step 5		4,354

The salary progression is approximately 12 months between steps. Longevity pay commences with the sixth year of employment and continues until retirement.

In a preliminary ruling on the comparability issue the Arbitrator determined that, with the exception of Longview, 9 Puget Sound cities provided the appropriate list of comparators with

which to measure wages and benefits for Bremerton police officers. The Arbitrator will not repeat the discussion on comparability in this section of the Award. Further, the Arbitrator will not burden this record with an extensive discussion on the results of either parties' comparison studies. The Arbitrator will give the greater weight to the data and studies produced by the parties which concentrates on basic wages, for establishing the wages in the 1997-99 Collective Bargaining Agreement.

B. The Guild

The Guild proposed a two-year Agreement which would adjust the salary schedule as follows:

Police Officer

Effective 1/1/97: An across the board increase of 5% for all wage steps.

Effective 1/1/98: An across the board increase equal to 100% of the CPI(CPI-W).

Sergeant

Effective 1/1/97: An across the board increase of 5% of all wage steps plus an additional 2%.

Effective 1/1/98: An across the board increase equal to 100% of the CPI(CPI-W), plus an additional 2%.

Because the consumer price index figures are known at this time the effective increase for January 1, 1998, under the Guild's proposal would be 3.7% or 8.7% over the two-year term. It should also be noted that the Guild proposes an additional 2% to be added to the sergeant's wage schedule.

If the Guild's proposals were adopted, the following wage schedule would be implemented for 1997 and 1998:

Police Officer	1/1/1997 - 5%	1/1/1998 - 3.7%
Step 1	3,228	3,347
Step 2	3,348	3,472
Step 3	3,507	3,637
Step 4	3,658	3,793
Step 5	3,978	4,125

Sergeant	1/1/1997 - 7%	1/1/1998 - 5.7%
Step 1	4,283	4,527
Step 2	4,377	4,626
Step 3	4,470	4,725
Step 4	4,562	4,822
Step 5	4,659	4,925

The Guild argues that an analysis of the comparables supports its wage proposal. According to the Guild, its methodology is reasonable and consistent with arbitrable precedent. That precedent distinguishes between wage analysis and total compensation analysis with predominate weight given the former and secondary weight given the latter. The Guild submits the City's analysis blurs the lines by combining elements of total compensation into wage analysis on a selected basis.

The City's analysis suffers from three major defects. First, it incorporates longevity into the wage analysis, but not

education premiums. Second, the City's methodology selectively incorporates only one aspect of retirement payments--deferred compensation--into its wage analysis. Third, the City omits any type of comprehensive "total compensation" analysis. The charts developed by the City are results oriented. In the post-hearing brief the Guild argued:

By including longevity (which it pays) while excluding education premium (which it does not pay) and including deferred compensation (which it pays) while excluding social security and MEBT contributions (which it does not pay), it has rigged the charts grotesquely.

Brief, p. 13.

Turning to the decision of this Arbitrator in the City of Centralia, which was relied on by the City to sustain its position, the Guild argues the City has misread the decision. The parties in the City of Centralia case argued that the union should receive a larger increase on its base wages because of the lack of either deferred compensation or social security. There, the Arbitrator rightfully rejected that claim indicating that those retirement costs were not part of the base wages. In the present case, the City is doing precisely what this Arbitrator ruled in the City of Centralia that the parties should not do. Specifically, the City added deferred compensation or social security into the base wage analysis. Even if there was a case for adding deferred compensation as an element of base wages, all similar types of contributions including MEBT and social security should be included in the analysis. The City did not do so.

The Guild next argues that its proposal for an 8.7% increase over two years is strongly supported by its wage chart. Even though five of the fourteen comparators were not reporting 1988 wages to date, Bremerton averaged 9.46% behind those comparators as an overall average encompassing all years of service and education. Guild Ex. 67. A reasonable projection the other five jurisdictions would likely settle, in light of overall settlement trends, would leave the City an additional 1.25% to 1.50% behind the comparators in 1998 wage terms. While the gap is not wide, the City's position is flawed because it included Oak Harbor and Port Angeles on its list of comparables. If those two cities alone are excised from the City's list, a wage gap would exist which far exceeds the amount the City's 90% cost of living offer would cover.

It is also the Guild's position that total compensation should be given some consideration in support of the Guild's proposal. On a total compensation basis, the gap between Bremerton and the comparables is even wider. Two reasons account for this substantial gap. First, the City of Bremerton does not make social security contributions. Second, the City of Bremerton expends relatively less for health and welfare than other jurisdictions. The Arbitrator should factor in these important benefits when measuring the total effort and impact of the City's compensation package that should be made available for its officers.

The economic conditions support the Guild's proposal. The evidence presented by the Guild concerning the strength of the

national, state, and local economy strongly supports an increase in line with the Guild's proposal. The Washington State economy is in a period of exceptional growth. The employment picture is strong for employees and unemployment is unexceptionally low. Wage rates are increasing in an amount substantially above the CPI Index, as labor shortages push up wages higher than the CPI. The economic outlook for Kitsap County is especially good. Thus, there is no reason for the Arbitrator to depress wages based upon poor economic conditions.

Turning to police contract settlement trends, the Guild argues its proposals are in line with the market. For the comparables proposed by the Guild, the average settlement in 1997 was 3.14% and settlements thus far in 1998 averaged 3.87%. Guild Ex. 93. An examination of the City's proposed comparables supports an even stronger settlement trend existing of an average increase of 3.59% for 1997 and 4.34% for 1998. Guild Ex. 94. The Guild's proposal of an 8.7% increase over two years is in line with industry settlements.

The Guild next argues that the increased rate of turnover within the department supports its wage proposal. The trend in the department is for more officers to leave the City to take better paying positions in the region. As the City witnesses acknowledged, a number of Bremerton officers may well be on hiring lists for other departments. Failure to provide a wage increase in line with wage adjustments in other departments will likely

accelerate the trend of officers departing for higher paying positions.

The internal settlements support the Guild's proposal. Here, the City has agreed to a generous wage increase for firefighters. Guild Ex. 112. The City has indicated it will match wage increases for the police managers for whatever amount is ordered here. Guild Ex. 113. The internal settlements support the Guild's proposal on wages.

The cost of living factor should be considered, but under the current economic situation it is not a significant criteria. Where the strength of the local and state economy and the settlement trends indicate increases in excess of the CPI Index, the cost of living factor should be given limited weight. The City's attempt to calculate regional differences in the cost of living should be rejected. In sum, there is no basis to indicate that the cost of living for these officers is appreciably less than the cost of living for officers elsewhere in the Puget Sound region.

Based on all of the above stated reasons, the Arbitrator should award the Guild's proposal as presented during interest arbitration.

C. The City

The City begins by noting that the prior use of comparable jurisdictions produced a fruitful list which provided a basis whereby the parties were ultimately able to reach agreement on wages and benefits. The 1995-96 contract provided for a parity adjustment that put the members of this unit in a competitive position with their counterparts in other police jurisdictions. The Guild has changed its methodology for determining compensation during this round of bargaining in order to bolster its position for a wage increase that is not justified. The Arbitrator should reject the Guild's result oriented methodology as corrupt and unjustified.

The City interprets the base wage to be used when making comparisons with other jurisdictions to be that which is actually paid to the officers. Those same reasons are equally applicable to this case and provide the basis for rejection of the Guild's attempt to argue the lack of social security participation for Bremerton police officers as leverage to increase the wages paid to the members of this unit. The City believes that it offers the fair and reasonable analysis of the base wage. The City's methodology is one that enjoys a history with the parties and is consistent with the Washington statute. This methodology is routinely cited by arbitrators in Washington interest arbitration awards.

The three-year proposal of the City was stated as follows:

City Proposal

1-1-97 - 2.6% of December 31, 1996 base wage, not retroactive--paid in lump sum does not increase wage rate.

1-1-98 - 90% CPI(3.3%), Greater Seattle CPI W, July/July not to exceed 4%

1-1-99 - 90% CPI, Greater Seattle CPI W July/July not to exceed 4%

No additional increase for sergeants.

The City's proposed lump sum payment in 1997 is based on the premise that the 1994 adjustment brought the members of this bargaining unit into parity with comparable jurisdictions. Application of the lump sum payment would be a one-time payment to officers, not incorporated into the salary schedule. The City concludes that with this method of addressing the 1997 salary schedule Bremerton would remain competitive among its comparators.

The lump sum payment calculated by 90% of the CPI W, which was at 2.6% for 1997 would provide a single lump sum payment to the members of this bargaining unit as follows:

1997 - 2.6% LUMP SUM				
POLICE OFFICER				
Step 1	Step 2	Step 3	Step 4	Step 5
\$ 959.00	\$ 995.00	\$1,042.00	\$1,087.00	\$1,182.00
SERGEANT				
Step 1	Step 2	Step 3	Step 4	Step 5
\$1,249.00	\$1,276.00	\$1,304.00	\$1,330.00	\$1,358.00

The 1998 wage increase would be 90% of the CPI, Greater Seattle CPI W, July/July not to exceed 4%. Because the actual CPI figures are known, 3.3% would be added to the 1996 wage schedule to create the 1998 wages for the members of this bargaining unit.

The resulting 1998 wages with the 3.3% increase would be:

1998 WAGES WITH 3.3% INCREASE				
POLICE OFFICER				
Step 1	Step 2	Step 3	Step 4	Step 5
\$3,175.00	\$3,294.00	\$3,450.00	\$3,599.00	\$3,914.00
SERGEANT				
Step 1	Step 2	Step 3	Step 4	Step 5
\$4,135.00	\$4,226.00	\$4,316.00	\$4,405.00	\$4,498.00

Turning to 1999, the City proposes the same CPI driven formula. According to the City, no evidence was offered by the Guild which would justify the additional 2% increase for sergeants in each of the two years of the Guild's proposed Agreement.

The City submits it has utilized a principled and accepted method for measuring the components of compensation. In the view of the City, it has tried to use a basic and simple method which provides a realistic picture of the wages and benefits paid in its proposed list of comparators. A review of the City's calculations reveals that Bremerton pays a competitive wage and that no additional compensation beyond what the City offered is in order during this round of bargaining.

City Proposal

1-1-97 - 2.6% of December 31, 1996 base wage, not retroactive--paid in lump sum does not increase wage rate.

1-1-98 - 90% CPI(3.3%), Greater Seattle CPI W, July/July not to exceed 4%

1-1-99 - 90% CPI, Greater Seattle CPI W July/July not to exceed 4%

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The City submits it has utilized a principled and accepted method for measuring the components of compensation. In the view of the City, it has tried to use a basic and simple method which provides a realistic picture of the wages and benefits paid in its proposed list of comparators. A review of the City's calculations reveals that Bremerton pays a competitive wage and that no additional compensation beyond what the City offered is in order during this round of bargaining.

D. Discussion and Findings

The Arbitrator has awarded a three-year Agreement covering the period from January 1, 1997, through December 31, 1999. The Arbitrator finds the City's proposal to pay a lump sum settlement for 1997 should not be adopted. None of the comparators offered by either party support such an approach. Further, once a salary schedule is frozen the employees lose the benefit of the loss of the salary adjustment in all succeeding years because the base is lower from which future calculations are made.

The Guild's proposal to add an additional 2% for sergeants is rejected. The Arbitrator will award that sergeants receive the same pay adjustments as the patrol officers. The wage spread between police officers and sergeants was not shown to be inadequate or unreasonable.

The Arbitrator finds that after review of the evidence and argument, as applied to the statutory criteria that a 4% increase effective January 1, 1997, on the existing salary schedule is justified for 1997. Further, an additional increase of 3.5% effective January 1, 1998, is warranted. The Arbitrator finds for the third year of the contract that a CPI driven formula is the appropriate way in which to adjust wages for 1999. The Arbitrator will award the City's proposal for 1999 with modifications that the increase shall be by 90% of the change in the Consumer Price Index with established minimum and maximum amounts for the increase.

The adjustments ordered by the Arbitrator will set the top pay for a police officer effective January 1, 1997, at \$3,941

per month and \$4,079 per month effective January 1, 1998. The sergeant's pay would be set at \$4,528 per month effective January 1, 1997, and \$4,686 per month as of January 1, 1998. The reasoning of the Arbitrator--as guided by the statutory criteria--is set forth in the discussion which follows.

At the outset the Arbitrator needs to address the argument of the parties which relied on my decision in City of Centralia. The City attempts to read too much into the holding in the Centralia decision. The parties in the Centralia case limited their comparison studies to the single factor of base wages. Faced with that type of case presentation, your Arbitrator held it was improper to factor in the lack of social security as a means to justify a larger wage increase. I did comment in the award that social security, or the lack of it, might be an appropriate consideration where the parties to an interest arbitration used a sophisticated total compensation analysis.

The second threshold point to be made is the Arbitrator has rejected the Guild's proposal for a two-year Agreement. In so doing, the Arbitrator will award a three-year wage package. I have also delayed other improvements and changes to the Collective Bargaining Agreement to the third year in order to minimize their impact on the City.

Constitutional and Statutory Authority of the Employer

Regarding the factor of constitutional and statutory authority of the City, no issues were raised with respect to this factor which would place the Award in conflict with Washington law.

Stipulations of the Parties

The parties reached agreement on a number of contract provisions in dispute which were not the subject of this interest arbitration. In addition, four issues were settled during the arbitration hearing. Beyond the resolution of contract disputes through the negotiation process, there were no significant stipulations of the parties relevant to this interest arbitration.

Comparability

In a preliminary ruling, the Arbitrator adopted a list of ten cities (PS 10) to utilize as a guide in reaching a decision in this case. With the exception of Longview, all of the jurisdictions are located in the Puget Sound area. The PS 10 are appropriate comparators because they are employers of "similar size" and located in the same geographic region as Bremerton. Consistent with the consensus of the parties, the Arbitrator has used 6 jurisdictions common to both lists. The City dropped Vancouver from its former list of comparators because it no longer fits the statutory criteria of similar size. The Arbitrator deleted Oak Harbor and Port Angeles from the City's list of proposed comparators because they do not match up population wise or with the demographic factors.

The Arbitrator added Redmond and Auburn to arrive at the PS 10 for three primary reasons. First, the Auburn population at 36,720 is almost identical to the population of Bremerton at 38,650. Redmond's population is 3,630 greater than Bremerton, and

is the next City on the population scale above the agreed on comparator of Olympia.

Second, a credible list of Puget Sound comparators cannot ignore the impact of King County on the local labor market. Without Auburn and Redmond there would be no representative jurisdictions from King County on the list of comparators. Given Bremerton's economic and social ties to King County, the absence of any King County cities from the list would be unrealistic.

Third, the Arbitrator has retained as part of the PS 10, Longview and Mount Vernon. Both sides agree these two jurisdictions share common demographic factors and have a history of use by the parties in establishing a list of comparators. They also provide a suitable balance to the cluster of cities located in what the Guild referred to as the Central Puget Sound labor market.

The next topic to be addressed is the widely divergent methodologies each side used to calculate total compensation. Given the way the evidence developed in this case, the Arbitrator is persuaded to focus on base wages in formulating the 1997-99 Award. Rather than attempt to reconcile the computations offered by the parties on total compensation to support their respective positions, the Arbitrator will acknowledge the primary benefits. By recognizing those differences, the base wage format will stand as an appropriate comparison.

The members of this unit enjoy a competitive health and welfare program largely paid for by the City. Bremerton police officers also have the opportunity to earn additional compensation

based on longevity. Five of the PS 10 offer longevity pay and 5 of the PS 10 do not offer longevity pay. Noticeably, the highest paying jurisdiction on the PS 10 list, Puyallup, does not provide longevity pay.

Approximately 8 jurisdictions offer an education premium, which Bremerton does not. In those cities where both longevity and education premiums are available, the employee normally must elect either longevity or education pay.

The participation in social security, MBET, or deferred compensation is a mixed bag among the comparators. A substantial number of the comparators do not participate in any of the three named programs. Other cities who are not in social security may be a part of one or two alternative benefits to social security. While the members of this unit are not in social security, they do have a deferred compensation program and longevity pay. The Arbitrator has considered total compensation. Based on the record in this case, the Arbitrator concludes that by concentrating on the five-year base wage rate of the comparators, a result consistent with the statute has been attained.

The base wage for a five-year police officer on the PS 10 list for 1997 is as follows:

1997

<u>Rank</u>	<u>Jurisdiction</u>	<u>Wage 5-Year Police Officer</u>
1	Puyallup	4,161
2	Redmond	4,041
3	Longview	3,964
4	Edmonds	3,963
5	Lynnwood	3,926
6	Olympia	3,921
7	Auburn	3,888
8	Bremerton (1996 wage schedule)	3,789
9	Mountlake Terrace	3,762
10	Lacey	3,754
11	Mount Vernon	3,621

Guild Ex. 66 & City Ex. A.

The City would keep the top step at the current \$3,789 based on its lump sum offer. This would place Bremerton at the bottom quarter of the comparators. Given Bremerton's population and assessed valuation, the City should not be at the lower end of the pay ranking.

The settlement trends for 1997 wages ranged from 2.61% to 5%. The single 5% increase was for Olympia, which was at the low end of the wage comparators. The City's lump sum offer that amounted to a one-time increase of 2.6% is unacceptable based on the settlement trends and its impact on future settlements. Adoption of the 5% proposal of the Guild would place Bremerton as the third highest paying jurisdiction. Taking into account the total compensation evidence, there is no justification for placing Bremerton as the third highest paying city on the list.

The 4% increase awarded by this Arbitrator will set the top salary at \$3,941 or at a ranking of number 5 in pay for the 11 cities on the list. The critical point for both parties to take note of is the spread between--number 3 Longview and number 8 Auburn--is \$76 per month. Bremerton at \$4,941 per month is right in the middle of the group of 6 cities in the mid-range on the PS 10. This places Bremerton within the range of reasonableness when compared with their counterparts in the PS 10.

The 1997 wage comparison with a 4% increase for Bremerton appears as follows:

<u>1997</u>		
<u>Rank</u>	<u>Jurisdiction</u>	<u>Wage 5-Year Police Officer</u>
1	Puyallup	4,161
2	Redmond	4,041
3	Longview	3,964
4	Edmonds	3,963
5	Bremerton	3,941
6	Lynnwood	3,926
7	Olympia	3,921
8	Auburn	3,888
9	Mountlake Terrace	3,762
10	Lacey	3,754
11	Mount Vernon	3,621

The 1998 adjustment is somewhat more complicated because settlements have not been reached in all of the comparators. A review of the settlement trends for 1998 shows a range of 3.3% to 6%. Guild Ex. 94. The City's evidence also indicates 1998 settlements are in line with the CPI-W. The 1998 increase offered by the City was based on a 3.7% increase in the CPI. The City

offered 90% of the CPI-W or 3.3%. The Arbitrator will round this number up to 3.5% for 1998.

The implementation of a 3.5% increase for 1998 will serve to maintain the competitive position of Bremerton police officers with the PS 10 jurisdictions and will be consistent with increases recorded in the CPI. With a 3.5% increase the top step for a police officer in 1998 will be set at \$4,079. This is a figure that is totally compatible with the City's own study of 1998 base wages. City Ex. A-12. The City's study of its own comparables shows 6 cities will be paying a top-step police officer a minimum of \$4,000 per month.

Turning to 1999, the Arbitrator will award the City's CPI driven formula for a wage increase, with two modifications. The Arbitrator also concurs with the City there should be no additional increases for sergeants over what was ordered for the Bremerton police officers.

Cost of Living

Regarding the cost of living factor, the Arbitrator finds this factor of little assistance in resolving the current dispute. The City offered no documentary evidence or argument on this component of the statute. This is somewhat surprising since the City's second and third year wage proposals were based on a CPI driven formula. The Guild's data on cost of living was similarly meager.

Given the strength of the economy and settlement trends, the Arbitrator will give little weight to this factor. The

Arbitrator's award on wages for 1997 and 1998 is consistent with the increases recorded in the CPI figures used by the parties to calculate their proposed wage adjustments for 1997 and 1998.

Changes During the Pendency of this Proceeding

Regarding the factor of changes in any circumstance during the pendency of the proceedings, none were brought to the attention of the Arbitrator by the parties.

Other Traditional Factors

A host of potential guidelines are suggested by the catchall of "other factors . . . normally or traditionally taken into consideration in the determination of wage, hours, and conditions of employment." RCW 41.56.465(1)(f). As this case was driven by the comparability factor, neither party made a strong argument there were "other factors" at play in this dispute which would override the enumerated statutory criteria.

The issue of internal comparability is of some significance to the resolution of this dispute. The City offered that it had a low turnover rate. In addition, the City stated it has no trouble attracting qualified applicants to the police department. The City asserts the Guild's claims regarding potential turnover are speculative at best.

The Guild did cite to a marked rise in officer workload over the past 10 years as justification for its proposal. According to the Guild, calls for service per officer have steadily risen without a commensurate pay increase.

The Arbitrator concludes the "other factors" criteria bolsters the Guild's case for an increase in excess of the CPI formula proposed by the City.

In reaching a conclusion on the wage issue, the Arbitrator was mindful of the additional pay members of this unit earn under the deferred compensation program and longevity pay plan. The continuation of the incentive plans will provide additional dollars for the members of this unit who do not participate in social security. The Arbitrator also took into account in framing the award on salaries that members of this unit will continue to enjoy fully paid medical and dental insurance programs for the duration of the 1997-99 contract. On the other hand, co-pay will be introduced during the 1999 contract term. The members of this unit also enjoy a number of premium pay benefits which are consistent with the comparators.

AWARD

On the wage issue, the Arbitrator awards as follows:

1. Effective January 1, 1997, the existing wage schedule for police officers and sergeants shall be adjusted across-the-board by 4%.

2. Effective January 1, 1998, the wage schedule for police officers and sergeants shall be adjusted across-the-board by an additional 3.5%.

3. Effective January 1, 1999, the wage rates shall be adjusted by 90% of the Seattle CPI-W July 1998 Index with a minimum adjustment of 3% and a maximum adjustment of 6%.

ISSUE 2 - SALARY ADVANCEMENT

A. Background

Pursuant to Article 5.1.1 employees advance through the salary schedule on the completion of a full year of continuous service. Neither party proposes to modify the existing five-step salary schedule that is in place both for police officers and sergeants. This dispute centers over a City proposal to amend Article 5.1.1 to allow management to withhold a step increase based on unsatisfactory performance.

The current language states:

5.1.1 Advancement through the hourly wage rates from the first rate through the final rate of the longevity scale will occur upon completion of the prescribed number of full year(s) of continuous, employment since the employee's last wage placement. In the event an employee is on approved leave of absence without pay, the employee's next wage rate advancement date will be extended by the actual number of days the employee was absent on such leave.

B. The City

The City proposed to modify Article 5.1.1 to read:

5.1.1 Advancement through the hourly wage rates from the first rate through the final rate of the longevity scale will occur upon completion of the prescribed number of full year(s) of continuous, employment since the employee's last wage placement provided, the employer may withhold a step increase for unsatisfactory performance or disciplinary action. A step increase can be withheld for a maximum of twelve (12) months during which time the employee will receive monthly evaluations. In the event an employee is on

approved leave of absence without pay, the employee's next wage rate advancement date will be extended by the actual number of days the employee was absent on such leave.

The City believes the proposed language merely recognizes an inherent management right in dealing with substandard performance. Automatic step increases provide no incentive for police officers to improve performance. The comparables offered by the City support the City's proposed language and the proposal should be adopted.

C. The Guild

The Guild rejects the City's proposal as a "wide open right which currently does not exist." According to the Guild, adoption of the City's proposal would give management carte blanche to determine when an individual has performed poorly. The Guild also interprets the City's proposal as not allowing a grievance over a withheld step increase.

The Guild next argues the parties have already entered into a Memorandum of Understanding which allows management to discipline by reducing an officer "to a lower step for a specified period of time." City Ex. F-2. The Guild submits the Memorandum of Understanding grants the City all the power it needs to address substandard performance.

D. Discussion and Findings

The Arbitrator concurs with the City that advancement on the salary schedule should be based on more than just putting in a year of service. However, a review of the language from the comparable contracts does not favor the language offered by the City. The language found in the Olympia contract makes a strong and simple statement concerning step increases.

Article IX, Section B.2 from the Olympia contract states:

No such step increase shall be denied employees who have met acceptable performance standards.

The Arbitrator will award the language from the Olympia collective bargaining agreement with the modification to make it clear a denial of a step increase is subject to arbitration. The Arbitrator will also place a limit of six months on the length of time a step increase may be withheld.

AWARD

The Arbitrator awards that Article 5.1.1 be modified to

read:

5.1.1 Advancement through the hourly wage rates from the first rate through the final rate of the longevity scale will occur upon completion of the prescribed number of full year(s) of continuous, employment since the employee's last wage placement. In the event an employee is on approved leave of absence without pay, the employee's next wage rate advancement date will be extended by the actual number of days the employee was absent on such leave. No such step increase shall be denied employees who have met acceptable performance standards. Step increases may be withheld for a maximum of six (6) months. The denial of a step increase is subject to the grievance procedure.

ISSUE 3 - LONGEVITY

A. Background

Article 5.2 provides for a longevity premium starting 6 years after continuous employment with the City, based on hourly pay. Section 5.2 currently reads:

5.2 LONGEVITY PAY: Longevity pay, which is a rate of pay based on the length of completed continuous service with the City, shall be calculated on the individual employee's hourly wage rate and shall be paid as follows:

<u>Length of Continuous Service</u>	<u>Rate Per Hour</u>
0 through 5 years continuous employment	0%
Commencing 6 through 10 years continuous employment	1%
Commencing 11 through 15 years continuous employment	2%
Commencing 16 through 20 years continuous employment	3%
Commencing 21 years and over continuous employment	4%

The Guild has proposed to double the rates for each category. The City would continue the existing longevity rates.

B. The Guild

The Guild's proposal would set the rates as follows:

<u>Length of Continuous Service</u>	<u>Rate Per Hour</u>
0 through 5 years continuous employment	0%
Commencing 6 through 10 years continuous employment	2%
Commencing 11 through 15 years continuous employment	4%
Commencing 16 through 20 years continuous employment	6%
Commencing 21 years and over continuous employment	8%

The Guild submits its arguments on wages equally apply to this proposal. Both total compensation and wage data support this proposal.

Moreover, the members of this unit do not receive an education premium, as many of their counterparts do. The lack of social security and education premium argue in favor of this proposal. The comparables and the longevity provision in the Bremerton fire contract warrant adoption of the longevity proposal.

C. The City

The City begins by pointing out 6 of its proposed comparators provide no longevity premium. In the view of the City, the current rate is competitive with the amounts paid in the comparable jurisdictions.

Moreover, the City has some concern about the value of longevity pay. When an employer pays a competitive base wage, the City argues better wages reward veteran employees. The Guild has provided no evidence to justify implementation of its proposed increase.

The current system is percentage based rather than a fixed dollar amount. As the police officers base pay increases, the longevity pay also rises to a higher amount. The City submits the weight of the evidence favors retaining the status quo.

D. Discussion and Findings

The starting point to recognize is that longevity pay will rise over the course of the three-year contract without a change in the current rate. Because the longevity premium is based on a percentage figure, the amount paid to Bremerton police officers will rise in direct proportion to the increases this Arbitrator has ordered on the salary schedule.

Approximately 50% of the comparators offer a longevity premium. While the City's longevity premium is not at the top of the scale, it is not at the bottom of the rate paid in these jurisdictions. The rate paid is comfortably positioned in the middle range. Hence, the Arbitrator was unconvinced of any need to double the longevity premiums.

The Arbitrator was persuaded to make one change to Article 5.2. An additional step was added to the Bremerton fire contract after 26 years of continuous service. The Arbitrator will order that effective January 1, 1999, an additional step shall be added to the longevity schedule for officers with over 26 years of service. By including this additional step, the City's recognition of veteran employees in the police and fire services will be equalized.

AWARD

The Arbitrator awards that effective January 1, 1999,
Article 5.2 shall be amended to read:

5.2 LONGEVITY PAY: Longevity pay, which is a rate of pay based on the length of completed continuous service with the City, shall be calculated on the individual employee's hourly wage rate and shall be paid as follows:

<u>Length of Continuous Service</u>	<u>Rate Per Hour</u>
0 through 5 years continuous employment	0%
Commencing 6 through 10 years continuous employment	1%
Commencing 11 through 15 years continuous employment	2%
Commencing 16 through 20 years continuous employment	3%
Commencing 21 through 25 years continuous employment	4%
Commencing 26 years and over continuous employment	5%

This provision shall become effective January 1, 1999.

ISSUE 4 - REASSIGNMENT OF NON-PROBATIONARY EMPLOYEES

The parties reached agreement at the arbitration hearing on language to resolve this issue. The dispute was settled by agreement to add language at Article 6.2.3 of the contract to read:

Notwithstanding 6.2.1 and 6.2.2, the Chief of Police may reassign any non-probationary employee for just cause twice each year and probationary employees may be reassigned to shifts at the discretion of the Chief of Police.

ISSUE 5 - CO-PAY

A. Background

Pursuant to Article 14, the members of this unit enjoy a full range of insurance benefits. The majority of the insurance benefits for the employees are fully paid by the City. Members have the option of selecting coverage through the Kitsap Physicians Service Plan or Group Health.

Group Health recently included a co-pay charge of \$5.00 at the time service is rendered. The dispute in this issue centers over a City proposal to require police officers to be responsible for the co-pay amount.

B. The City

The City proposed to add new language to the contract which states:

Should any of the above plans require a co-pay now or in the future, it shall be paid by the employee.

According to the City, employee co-pay is the standard. Bremerton firefighters and employees represented by the Teamsters all pay a co-pay amount. Further, Guild members who participate in the Kitsap Physicians Service Plan are responsible for a co-pay. The Guild's objection to co-pay is untenable.

In sum, the City concludes the Arbitrator should adopt the City's proposed language.

C. The Guild

The Guild takes the position the proposed language would allow the City total freedom to define the amount of the co-pay. In the Guild's view, this clause runs counter to the City's duty to bargain over wages and benefits. None of the collective bargaining agreements relied on by the City permit management to unilaterally set the co-payment levels.

The Arbitrator should reject the City's proposal as without adequate factual support. When the lack of factual support is combined with the vague language, the Arbitrator should reject the City's co-pay proposal.

D. Discussion and Findings

The Arbitrator agrees that a small co-pay is reasonable and supported by the evidence. This is particularly true when most of the insurance benefits are fully paid for the members of this unit by the City. Both the external and internal comparators argue for the City's position. However, the Arbitrator does share the Guild's concern the language as proposed is vague and uncertain as to scope and liability. A careful review of all of the collective bargaining agreements by this Arbitrator revealed none with the broad language proposed by the City.

The Arbitrator will modify the City's language to establish a cap on the amount of co-pay that might be required of an employee. Further, I will delay implementation of the co-pay to January 1, 1999, to allow for a period of adjustment. This will also permit time to work out details with the insurance carriers.

AWARD

The Arbitrator awards new language shall be added to

Article 14 which states:

Effective January 1, 1999, should either Kitsap Physicians Service Plan A or Group Health Cooperative now or in the future require a co-pay, the co-pay will be paid by the employee. The amount the employee is obligated to pay shall not exceed \$5.00 per visit.

ISSUE 6 - NON-UNIFORM ALLOWANCE

A. Background

Article 15 addresses the subject of clothing and uniform cleaning allowance. The dispute in this issue centers over a Guild proposal to increase the clothing allowance for non-uniformed officers. Article 15.2 of the current contract establishes a clothing allowance for non-uniformed officers at the annual rate of \$425.00 per officer. The Guild would increase the annual amount to \$450.00 in 1997 and to \$475.00 in 1998. The City would continue the current contract language.

B. The Guild

The Guild argues this is an economic benefit which should be determined in light of the comparability data. According to the Guild, the collective bargaining agreements from both the City and Guild comparables support an increase in the plain clothes allowance. The trend in the collective bargaining agreements is to increase the clothing allowance.

C. The City

The City argued that existing contract language should be retained. It is the City's position the current clothing allowance is adequate. Hence, the Arbitrator should reject the Guild's proposal.

D. Discussion and Findings

The clothing allowance paid to the members of this unit is on the low end of the comparables offered by both the City and the Guild. A range of \$450.00 to \$500.00 is the commonly accepted amount for plain clothes allowances. The Arbitrator will order that effective January 1, 1998, the clothing allowance be increased to \$450.00. Further, effective January 1, 1999, the clothing allowance should be increased to \$475.00.

AWARD

The Arbitrator orders that Article 15.2 be modified to read as follows:

15.2 CLOTHING ALLOWANCE: An annual allowance effective January 1, 1998 equal to four hundred and fifty dollars (\$450.00) and January 1, 1999 equal to four hundred and seventy-five dollars (\$475.00) per year will be provided to non-uniformed, sworn personnel. Such allowance shall be paid one-half during the month of January and July. In the event an employee is transferred to the Detective Division and is assigned as a Detective, he/she will receive a pro rata clothing allowance payment.

ISSUE 7 - ENTIRE AGREEMENT

The parties reached agreement at the arbitration hearing to continue the current contract language found in Article 21. The issue was withdrawn from arbitration.

ISSUE 8 - DEFERRED COMPENSATION

A. Background

Members of this unit do not participate in the social security system. In negotiations for the 1995-96 Collective Bargaining Agreement, the Guild proposed a deferred compensation program. Negotiations over the deferred compensation program resulted in a new economic benefit being added to the 1995-96 Collective Bargaining Agreement.

The new provision provided as follows:

ARTICLE 25.....DEFERRED COMPENSATION

25.1 DEFERRED COMPENSATION: Effective January 1, 1996 the Employer shall match the payroll deduction of any written request by an employee covered by this Agreement, in an amount not to exceed two percent (2.0%) of the employee's base monthly wage rate.

The center of disagreement over this issue concerns a Guild proposal to increase the matching amounts.

B. The Guild

The Guild proposed to modify Article 25.1 to state:

25.1 DEFERRED COMPENSATION: The Employer shall match the payroll deduction of any written request by an employee covered by this Agreement, in an amount not to exceed four percent (4%) in 1997 and five (5%) in 1998 of the employee's base monthly wage rate.

It is the position of the Guild the deferred compensation program should be viewed as a wage related economic benefit. Deferred

compensation is part of the total compensation package. The particular focus of total compensation being on total retirement and comparables exempt from social security.

Since the City does not participate in social security for police officers, the task of the Arbitrator is to determine an appropriate substitute which will bring the economic package in line with the comparators. Deferred compensation is the agreed on vehicle for such retirement payments. The only issue is the level of payment.

The trend in police contracts is toward adding or increasing the amount of deferred compensation. According to the Guild, increases in the 6% to 7.5% range are necessary to bring the City in line with the comparables. As a compromise, the Guild is proposing to phase in adjustments at the 4% and 5% levels.

The City's proposal to freeze the deferred compensation program is out of touch with the trends. Therefore, the Arbitrator should award the Guild's proposal.

C. The City

This program was implemented during the 1995-96 Collective Bargaining Agreement. Adoption of the deferred compensation program was part of a market adjustment to increase total compensation. Participation in the deferred compensation program is voluntary on the part of the members. The Guild has provided no evidence to justify an increase in the current program matching amounts.

D. Discussion and Findings

The deferred compensation program was first implemented with the 1995-96 Collective Bargaining Agreement. In the judgment of this Arbitrator, the Guild has made no compelling showing for its proposal to double the contribution during this round of bargaining. It is a new benefit that should be allowed to develop as originally agreed in the previous contract.

The Arbitrator is not holding that future changes in this program might not be warranted. However, those changes should be left for future negotiations. With the three-year contract as awarded by the Arbitrator terminating December 31, 1999, the parties will have the opportunity to revisit this issue in a relatively short period of time. At that time the deferred compensation program will be ripe for negotiations.

Moreover, in rejecting this proposal, the Arbitrator remains mindful that his focus has been on the wage schedule. Changes awarded on economic issues have been minor in order to concentrate on the issue of basic wages.

AWARD

The Arbitrator rejects the Guild's proposal and orders that current language found in Article 25.1 continued unchanged.

ISSUE 9 - DURATION

A. Background

The current two-year contract expired on December 31, 1996. For over two and one-half years the parties have been unable to negotiate a successor Agreement. The Guild has proposed a two-year contract and the City has proposed a three-year contract.

B. The Guild

While the Guild has proposed a two-year contract, it acknowledges that under the circumstances of the instant case this Arbitrator will probably grant a three-year contract. In recognition of this possibility, the Guild urges the Arbitrator to award an overall economic package which accounts for current and anticipated trends in police labor agreements.

The Guild's evidence indicates 1998 settlements are exceeding those of 1997. The City's 90% of cost of living offer appears out-of-line with current settlement trends. Hence, the Guild submits the Arbitrator should award a third year wage increase which will enhance the ability of members of this unit to remain competitive with police officers in the PS 10.

C. The City

Given the long delays in this case, the City argues a third year will provide the parties with a much needed hiatus from the bargaining table. The City relied on the reasoning stated by this Arbitrator in two recent interest arbitration awards for doing the same in the instant case.

D. Discussion and Findings

If the Arbitrator awarded a two-year Agreement, it would expire in less than six months from the date of this Award. The reasoning for ordering a three-year Agreement which was expressed by this Arbitrator in earlier cases is equally applicable in this case. The negotiations have been long and at times bitter. In the judgment of your Arbitrator, the time has come to conclude the negotiations and move on with the business of policing the City.

In Clark County and Clark County Deputy Sheriffs Guild, PERC No. 11845-1-95-252, I wrote:

. . . The Arbitrator can think of no valid reason for awarding a contract which would compel the parties to immediately begin negotiations for a successor to the Guild's proposed 1995-96 Agreement. If the Arbitrator were to adopt a two-year Agreement, approximately 75% of the contract's duration would fall prior to the signing of the Agreement. As the County correctly pointed out, the "shelf-life" would be approximately seven months. The idea of compelling these parties to turn right around and begin bargaining for a successor Agreement is totally without merit. . . .

In City of Everett and Everett Police Officers Association, PERC No. 12476-1-96-272, this Arbitrator reasoned as follows:

The Arbitrator holds that the City's proposal for a contract extending through the last day of December 1998 should be adopted. There is little to say for awarding a contract which would be approximately 75% elapsed at the time it is concluded. The parties to this Agreement need a reprieve from the time consuming and expensive aspects of the

collective bargaining process. The adoption of a three-year Agreement will allow for a return to stable labor relations.

AWARD

The Arbitrator awards that Article 26.1 should be modified to read:

This Agreement shall become effective January 1, 1997 and shall remain in effect through December 31, 1999 and may be extended thereafter by mutual agreement. It is further agreed that the City or the Association may request reopening of this Agreement any time within six (6) months of the expiration for the purpose of negotiating changes to be effective following the expiration of this Agreement with such notice to be in writing to the other party.

ISSUE 10 - SICK LEAVE DONATION

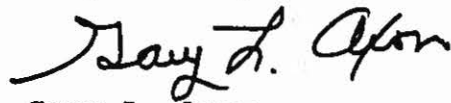
The parties reached agreement on this issue during the arbitration hearing and the matter was withdrawn from arbitration.

ISSUE 11 - MASTER POLICE OFFICER

The parties reached agreement on this issue. The parties agreed to the following language:

The number of MPO's shall not exceed fourteen (14).

Respectfully submitted,



Gary L. Axon
Arbitrator

Dated: August 3, 1998