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PUBLIC EMPLOYMENT
RELATIONS COMMISSION

BEFORE THE ARBITRATION BOARD

In the Matter of the Interest
Arbitration Between

City of Redmond

the Employer

and

Redmond Police Association

the Union

ARBITRATOR'S

AWARD

PERC No. 16791-5-02-00387

Appearances:

For the City:

Bruce Schroeder
Summit Law Group
315 Fifth Avenue South, Suite 1000
Seattle, WA 98104

For the RPA:

Jeff Julius
Aitchison and Vick
5701 6th Ave S., #503A
Seattle, WA 98108

Also appearing:

Kerry Sievers, HR Director, Redmond
Mason Darnall, observer
Julie Howe, Compensation Analyst, Redmond
Lori Anderson, Compensation and Benefits
Manager, Redmond
John Ryan, Fire Chief, Redmond
Heidi Ryan, Health Care Actuary
Jane Christianson, Assistant to the Mayor
Doug Evans, President, R.L. Evans Co.
Larry Gainer, Assistant Chief of Police
Martin Chaw, Financial Planning Manager
Doug Albright, Attorney, Ogden, Murphy,
Wallace

Also appearing:

Glenn Kaleta, Guild negotiator (police detective)
Rob Bunn, Guild negotiator (police detective)
Glenn Rotton, Guild negotiator (patrol officer)

Neutral Arbitrator:

Jane Wilkinson, Attorney and Arbitrator

Date of Award: March 3, 2004

WITNESS LIST

For the Employer:

Jane Christianson, Assistant to the Mayor
Doug Evans, President, R.L. Evans Co.
Heidi Ryan, Health Care Actuary
Larry Gainer, Assistant Chief of Police
Martin Chaw, Financial Planning Manager
Doug Albright, Attorney, Ogden, Murphy, Wallace

For the RPA:

Glenn Kaleta, Guild negotiator (police detective)

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I. PROCEEDINGS

This dispute, between the City of Redmond (City) and the Redmond Police Association (RPA) concerns certain terms of a Labor Agreement covering the period between January 1, 2002, and expiring December 31, 2004, between the Employer and its commissioned police officer bargaining unit. The parties reached an impasse in their negotiations on three issues. Pursuant to RCW 41.56.450, those issues were certified for interest arbitration by the Public Employment Relations Commission (PERC) and submitted to Neutral Arbitrator Jane R. Wilkinson for resolution. Evidentiary hearings were held in Redmond, Washington, on October 20 and 21, 2003. Each party had the opportunity to present evidence, examine and cross-examine witnesses and argue its case. A court reporter transcribed the proceedings; that transcript constituted the official record as required by RCW 41.56.450. The Arbitrator received the parties' post-hearing briefs on January 20, 2004, which shall be deemed the closing date of hearing. The parties stipulated to three-week extension of time for this award.

II. STATUTORY AUTHORITY AND CRITERIA

RCW 41.56.030(7), read in conjunction with RCW 41.56.430-.450, states that unresolved disputes concerning the terms and conditions of a collective bargaining agreement must be settled by interest arbitration when the affected bargaining unit is composed of "uniformed personnel," including:

(a) ... (ii) beginning on July 1, 1997, law enforcement officers as defined in RCW 41.26.030 employed by the governing body of any city or town with a population of {- -} two thousand five hundred or more and law enforcement officers employed by the governing body of any county with a population of {- -} ten thousand or more; (b) correctional employees who are uniformed and nonuniformed, commissioned and noncommissioned security personnel employed in a jail as defined in RCW 70.48.020(5), by a county with a population of seventy thousand or more, and who are trained for and charged with the responsibility of controlling and maintaining custody of inmates in the jail and safeguarding inmates from other inmates; (c) general authority Washington peace officers as defined in RCW 10.93.020 employed by a port district in a

county with a population of one million or more; (d) security forces established under RCW 43.52.520; (e) fire fighters as that term is defined in RCW 41.26.030; (f) employees of a port district in a county with a population of one million or more whose duties include crash fire rescue or other fire fighting duties; (g) employees of fire departments of public employers who dispatch exclusively either fire or emergency medical services, or both; or (h) employees in the several classes of advanced life support technicians, as defined in RCW 18.71.200, who are employed by a public employer.

RCW 41.56.450 specifies the powers and duties of the interest arbitration panel:

Uniformed personnel--Interest arbitration panel--Powers and duties--Hearings--Findings and determination. If an agreement has not been reached following a reasonable period of negotiations and mediation, and the executive director, upon the recommendation of the assigned mediator, finds that the parties remain at impasse, then an interest arbitration panel shall be created to resolve the dispute. The issues for determination by the arbitration panel shall be limited to the issues certified by the executive director. Within seven days following the issuance of the determination of the executive director, each party shall name one person to serve as its arbitrator on the arbitration panel. The two members so appointed shall meet within seven days following the appointment of the later appointed member to attempt to choose a third member to act as the neutral chairman of the arbitration panel. Upon the failure of the arbitrators to select a neutral chairman within seven days, the two appointed members shall use one of the two following options in the appointment of the third member, who shall act as chairman of the panel: (1) By mutual consent, the two appointed members may jointly request the commission, and the commission shall appoint a third member within two days of such request. Costs of each party's appointee shall be borne by each party respectively; other costs of the arbitration proceedings shall be borne by the commission; or (2) either party may apply to the commission, the federal mediation and conciliation service, or the American Arbitration Association to provide a list of five qualified arbitrators from which the neutral chairman shall be chosen. Each party shall pay the fees and expenses of its arbitrator, and the fees and expenses of the neutral chairman shall be shared equally between the parties.

The arbitration panel so constituted shall promptly establish a date, time, and place for a hearing and shall provide reasonable notice thereof to the parties to the dispute. A hearing, which shall be informal, shall be held, and each party shall have the opportunity to present evidence and make argument. No member of the arbitration panel may present the case for a party to the proceedings. The rules of evidence prevailing in judicial proceedings may be considered, but are not binding, and any oral testimony or documentary evidence or other data deemed relevant by the chairman of the arbitration panel may be received in evidence. A recording of the proceedings shall be taken. The arbitration panel has the power to administer oaths, require the attendance of witnesses, and require the production of such books, papers, contracts, agreements, and documents as may be deemed by the panel to be material to a just determination of the issues in dispute. If any person refuses to obey a subpoena issued by the arbitration panel, or refuses to be sworn or to make an affirmation to testify, or any witness, party, or attorney for a party is guilty of any contempt while in

attendance at any hearing held hereunder, the arbitration panel may invoke the jurisdiction of the superior court in the county where the labor dispute exists, and the court has jurisdiction to issue an appropriate order. Any failure to obey the order may be punished by the court as a contempt thereof. The hearing conducted by the arbitration panel shall be concluded within twenty-five days following the selection or designation of the neutral chairman of the arbitration panel, unless the parties agree to a longer period.

The neutral chairman shall consult with the other members of the arbitration panel, and, within thirty days following the conclusion of the hearing, the neutral chairman shall make written findings of fact and a written determination of the issues in dispute, based on the evidence presented. A copy thereof shall be served on the commission, on each of the other members of the arbitration panel, and on each of the parties to the dispute. That determination shall be final and binding upon both parties, subject to review by the superior court upon the application of either party solely upon the question of whether the decision of the panel was arbitrary or capricious. [1983 c 287 § 2; 1979 ex.s. c 184 § 2; 1975-'76 2nd ex.s. c 14 § 2; 1975 1st ex.s. c 296 § 29; 1973 c 131 § 4.]

RCW 41.56.452 states that an interest arbitration panel is a state agency and specifies:

An interest arbitration panel created pursuant to RCW 41.56.450, in the performance of its duties under chapter 41.56 RCW, exercises a state function and is, for the purposes of this chapter, a state agency. Chapter 34.05 RCW does not apply to proceedings before an interest arbitration panel under this chapter. [1983 c 287 § 3; 1980 c 87 § 19.]

In RCW 41.56.465, the Washington Legislature specified that the interest arbitrator must apply the following criteria when resolving disputes over the terms of a new collective bargaining agreement:

(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;

(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.

In resolving the issues in this dispute, whether or not fully articulated herein, the undersigned arbitrator has been mindful of these criteria and has given consideration to all of the evidence and arguments presented by the parties relative to these criteria.

III. BACKGROUND INFORMATION

The City of Redmond has a population of approximately 45,000, although it serves a daytime population of about 75,000. The RPA represents a bargaining unit of 63 commissioned officers and lieutenants.¹ The parties' last contract expired on December 31, 2001. The parties negotiated for, but were unable to reach agreement on a successor contract.

The Executive Director of the Public Employment Relations Commission certified 14 issues to interest arbitration and the arbitration hearing. Prior to the start of the hearing, the parties resolved eleven of those issues, leaving three in dispute (medical premiums, wages, and longevity/education premiums). At hearing, the parties presented testimony and exhibits on all three issues.

At the outset of the hearing, the parties' stipulated to using the Seattle-Tacoma-Bremerton CPI-W as the appropriate CPI index. The parties stipulated to a three-year agreement. They stipulated that the comparable jurisdictions in this case would be the following cities: Auburn, Bellevue, Everett, Federal Way, Kent, Kirkland and Renton.

¹ Lieutenants are first-line supervisors, the equivalent of Sergeants in other jurisdictions.

According to the City's evidence, in 2002, the population of this comparator group was as follows:

City	2002
BELLEVUE	109,827
EVERETT	91,488
FEDERAL WAY	83,259
KENT	79,524
RENTON	50,052
REDMOND	45,256
KIRKLAND	45,054
AUBURN	43,047

Assessed valuation figures for 2003, ranked on a per capita basis, are as follows:

City	\$Assessed Value	\$ Per Capita
REDMOND	8,571,688,595	\$ 184,417
BELLEVUE	20,689,734,478	\$ 177,747
KIRKLAND	7,107,874,257	\$ 155,772
RENTON	5,956,980,003	\$ 108,506
KENT	8,175,076,544	\$ 97,080
AUBURN	4,271,232,352	\$ 94,173
EVERETT	8,424,812,456	\$ 88,246
FEDERAL WAY	5,912,362,755	\$ 70,807

The parties have historically used the CPI-W for Seattle, Tacoma, Bremerton, previous year's June to June figures. The inflators using that index for 2002, 2003 and 2004 are as follows:

Year	CPI Inflator
2002	3.90%
2003	1.50%
2004	.90%

IV. PARTIES' PROPOSALS COMPARED

The following table shows the parties' proposals on the three issues in dispute:

	RPA Proposal	City Proposal										
<p><u>BASE SALARY:</u></p> <p><u>Appendix A.A.1</u> <u>(Wages):</u></p>	<p>Employee wages shall receive a retroactive wage increase as follows:</p> <p style="padding-left: 20px;">January 1, 2002 - 4%* January 1, 2003 - 2%* January 1, 2004 - 90% of the CPI-W for Seattle-Tacoma-Bremerton (1982-84=100) (August to August)² with a minimum of 3% and a maximum of 5%</p> <p style="padding-left: 40px;">*Employees shall continue to receive Accreditation Pay in accordance with A.2</p>	<p>1/1/02 3.51% 1/1/03 90% Seattle-Tacoma-Bremerton CPI-W June to June (equals 1.35%) 1/1/04 90% Seattle-Tacoma-Bremerton CPI-W June - June (equals .81%)</p>										
<p><u>DEPENDENT MEDICAL:</u></p> <p><u>Article IX</u></p>	<p>Effective January 1, 2004, bargaining unit employees electing dependent medical coverage under the self-insured plan shall pay 10% of the premium for such dependent medical coverage. The Employer shall pay 100% of the premium for employee medical coverage and 100% of the premium for employee and dependent dental and vision coverage under the self-insured plan.</p>	<p>Effective January 1, 2003 bargaining unit employees electing dependent healthcare coverage under the self-insured plan shall pay 10% of the premium for such dependent healthcare coverage. The Employer shall pay 100% of the premium for employee healthcare coverage.</p> <p>Effective January 1, 2004 bargaining unit employees electing dependent healthcare coverage under the self-insured plan shall pay 20% of the premium for such dependent healthcare coverage. The Employer shall pay 100% of the premium for employee healthcare coverage.</p>										
<p><u>LONGEVITY PREMIUMS</u></p> <p><u>Appendix A.A.3</u> <u>(Premium Matrix)</u></p>	<p>Employee wages shall receive a retroactive longevity increase as follows: Effective January 1, 2002:</p> <table style="margin-left: 20px; border: none;"> <tr> <td style="padding-right: 10px;">Increase</td> <td></td> </tr> <tr> <td>10 - 15</td> <td>from 1.5% to 2%</td> </tr> <tr> <td>15 - 19</td> <td>from 2.5% to 3%</td> </tr> <tr> <td>20 - 24</td> <td>from 3.5% to 4%</td> </tr> <tr> <td>25+</td> <td>from 4% to 5%</td> </tr> </table>	Increase		10 - 15	from 1.5% to 2%	15 - 19	from 2.5% to 3%	20 - 24	from 3.5% to 4%	25+	from 4% to 5%	<p>No Change</p>
Increase												
10 - 15	from 1.5% to 2%											
15 - 19	from 2.5% to 3%											
20 - 24	from 3.5% to 4%											
25+	from 4% to 5%											

² At hearing, the RPA agreed to a June to June measurement period for determining cost of living changes.

	RPA Proposal		City Proposal															
EDUCATION PREMIUMS	Employee wages shall receive a retroactive education increase as follows: Effective January 1, 2002:		AA incentive increase to .75% effective on hire date.															
<u>Appendix A.A.3 (Premium Matrix):</u>		<table border="0"> <tr> <td></td> <td>Increase-AA</td> <td>Increase-BA</td> </tr> <tr> <td>3 - 4</td> <td>from 1.5% to 3%</td> <td>from 1.5% to 3%</td> </tr> <tr> <td>5 - 14</td> <td>from 1.5% to 3%</td> <td>from 3% to 6%</td> </tr> <tr> <td>15 - 19</td> <td>from 2% to 3%</td> <td>from 4.5% to 6%</td> </tr> <tr> <td>20+</td> <td>from 2.5% to 3%</td> <td>from 5% to 6%</td> </tr> </table>		Increase-AA	Increase-BA	3 - 4	from 1.5% to 3%	from 1.5% to 3%	5 - 14	from 1.5% to 3%	from 3% to 6%	15 - 19	from 2% to 3%	from 4.5% to 6%	20+	from 2.5% to 3%	from 5% to 6%	BA incentive increased to 1.5% effective on hire date.
	Increase-AA	Increase-BA																
3 - 4	from 1.5% to 3%	from 1.5% to 3%																
5 - 14	from 1.5% to 3%	from 3% to 6%																
15 - 19	from 2% to 3%	from 4.5% to 6%																
20+	from 2.5% to 3%	from 5% to 6%																

V. PARTIES CONTENTIONS IN SUPPORT OF THEIR PROPOSALS

Arguments of the RPA

A. General Economic Considerations

1. Cost of Living: The Arbitrator should consider that
 - a. Redmond has a historical pattern of giving the bargaining unit increases equal to or more than the cost of living, making a 90% CPI increase unjustified.
 - b. Redmond is very affluent relative to comparators; its assessed valuation is second only to Bellevue's, even though it ranks sixth in population, and its median family income is the highest.
 - (1) The assessed valuation of property in Redmond is higher than all of the other agreed to comparable jurisdictions except Bellevue even though Redmond ranks sixth in population
 - (2) In terms of the correlation between police officer wages and assessed valuation, RPA Exhibit 2-43 shows that Redmond is 27.30% below the average correlation for all of the agreed to comparable jurisdictions. The correlation between first line supervisor wages and assessed valuation shows that Redmond is 30.51% below the average correlation for all of the agreed to comparable jurisdictions.
2. Ability to pay: Given its affluence, the City is not claiming an inability to pay; the difference between the parties' proposals are between \$211,000 and \$257,000.
 - a. The Comprehensive Annual Financial Report for the City of Redmond (hereinafter referred to as the "CAFR") for 2002 boasted of Redmond's rosy outlook:
 - 1) It states that Redmond "has become an employment center that has attracted many new and growing companies whose varied employment opportunities provide a hedge against high levels of unemployment". The CAFR also reflects that even in the face of the downturn in the United States and Puget Sound economies, the City of Redmond's net assets increased and the City's debt decreased in 2002.
 - 2). During 2002, both the City's governmental fund balances and the City's property tax revenues increased.
 - 3). The CAFR states that the "state's budget woes will have only a minimal effect on Redmond's transportation capital funding from the state" and that the transfer of services from King County to Redmond will result in "little or no increase in costs to the city."
 - 4). Microsoft continues to add to its workforce and office space in Redmond, and was relatively unscathed by the recession.

- 5). In 2002, Home Depot and Fred Meyer opened stores in Redmond, and Bon Marche, Cost Plus and a Marriott hotel were scheduled for 2003.
 - 6). Redmond claimed "excellent financial management and prudent fiscal policies" in the CAFR.
- b. Martin Chaw, Financial Planning Manager testified that sales taxes comprise 35% of the City's revenues and property taxes are 20%. He testified as to certain negative factors regarding the City's fiscal strength.
- 1) Nevertheless, the City's net assets increased and the City's debt decreased in 2002 and both the City's governmental fund balances and property tax revenues increased in 2002 [RPA Exhibit 6].
 - 2) Sales taxes were down in 2002 but this is most likely a "blip," given the opening of large new stores and the improving economy.
 - 3) The City's use of its reserve fund in 2002 probably was due to its \$30 million long-term capital improvement project (the City Campus Project) that the City funds on a pay as you go basis. Also, the City had the ability to increase its property tax by 1% per year but chose not to do so.
- c. The Arbitrator must keep in mind that had this contract been settled in the ordinary course of bargaining in 2001, the wages and benefits would have been set based upon the economic conditions existing at that time. Thus, the City has not shown that its ability to pay the increase resulting from the proposals presented by the RPA is restricted.

3. Internal equity.

In those interest arbitration cases where there is no history of internal equity with respect to an item in dispute, arbitrators have been unwilling to require internal equity. *Montlake Terrace*, 15590-I-01-354 (Croll, 2001).

- a. In the instant case, there is no history of internal equity between the bargaining unit and other City employees.
 - b. In all but three years since 1992, the RPA employees received a higher percentage increase than all other non-uniformed City employees, although in general, police officers received a lesser percentage increase than fire fighters.
 - c. With respect to health insurance, although the City is trying to persuade all City employees to pay 20% of the premium, out of five groups on board, one group has no representation by a labor organization, and three groups are made up of non-uniformed employees who are not eligible for interest arbitration under the Public Employees Collective Bargaining Act. There are still at least three employee groups who have not agreed; two are in interest arbitration.
4. Turnover. At least two of 17 identified resignations went to Microsoft to earn more money doing security work and Assistant Chief Gainer identified two others who also left.

B. Wages

1. Benchmark: The RPA and the City seem to agree that benchmarks should include officers at five-year intervals to 20 years, with each advanced education configuration. The City also seeks to use starting officer pay and officers with 25 years; the RPA opposes this because there are few officers in these categories. Lieutenants should be used because they comprise 14% of the unit.
2. Comparator analysis: Wage increases proposed by the RPA are consistent with average comparator wage increases of 3.9% (2002) and 2.2% (2003). For those with contracts, 2004 saw a 1.9% increase.
 - a. The evidence showed that the unadjusted top step base salary for police officers in Redmond in 2003 was 3.94% below the average for police officers in the agreed to comparable jurisdictions in 2003 and that the unadjusted top step base salary for

lieutenants in 2003 was 6.89% below the average for first line supervisors in the agreed to comparable jurisdictions in 2003.

- b. This is also true when the top step base salary is adjusted for retirement, longevity, and education (the figures are 3.63% and 5.68%). Calculated on a monthly basis, officers were 4.24% behind average in 2003, and lieutenants were 6.27% behind. Police officer classifications in 2003 were on the average 4.24% below the total monthly compensation received by like personnel employed in the agreed to comparable jurisdictions in 2003.
- c. The City seeks the more favorable "net adjusted hourly approach," which was rejected by Arbitrator Savage in City of Wenatchee, 16277-I-02-379 (Savage, 2002) where the "hours worked are close to the average."
- d. The City has not shown that the hours worked by officers are not close to the average of the comparables; the evidence also shows that employees do not always use the leave hours available to them.

C. Dependent Health Premium:

1. Comparable benefits: The evidence shows that the health insurance benefits provided to bargaining unit employees are not richer than or out of line with the benefits provided by the comparators; a City witness so testified.³ The cities of Kirkland, Renton, and Bellevue all pay more for health insurance coverage than does the City.
2. Comparable contributions: The evidence shows none of the employees in comparable jurisdictions pay anything like what the City proposes (10% of total dependant premium).
 - a. In Kirkland, Everett and Renton, employees paid nothing in 2003; in the latter two cities this will remain true for 2004. For Renton, starting 2004, employees will pay only \$50/mo towards dependant coverage.
 - b. In Auburn, Bellevue, and Federal Way, the employees pay only 10% of the premium for dependent medical insurance coverage, not 10% or 20% of the total premium for dependent health insurance coverage. (Bellevue officers pay 20% for dependant dental).
 - c. Kent officers pay a nominal amount, and this amount (as with the Renton officers) is comparable to (just a little bit less than) what employees will pay under the RPA's proposal.
 - d. Under the City's proposal, an employee will contribute \$71.54 monthly for full family coverage in 2003, compared with \$44 in Kent, \$46.53 in Federal Way, and \$53.98 in Auburn (i.e., 63% more than Kent, 54% more than Federal Way, and 33% more than Auburn in 2003).
3. Net effect: The City's combined base salary and health insurance proposals would result in 47 bargaining unit employees experiencing a net pay decrease in 2004. (A 1.4% decrease for officers with a spouse and one dependent and a 2.4% decrease with a spouse and two dependants. The effect on Lieutenants would be a decrease between .9% and 1.3%.
4. Comparator support: Thus, the evidence shows that the RPA's proposal is consistent with comparators.

D. Education and Longevity Premiums

1. Comparators: The RPA's education proposal will bring the education premium paid to bargaining unit employees closer to the comparables.

³ The RPA states that after conducting further research, the RPA and the City appear to differ only on the amount paid for health insurance coverage for employees and their eligible dependents by the City of Bellevue. Compare RPA Exh. 3.2 and City Exh. 6.6). This difference may be due to the fact that Bellevue offers more than one plan (Tr. at 38-39) and the RPA used the plan that the most employees were enrolled in while the City used what it considered to be a "core" plan.

- a. Auburn, Bellevue, Everett, and Renton pay a higher education incentive.
- b. The increase proposed by the RPA is supported by the comparators; currently, Redmond's longevity is below average.

Arguments of the City

A. Wages

1. Comparability analysis: The City's proposed wages will place compensation above the average of the comparators, using every combination of longevity and education, even though many of the comparable jurisdictions are substantially larger than the City of Redmond
 - a. The City's analysis uses the long accepted approach of evaluating the top-step base compensation level (including, per the parties' hearing stipulation, the 2.5% physical fitness premium, adding in other premiums, insurance and other employer contributions that are shared by all bargaining unit members. This "Cash Comp" was then adjusted by the City's cost for insurance and the employer retirement contributions to arrive at "Cash Comp Plus Insurance." That amount was then divided by the Net Hours, which is the annual scheduled hours of work less vacation and holiday accrual, to determine the Adjusted Net Hourly Compensation. These calculations were then applied to the various degree and longevity combinations in the contract, including AA degrees, BA degrees and years of service. (The City believes the most appropriate benchmark is 10 years, BA degree)
 - b. The City's proposal for 2002 will place the City from 3.29% to 4.2% above market, depending on the officer's degree. Officers will remain above market in 2003 (from 2.9% to 3.8% with the City's proposed increase of 1.35%. For 2004 (.9% increase), wages will be from 2.41 to 3.05% over the comparables' average.
 - c. The RPA's comparability data is seriously flawed.
 - 1) The RPA inappropriately assumes that each jurisdiction is scheduled to work only 2080 hours per year. In fact, the Cities of Redmond, Auburn, Bellevue, Federal Way, and Kent are regularly scheduled 2086 hours a year. The Cities of Everett, Kirkland and Renton are scheduled to work 2190 hours a year.
 - 2) The RPA failed to take into consideration vacation and holiday accrual in calculating the officers' total compensation for comparison purposes. Calculating the net hours worked as used by the City is a standard approach to ensure an "apples to apples" comparison.
 - 3) The RPA compares 2001 wages for the bargaining unit with the wages provided in 2003 for the comparable employers to suggest that the City's wages are below the average of the comparable jurisdictions.
 - 4) Even using the RPA's calculations, the result shows that the City's offer will place the bargaining unit above the average of the comparators.
2. Cost of living: Redmond police wages have exceeded the cost of living by 3.01% over the last decade; in addition, current inflation rates are very low – less than 1%, and wage increases should be similarly so.
3. Internal Parity: Arbitrators give significant weight to internal parity so as to preserve internal equity and to avoid subjecting the employer to demands for equal treatment by other bargaining units. In addition, this bargaining unit has fared better in recent years than other City units, except for the fire fighters.
4. Workload: The bargaining unit workloads are at the low end of their comparables because the City's crime rate is among the lowest compared to its comparables.

5. **Fiscal:** The City's fiscal resources call for a cautious award. A number of negative factors are in play, including a decline in the growth of sales tax revenues (due in part because of a 1995 law that exempts Microsoft's R&D expenditures, costing the City \$13.7 million in 2002 alone), the reduction in revenues from initiatives limiting the growth of taxes, on transportation construction revenue, and on the motor vehicle excise tax, the ripple effect of the State's and King County's budgetary woes, and the State's generally poor economy.
6. **Turnover:** The City's modest turnover was due to family issues, relocation, or a desire for more police activity than commonly experienced in Redmond.

B. Dependent Medical coverage

1. **Proposal:** Despite skyrocketing health care costs, the City will continue to pay 100% of employee coverage. It only seeks employee contribution to dependant coverage, starting with 10% in 2002 and 20% in 2003 – this proposal will have no effect on the 25% of the unit that have no dependants.
2. **Internal Parity:** Five of the City's eight employee groups have agreed to the City's proposal. This includes nonrepresented employees, and employees represented by RCHEA, AFSCME, IAFF (Fire Support), and SEIU (Commanders).
3. **RPA 11th Hour Position:** On the eve of this interest arbitration, the RPA revised its position, and now proposes for the first time that the employees pay ten percent (10%) of the cost of dependent medical coverage in 2004, with no contribution towards vision and dental coverage. The RPA's comparator analysis is not an "apples to apples" comparison and it used the wrong figure for Bellevue officers' contribution. It also does not distinguish between full employee coverage (per the City's proposal) and jurisdictions requiring contribution to both employee and dependant coverage. Its analysis is based on full family coverage, even though a significant percentage of officers do not require this. E.g., Thus, while Kent's employee cost is \$44 compared to the City's proposal of \$71 for a full family, the City's proposal will affect fewer employees because it is for dependant coverage only.
4. **Escalating Costs:** When the City learned that premiums were insufficient to cover costs, it involved an employee committee (EBAC) in selecting outside consultants and proposed solutions. A consultant projected costs to continue to increase 14% annually. Unrepresented employees, presented the choice between a cut in benefits or a contribution to premium, chose the latter (the City's unions would not participate in the City's survey); thus, the City proposes an employee contribution to dependant coverage.
5. **Comparable jurisdiction support:** Despite the difficulty of comparing plans, employers are seeking some sort of cost sharing arrangement with their employees in order to mitigate the significant increases in health care costs, and provide an incentive to employees to consider design changes that may reduce costs. In 2003, four of the seven cities surveyed required some sort of employee contribution (\$44.00 to \$95.40 per month). By 2004, all seven of the employers had reached or planned to propose an agreement involving cost sharing. A recent Renton agreement reduced benefits, and increased the co-pay substantially, provided for an employee contribution to premium (\$50 plus, for 2005, 50% of the premium increase above 7%. Bellevue officers pay 10% of the dependant premium (20% for dental and vision), and the city proposes to increase that amount.
6. **Trend:** As this Arbitrator acknowledged in a prior award, the trend is towards employee cost sharing.

C. Longevity and Education Premiums

1. **Background:** Under the current contract, officers receive from .7% to 5% premium pay based upon an employee's years of services and education, starting the third year. The City proposes accelerating the receipt by starting them at the hire date. The RPA proposes to increase the longevity and education incentive pays by an additional .5% to 1%.

2. **Methodology:** The RPA isolates premium pay from a total compensation analysis, which is inappropriate and which this Arbitrator has repeatedly rejected.
3. **Comparability:** City's overall package is justified based on a comparability analysis.
4. **Management preference:** For the last twenty plus years, the City has resisted paying for longevity alone—whether for the police, other represented employees or nonrepresented employees. For example, the City has gone to a merit based pay system for all non-union employees and several bargaining units.
5. **Internal parity:** Police are the only employee group to receive an education premium pay. The longevity pay status quo also maintains internal parity (excepting the fire department).
6. **Overall cost:** The RPA's proposals overall would increase the City's expenditures over three years by \$1.762 million, versus \$1.247 million for the City's proposals. The RPA suggests that the City's proposal will cause the officers to lose money. The RPA's analysis is misleading because it once again ignores the officers' total compensation.

VI. ARBITRATOR'S DISCUSSION AND DETERMINATION

A. Statutory Considerations (Except Comparability)

The following discusses the pertinent statutory considerations in this case, except for comparability, which is discussed with the proposals in dispute.

1. The City's Financial Picture:

The recent economic downturn has reduced sales tax revenues, Financial Planning Manager Martin Chaw testified. However, since 2001, three large retail stores have opened in Redmond. The City's Financial Report for the fiscal year ending 2002 states that its largest employer, Microsoft, has emerged relatively unscathed from the downturn in the high tech industry. RPA Exh. 6, pg. 23. Craw testified that in 1995, the State passed a high-tech sector sales tax exemption for R&D expenditures, which has cost the city about \$13 million since that time. The primary beneficiary of the law in Redmond is Microsoft, which has been aggressive in identifying expenditures as R&D. Initiative 747, passed in 1998 or 1999, limited property tax increases to 1% a year. Property taxes are a significant source of revenue for cities and counties. On the other hand, the City has an additional \$1.2 million in potential property tax revenues that it has not tapped. Initiative 695 significantly reduced the motor vehicle excise tax. The tax revenues were shared between the state and local jurisdictions, and the city was transferring about \$5 million annually to its road construction fund. Redmond lost about a \$1

million dollars a year in revenues. In 2000, however, the Legislature "backfilled" the lost revenues at a 50% rate for two years, and then eliminated those funds, Chaw testified. But, the City's Financial Report⁴ states that "the state's budget woes will have only a minimal effect on Redmond's transportation capital funding from the state." *Id.* King County, the county in which Redmond is located, is in dire financial straights, is effectively transferring its parks and recreation functions to municipalities, charging higher fees for municipalities' use of its district court functions, and has told municipalities it will no longer house misdemeanor inmates within the county jail. The City's Financial Report states, however, that "Redmond has been successfully working with King County and surrounding cities to continue regional services with little or no increase in costs to the city." *Id.* Chaw testified that the City has had to reduce expenditures over the past several years. Since a significant portion of its spending is on salaries and benefits, the City first decided not to fill existing vacancies, eliminating 11.7 FTEs. See generally, City Exh. 8.5.1. The City had to reduce reserves from 10% to 8.5% to balance its budget for 2003-04. The reduction was controversial because 10% was in the ballpark for neighboring municipalities. The City Council agreed to cut the reserve only if it was restored to 10% for the 2005-06 fiscal year.

According to Chaw, the "current thinking on the street" is that the Seattle economy will not recover until late 2004 or early 2005. Tr. 70. This is based on the projections of two prominent local economists.

The City asks the Arbitrator to consider that the City's contributions to LEOFF are projected to go up for the next biennium due to the poor stock market performance over the past several years.

⁴ This document, according to Chaw, was written for the benefit of the credit rating agencies of the City, hence its somewhat "rosy" statements. Tr. 188. Chaw, himself, did not have any input into the production of this document, he testified.

The parties came up with different cost estimates of one another's proposals. The City estimates that the RPA's proposal will cost \$514,863 more than the City's proposal over the three-year life of the contract. The RPA estimates that its proposal will cost \$211,164 more. Either figure, spread over three years, would not unbearably burden the City, in my opinion. In sum, the City obviously has the ability to pay the RPA's proposals, and it possibly could do so without curtailing other services. It is reasonable to prognosticate that its outlook for 2004 and beyond is better than what it experienced in 2002 and 2003.

One must bear in mind, however, that if interest arbitration is to replicate collective bargaining, one needs to turn back the clock to the first year of this contract cycle, 2002, which was stressful economically for the City, as well as the entire Puget Sound region, as was the next year, 2003. An economic downturn affects a jurisdiction's revenues to the extent it relies on taxes that fluctuate with the economy, such as the sales tax. Although property tax revenues tend to be more stable, a municipality is ill-advised to tap any potential untapped property taxes during a recession, particularly one accompanied by the high unemployment rate that the State of Washington experienced during the most recent downturn.⁵ A breadwinner who is out of a job and struggling to make mortgage payments can scarcely afford to pay higher property taxes. These considerations favor the City's wage proposals, in my opinion, especially for the first two years of the agreement.

2. Changes in the Cost of Living

According to the evidence, the changes in the cost of living (CPI-W for Seattle-Tacoma-Bremerton) in recent years have been quite low. The figures are as follows:

June 2000 through June 2001 (used for 2002):	3.9%
June 2001 through June 2002 (used for 2003):	1.5%

⁵ According to BLS data, for most of 1997, 1998, and 1999, Washington unemployment rates were below 3.5%. They began inching upwards in the year 2000, and by January 2002, the first year of the contract at issue here, had reached 7.2%. After a slight decline during the remainder of the year, they again peaked at 7.2% in June and July, 2003. They began declining after that, but slowly, and continue to remain relatively high (6.1% in December 2003).

June 2002 through June 2003 (used for 2004): 0.9%

The City submitted evidence showing that for the period from 1992 to 2003, with 2002 and 2003 based on the City's offer, police officer wages exceeded the changes in the consumer price index by 3.01%. I note that this figure would descend slightly with any 2004 award based on 90% of the CPI, as compared with 100% of the cost-of-living increase.

The RPA contends that Redmond historically has given bargaining unit increases that at least match the CPI increases, making a 90% increase unjustified.⁶ I agree, although for different reasons. A lower-than-CPI increase might be justified, despite the historical pattern, when, for example, bargaining unit wages have become quite high relative to the jurisdiction's comparators, when tight economic circumstances force slightly lower increases, or when the employer bears the burden of increases in certain significant areas, such as health care costs, to the benefit of its employees. Increases based on a percentage of the CPI (usually 80% to 90%), with a minimum and maximum, came into use when changes in the CPI were very high, but weren't being matched by corresponding increases in a jurisdiction's revenues. Questions also were raised about the validity of the CPI measurements (the argument being that the increases were overstated), particularly since individuals are affected differently, depending on their pattern of consumption. I understand that the method of calculating the CPI has since been adjusted so that it no longer overstates actual inflation levels. The City did not present any evidence one way or the other on this point, at any rate. Therefore, percent-of-CPI increases should have an ancillary justification, such as the ones previously mentioned (e.g., tight economic circumstances or high increases in employer-paid health care costs). The same can be said of the 'floor and ceiling' clauses that often accompanied CPI clauses during past periods of relatively high inflation. These clauses are particularly unnecessary when, as here, the CPI

⁶ Curiously, the wording of the RPA's wage proposal for 2004 is "90% of the CPI," but since the RPA specifies a minimum of 3% and a maximum of 5%, and with the applicable inflator being less than 1%, the 90% specification is superfluous.

escalator for the contract period are already known. The RPA proposes a CPI-based increase, with an arbitrary floor of 3% and ceiling of 5%. This, of course, would virtually guarantee a 3% wage increase for 2003 and 2004, but without any particular justification.

Accordingly, I conclude that other things being equal, any wage increases tied to the CPI should be at 100% of the CPI, with no minimum or maximum.

3. Other Considerations - Turnover

Larry Gainer, Assistant Chief of Police, testified as to turnover with the police department. Approximately 18 officers have left over the past five years. Three or four left in order to find more "action." Another left because his commute was too long (his new employer, however, gave him a take-home car). Several relocated to a new area for personal reasons. Four decided to get out of police work (two joined Microsoft, doing investigations, and a third joined a software company, for higher pay), and two joined the military. The RPA pointed out that the three officers who left for security related jobs in the private sector were attracted by the higher pay.

To me, the evidence concerning turnover in Redmond does not show that it is a problem. The higher pay offered for security work in the private sector could be a consideration if a flood of officers were going in that direction, but that is not the case here. Moreover, private sector security work, in my opinion, is not the "like personnel of like employers of similar size" contemplated by the Legislature. Although the RPA does not offer private sector employers as comparators, I believe the statutory criteria for comparable jurisdictions should be kept in mind when considering evidence regarding turnover, given that turnover itself was not specifically set out as a statutory criterion.

4. Other Considerations – Relative Demographics

According to the City's evidence, among its comparators, only Kirkland's crime rate is lower, according to the City's evidence. The argument is sometimes made that jurisdictions with high crime rates should compensate their police officers at a higher level because of the higher

demands of the job. *Ipsa facto*, the reverse should be true. However, I have never seen a comprehensive study that has shown either proposition to be true, at least as a general rule. And, unfortunately, jurisdictions with the highest crime rates – particularly when they are of small or moderate size - often cannot afford higher compensation levels, given that their crime rate and their relative poverty go hand-in-hand.

Reflecting its affluent bedroom-community status, many officers have complained they cannot afford to buy a house in Redmond. Unfortunately, it often is true in affluent areas with high property values that public servants, such as police officers and teachers, have to live elsewhere, where housing is more affordable.

The RPA attempts to parlay the fact of Redmond's affluence into an argument for higher wages.⁷ The RPA points out that Redmond's assessed valuation is second only to Bellevue's, even though it ranks sixth in population, and its median family income is the highest. The RPA then develops a correlation between police officer wages and assessed valuation, and states that for officers, Redmond is 27.30% below the average correlation for all of the agreed to comparable jurisdictions. For first line supervisors (lieutenants in Redmond), the figure is higher, at 30.51%.

Just as comprehensive data showing a correlation between wages and crime rates is lacking, so is any evidence showing that police wages and the community's affluence have any correlation. If one were to take this argument to its logical extreme, then the police officers in tiny, but wealthy, Medina or Clyde Hill should be the highest paid in the State. Moreover, I am unaware of any interest arbitration award that has taken the correlation between wages and affluence (whether measured by assessed valuation, median family income, or other measurements) into consideration. The RPA's argument is creative and novel, but without ample supporting evidence, is not usable.

⁷ The RPA categorizes this as a "cost of living" argument. It is not a traditional consideration with respect to cost of living; therefore, I am placing it under the heading of "other."

5. Other Considerations – Internal Equity

The City is, understandably, striving to seek parity in wage adjustments across its employee group lines, and in my opinion, internal equity can be a valid consideration, particularly in difficult economic times when it becomes necessary to ask employees to make sacrifices. Obviously, it does nothing for the morale of one employee segment to accept, for instance, a wage freeze, and then see another group receive a whopping increase, no matter how deserving the latter group is of that increase.

During the relevant contract period of 2002-2004, given the pressure on the City's resources, the City is asking all employee groups to accept the same deal, and it particularly wants all groups to sign on to its proposed health care premium cost sharing. Unrepresented employees, of course, have no choice. Four represented bargaining units, however, have agreed to the City's proposals. But, there are three holdouts: the police officers' unit, the firefighters unit, and one other.

As I indicated, I find internal parity considerations to be valid, but they may be weighted lower than the explicit statutory considerations.

B. Wages

1. Comparator Analysis

Although the parties did not agree upon a single "benchmark" in terms of years of service or education level, the evidence was that the average tenure in the bargaining unit is ten years, and although more officers (36) fall into the BA category than any other, a majority of officers (12 with AA, 32 with neither, and two on leave of absence whose educational attainment was not specified), have not attained a BA level. The parties presented the effect of their proposals on about 30 different longevity/education configurations (for officer and lieutenant) vis-à-vis the stipulated comparators. I will simplify this presentation by setting forth a ten-year benchmark for officers with three variations: no degree, AA and BA, although in reaching this award, I have considered the various permutations as well.

a) Methodology Review

I will begin with a analysis of the parties methodology and computations, since my first endeavor was to figure out why they analyzed the same comparators, but obtained different results. The following tables show, by way of illustration, each parties' comparison of base and total compensation against those of the stipulated comparators for 10-year officers with no degree:

City's Figures (Includes City's offer of 3.51% in Redmond calculations)⁸
2002: 10 Years, No Degree
Net Hourly Before Benefits

	Annual Hours	Hours Vacation	Hours Holidays	Net Hours Worked	Base Pay	Base w/fit., long.	Net Hourly
Redmond	2086	142	148	1796	\$58,899	\$60,530	\$33.70
Auburn	2086	160	88	1838	\$56,051	\$58,013	\$31.56
Bellevue	2086	152	96	1838	\$59,400	\$59,400	\$32.32
Everett	2190	160	0	2030	\$58,512	\$63,811	\$31.43
Fed Way	2086	128	88	1870	\$57,288	\$59,007	\$31.55
Kent	2086	144	70	1872	\$58,668	\$62,140	\$33.19
Kirkland	2190	144	144	1902	\$62,592	\$65,096	\$34.23
Renton	2190	168	96	1926	\$60,618	\$63,043	\$33.03
Averages	2131	151	83	1897	\$59,018	\$61,501	\$32.47
Redmond to Average						-1.6%	3.8%

Net Hourly After Benefits (City)

	Net/Hr	Supple Rtmnt	SS Contrib	Total Supp Rtmnt	Med Ins	Dent Ins	Vis Ins	Disab Ins	Total Ins	Total Ins /Rtmnt	Net Hourly
Redmond	\$33.70	\$3,002	\$-	\$3,002	\$7,437	\$2,251	\$353	\$868	\$10,909	\$74,441	\$41.45
Auburn	\$31.56	\$-	\$3,597	\$3,597	\$8,211	\$1,546	\$233	\$58	\$10,048	\$71,658	\$38.99
Bellevue	\$32.32	\$3,683	\$-	\$3,683	\$9,357	\$1,310	\$54	\$444	\$11,345	\$74,428	\$40.50
Everett	\$31.43	\$1,200	\$-	\$1,200	\$6,968	\$1,243	\$110	\$-	\$8,321	\$73,332	\$36.13
Fed Way	\$31.55	\$3,068	\$-	\$3,068	\$6,942	\$1,425	\$189	\$447	\$9,003	\$71,078	\$38.02
Kent	\$33.19	\$1,173	\$3,783	\$4,956	\$9,828	\$-	\$-	\$162	\$9,990	\$77,086	\$41.19
Kirkland	\$34.23	\$3,027	\$-	\$3,027	\$7,987	\$1,458	\$233	\$285	\$9,963	\$78,086	\$41.05
Renton	\$33.03	\$3,783	\$3,909	\$7,692	\$8,424	\$2,590	\$-	\$240	\$11,254	\$81,989	\$42.57
Averages	\$32.47	\$2,656	\$3,763	\$3,889	\$8,245	\$1,595	\$164	\$273	\$9,989	\$75,380	\$39.78
Redmond to Aver.	3.8%									-1.25%	4.2%

⁸ This and the following table were taken from City Exh. 8.2.2 (revised Jan. 2004 and February 2004).

RPA's Figures⁹
2001 Redmond, 2003 Comparators: 10 Years, No Degree, Monthly

	Base w/ Fitness/ Long/ mo. mo. mo.	Edu/ mo.	Subtotal/ mo.	Health Ins/ mo.	Rtmt/ mo.	Vac/ mo.	Hol/ mo.	Total Comp/ mo.	
Redmond	\$4,801	\$72	\$0	\$4,873	\$1,058	\$460	\$319	\$225	\$6,935
Auburn	\$4,798	\$168	\$0	\$4,966	\$955	\$469	\$382	\$210	\$6,982
Bellevue	\$5,024	\$0	\$0	\$5,024	\$1,060	\$474	\$367	\$232	\$7,157
Everett	\$4,949	\$173	\$0	\$5,122	\$820	\$271	\$374	\$283	\$6,870
Fed Way	\$4,851	\$146	\$0	\$4,997	\$843	\$422	\$308	\$211	\$6,781
Kent	\$4,962	\$149	\$0	\$5,111	\$1083	\$582	\$354	\$262	\$7,392
Kirkland	\$5,456	\$82	\$0	\$5,538	\$923	\$523	\$344	\$364	\$7,692
Renton	\$4,944	\$198	\$0	\$5,142	\$1,109	\$783	\$394	\$169	\$7,597
Averages				\$5,129					\$7,210
Redmond to Average				-5.52%					-3.97%

The differences in the methodology are as follows:

- The City includes its offer in the calculation of the City of Redmond wages for each specified year. The RPA compares the 2003 wage of the comparators with the 2001 wage of the bargaining unit. There is nothing inherently wrong with either method, so long as one keeps these differences in mind. I prefer, for simplicity's sake, to compare the bargaining unit wage for the final year of the previous contract (2001), to the comparator's wages for each of the following years that are relevant to this dispute, particularly the first year of the new contract (2002).
- The RPA's calculation for vacations and holidays appears to be based on a one to one equivalency, assuming a 2086 hour work year, or eight hour day. In other words, a 10-year Redmond officer receives 136 hours of vacation annually. The 2001 base wage at 10 years (\$4684), with fitness, longevity and education pay (none) added, is \$4,873 monthly, or \$58,476 annually. An hourly equivalent (2086 hr/yr) is \$28.03. The annual vacation value was deemed 136 x \$28.03, which taken on a monthly basis is \$318. (The

⁹ This table reflects RPA Exh. 2.10 and RPA Exh. 4.2 (revised Jan. 2004).

RPA's actual figure was \$319, which I ascribed to the effect of rounding in spreadsheets). Holiday pay (12 days or 96 hours a year) was similarly calculated.

The City, on the other hand, used 142 as the number of vacation hours, and 148 as holiday hours. The holiday hours are increased by 50% in those jurisdictions that allow a cash comp at that rate in lieu of taking the time off. The City then subtracts the vacation hours from the annual hours, to come up with a net hours worked, which then forms the basis for an hourly wage.

Both methods may be acceptable; it should not matter whether the value of the vacation is added to the base, or it is subtracted from the number of hours worked. There are some minor flaws in both parties methods, but ultimately not significant. The RPA apparently assumed that all jurisdictions start with a 2086-hour work year, which is not the case. The City's holiday figures for Redmond include an extra four hours,¹⁰ and the reason for this is unclear. It also, assumed Redmond has 142 annual vacation hours, as compared to the 136 assumed by the RPA. As whether the paid holidays should be calculated on a time-and-a-half basis, where that is available, there are arguments on both sides. (I note that neither party specifically addressed this point in the briefs).

The City includes the Employer's social security contribution in its analysis, the RPA does not. It would make no difference if all jurisdictions participated in social security, but that is not the case since some have opted out. In this case, since the bargaining unit members do not participate, it is to the City's *disadvantage* to include it. It is controversial in interest arbitrations because it is questionable whether there is a dollar for dollar benefit. On the other hand, it is a real (and significant) payroll item for an

¹⁰ The product of 12 holidays and eight hours per day, raised by 50%, is 144, but the City's figure is 148.

employer. The fact that some bargaining units have not opted out of social security indicates their members perceive it as having value. On balance, I believe the better view is to include this item when doing total compensation comparisons.

- For the Redmond bargaining unit, there are significant differences in the parties' figures on insurance and retirement costs. The differences are as follows:

	City	RPA
Total insurance costs/year	\$10,909	\$12,696
Retirement, annualized	\$3,002	\$5,529

In a post-briefing communication with the parties, the RPA explained that:

- The City used 2002 data, the RPA used 2003.
- The City's retirement calculations did not include the LEOFF contribution but the Union's data did include LEOFF.
- The Union indicated that the amounts for MEBT may have differed because the City assumed that 80% went to retirement, and the other 20% went to life insurance. The RPA assumed that 100% went into retirement, and the employee pays for life insurance.

It appears that either method is sound, so long as applied consistently. I have opted to use the City's figures in my analysis because they are based on 2002 wages, which I deem more appropriate as a starting point.

The parties also have one significant difference in viewing the results. The RPA would prefer viewing them on a monthly (or annual) basis, while the City urges that the comparison be made on an hourly basis. Because the bargaining unit has more holidays, the hourly computation works to the City's advantage.

As I stated in *King County Fire District 44 (IAFF Local 3816)*, PERC No. 15764-I-01-360 (Wilkinson, 2002), given identical compensation levels, most people would rather have the job with fewer hours and more time off. If one has to work on holidays, then the employee comes out ahead compensation-wise because of the premium pay he or she will receive. Thus, with the salary as a constant, one's equivalent hourly wage is higher when one works fewer hours.

Arbitrator Lankford reached the same conclusion in a case where the hourly wage analysis favored the union and was opposed by the employer):

What the statute requires an arbitrator to compare is not simply "wages" but "wages, hours, and conditions of employment." To the extent it is reasonably practicable, that comparison should be done on an "all things considered" basis, reflecting wages and hours of work together. For example, police officers who are making 20% less than the average wage paid by comparable jurisdictions have no particular reasons to expect a raise if they are also working a total of 20% fewer hours than the average (which the City would certainly be quick to point out if the shoe were on the other foot). Washington interest arbitrators have commonly recognized this interrelationship in the past.

City of Kelso (Kelso Police Officers Association) (Lankford, 2001), at 9-10. See also, *City of Centralia (IAFF Local 451)*, PERC No. 11866-I-95-253 (Lumbley, 1997); *City of Vancouver (Vancouver Police Officer's Guild)*, (Beck, 1997); *City of Ellensburg (IAFF 1758)* (Snow, 1992); *City of Bellingham v. IAFF 106*, (Beck, 1991); *Cowlitz County v. IBT RPA 58*, (Beck, 1987); *City of Bellevue (IAFF 1604)*, (Gaunt, 1987); *City of Seattle v. Seattle Police Officer's Guild*, (Kienast, 1984).

The RPA cites *City of Wenatchee*, PERC No. 16277-I-02-379 (Savage, 2002), where the Arbitrator wrote:

Where, as here, the hours worked are close to the average of the comparables, the arbitrator sees little benefit in using a net hourly wage for comparison purposes and will make comparisons using monthly wage rates. Further, police officers have various types of leave that may take them away from the workplace, including leaves for illness, military service, and jury duty. It is quickly apparent that the number of hours an employee works in a given year is a matter of individual circumstances. Consequently, a precise comparison of hours worked is impossible.

In the case before me, the hours worked are not all that close to the average of the comparables, making Arbitrator Savage's view distinguishable.

The RPA contends that excluding vacation in the hours calculation is appropriate because some officers may not use all of their accrued vacation hours in any given year. I disagree; ignoring accrued vacation in connection with hours worked doesn't give an accurate

compensation picture. In any event, I note that the RPA also presented vacation and holiday compensation information (converting them to a dollar value) in its compensation analysis.

2. Arbitrator's Analysis of Compensation Data

For a detailed comparison, I am setting out my own calculations for the ten-year employee, an appropriate benchmark, in my opinion, and this is also the level that is the most behind the comparator group. My results are somewhat different than those shown by the parties, but the differences are not particularly significant.¹¹

Ten Year, No Degree – 2001 Redmond vs. 2002 Comparators

	Net Hours Worked	Net Monthly	Net Hourly	Total Ins/Ret	Total Comp/Mo	Total Comp/Hr
Redmond	1806	\$4,875	\$32.39	\$13,911	\$6,034	\$40.09
Auburn	1838	\$4,834	\$31.56	\$13,644	\$5,971	\$38.98
Bellevue	1838	\$4,950	\$32.32	\$15,028	\$6,202	\$40.49
Everett	2030	\$5,318	\$31.43	\$9,521	\$6,111	\$36.13
Fed Way	1870	\$4,917	\$31.55	\$12,071	\$5,923	\$38.01
Kent	1872	\$5,178	\$33.19	\$14,946	\$6,424	\$41.18
Kirkland	1902	\$5,425	\$34.23	\$12,991	\$6,508	\$41.06
Renton	1926	\$5,254	\$33.03	\$18,945	\$6,832	\$42.57
Averages		\$5,125	\$32.47		\$6,282	\$39.77
Redmond to Aver.		-5.1%	-0.3%		-4.1%	0.8%

¹¹ Calculated on a monthly or annual basis, the parties were only \$3.50 apart on Redmond base wage data (including fitness, longevity and education premiums) for a ten-year employee, in 2001. (The City's data on page 19, which appears higher, includes its 3.51% offer; that amount is backed out to obtain the City's 2001 base) Their figures were similarly close at other longevity and educational levels. Therefore, when I refer to the 2001 Redmond base wages, 10-year employee, no degree (including premium pay), I split the \$3.50 difference and used the number \$4875.

Ten Year, AA Degree – 2001 Redmond vs. 2002 Comparators

	Net Hours Worked	Net Monthly	Net Hourly	Total Ins/Ret	Total Comp/Mo	Total Comp/Hr
Redmond	1806	\$4,950	\$32.89	\$13,956	\$6,113	\$40.62
Auburn	1838	\$5,123	\$33.45	\$13,852	\$6,277	\$40.98
Bellevue	1838	\$5,201	\$33.96	\$15,212	\$6,469	\$42.23
Everett	2030	\$5,491	\$32.46	\$9,521	\$6,284	\$37.15
Fed Way	1870	\$5,014	\$32.18	\$12,131	\$6,025	\$38.66
Kent	1872	\$5,228	\$33.51	\$14,983	\$6,477	\$41.52
Kirkland	1902	\$5,425	\$34.23	\$12,991	\$6,508	\$41.06
Renton	1926	\$5,456	\$33.99	\$19,241	\$7,059	\$43.98
Averages		\$5,277	\$33.40		\$6,443	\$40.80
Redmond to Aver.		-6.8%	-1.5%		-5.4%	-0.4%

Ten Year, BA Degree – 2001 Redmond vs. 2002 Comparators

	Net Hours Worked	Net Monthly	Net Hourly	Total Ins/Ret	Total Comp/Mo	Total Comp/Hr
Redmond	1806	\$5,049	\$33.55	\$14,015	\$6,217	\$41.31
Auburn	1838	\$5,114	\$33.39	\$13,852	\$6,269	\$40.93
Bellevue	1838	\$5,347	\$34.91	\$15,322	\$6,624	\$43.25
Everett	2030	\$5,488	\$32.44	\$9,521	\$6,281	\$37.13
Fed Way	1870	\$5,061	\$32.48	\$12,161	\$6,075	\$38.98
Kent	1872	\$5,326	\$34.14	\$15,055	\$6,580	\$42.18
Kirkland	1902	\$5,424	\$34.22	\$12,991	\$6,506	\$41.05
Renton	1926	\$5,557	\$34.62	\$19,389	\$7,172	\$44.69
Averages		\$5,331	\$33.74		\$6,501	\$41.17
Redmond to Aver.		-5.6%	-0.6%		-4.6%	0.3%

As seen from these tables, although the lag appears significant on a monthly basis, when shown on the more appropriate net hourly basis (without retirement and insurance), the 2001 wages of this group are at the most, 1.5% behind the 2002 wages of the comparator group, and with retirement and insurance included, the total compensation (net hourly) very close to that of the comparators.

The percent differences at other longevity and compensation levels are approximately as shown on the next table, which was taken from the City's data, but with its 3.51% offer backed out of the Redmond figure:¹²

Degree	Longevity	2001 Redmond to 2002 Comparators
BA Degree	One Year	10.7%
	Five Years	1.1%
	Ten Years	See above
	Fifteen Years	0.9%
	Twenty Years	0.4%
	Twenty-five Years	-0.9%
AA Degree	One Year	9.3%
	Five Years	0.4%
	Ten Years	See above
	Fifteen Years	0.3%
	Twenty Years	0.1%
	Twenty Five years	-0.3%
No Degree	One Year	8.5%
	Five Years	0.1%
	Ten Years	See above
	Fifteen Years	1.3%
	Twenty Years	1.3%
	Twenty-five Years	1.1%

For Lieutenants, the RPA offered the more comprehensive data. However, as stated previously, the RPA looked at comparator pay for 2003, while I prefer viewing it at 2002. In addition, the RPA prefers a monthly pay comparison, while I prefer hourly. The RPA's data shows, depending on longevity and education, Lieutenant's 2001 monthly pay to be between 5.25% to 7.82% behind the 2003 comparator average, including insurance and retirement, and a 4.31% to 7.39% lag, with those benefits excluded. The RPA asserts that the comparators received, on the average, a 2.2% increase for 2003. See RPA Exh. 2-1. Backing that figure out, one can infer that Lieutenants are somewhere between 2+% and 5+% behind the 2002

¹² While there were some differences between the end result of the RPA's and the Employer's figures at different longevity and education levels, I note that the RPA asserts that, before benefits, 2001 officers and lieutenants wages are on the average (and on a monthly basis) 3.63% and 5.68% behind the comparator average for 2002. After benefits are added in, the lag increases to 4.24% and 6.27%, respectively. Thus, a 3.51% and a 1.5% increase make up this difference at many levels, and when viewed on the more appropriate hourly basis, place officers and lieutenants at all levels above the average of the comparators.

comparator average, depending on longevity and education. When compared with the ten-year employee detailed above, Lieutenant's are better positioned on both a monthly basis. One can therefore infer that they are also better positioned on an hourly basis than the ten-year employee, meaning that their 2001 wages are close to the 2002 comparator average.

Based upon all the considerations identified above, I have concluded that the bargaining unit, with the City's offer of 3.51%, will be compensated above the average of the comparators, when viewed on an hourly basis.

3. Arbitrator's Determination

The following sets forth what I have determined to be the appropriate wage increase for this bargaining unit. In making this determination, I had in mind and took into account my disposition of the dispute over employee contribution to medical premiums, discussed in the next section.

For the first year of the contract, given the difficult economic times extant in 2002, the absence of an employee contribution to the rapidly escalating health care premiums, and the above-average positioning of the bargaining unit relative to the comparators, I am awarding the City's proposal of a 3.51% increase. This is a 90% CPI increase. For the subsequent two years of the contract, I am awarding an increase equal to 100% of the CPI-W change, for Seattle-Tacoma-Bremerton (June to June). I using the 100% of CPI figure in light of the improving economy, the increased burden on employees for contribution to premiums, discussed in the next section, and the fact the CPI increases are quite small.

These increases amount to a 6% cumulative increase over the life of the contract.¹³ The employer's contribution to health premiums, after deducting the employee's contributions for 2003 and 2004, is the equivalent of a 6.85% increase to the 2001 base wage (including fitness,

¹³ The basis for the calculations in this paragraph were as follows:

- Base wage, with longevity, education and fitness - increase over three years, compounded: 6%
- Health premiums increase from 2001 to 2004 (full family): 6.85%
- Less employee contribution to dependant premiums (full family, 2003 and 2004): -3.12%

The net economic increase is 9.73%

longevity and education pay). In other words, with this award, there will be a 12.85% increase in the City contribution to compensation for the bargaining unit over the three years of the labor agreement. After subtracting the employee's share of dependant health costs for 2003 and 2004, the net increase in compensation for an officer with full family coverage will be 9.73%. For an officer with no dependants, the net increase will be 12.85%.

C. Employee Contribution to Dependent Medical Premiums

The City seeks a 10% contribution to dependant coverage for 2003, 20% for 2004. The City will pay for 100% of the employee's own coverage. The RPA has agreed to cost-sharing, but its proposal is for a 10% contribution to dependant coverage, beginning in 2004.

1. Inflationary Costs

By way of background, the City explained that in 1993, the City decided to self-insure (the plan is called "Red-Med") and went off the AWC (Association of Washington Cities) plan. The 1993 plan document set a benchmark of a 7% annual increase; its annual increases for five years were less than this amount. The City also formed an employee benefits advisory committee (EBAC)¹⁴ that met monthly to address mundane plan concerns. In 1999 and 2000 the City began more vigorously tracking its claims experience, and in the fall of 2002, hired consultants to gather information on costs and comparable costs and to look at ways to better control costs. EBAC, according to the City's evidence, became highly involved in looking at the issues for a consultant, and selecting and monitoring the consultant.

Consultant Ryan had been retained to project City's future plan costs. Ryan performed both a best case and worse case analysis based on current costs and trend rates to project future costs. Her findings were that with no changes, on a best case or worst case basis, the City's cost increases would be 10.8% to 14.6% annually over the subsequent five years. See

¹⁴ Each of the City's four unions had one representative on the EBAC Committee, along with one nonrepresented member and a representative from the City. The City's four unions are RCHA (Redmond City Hall Employees Association), AFSCME, fire fighters (IAFF) and the Police Guild.

City Exh. 6.4. She stated that her most pessimistic projection was comparable, or perhaps a little less than, what was projected in the marketplace generally. Unfortunately, according to Ryan, the City's experience since her report has shown that it reflects her "worst case" scenario. See City Exh. 6.8. Ryan explained that from an actuarial standpoint and in simple terms, the City's premium rates must cover claims, along with stop-loss premiums, the cost of a prudent reserve, and administrative costs. On cross-examination, Ryan stated that an objective of limiting annual increases to 7.7% was "absolutely" realistic. Tr. 58.

The City also retained Insurance Consultant Doug Evans, President of R.L. Evans Co. to review its plans and with Ryan, to propose and price out plan changes that would help control costs. The City's objective was to design plan changes that would put it back to its original objective of 7% annual rate increases.

City representatives met with EBAC and various employee representatives in February 2002 to begin a process for obtaining employee input on the best ways to reduce costs. The City gave the employees a menu of options, including reducing benefits, or requiring a larger contribution from employees to premiums.¹⁵ The feedback that the City received from EBAC was that employees would prefer paying a larger contribution to premium over a cut in benefits.

2. Comparator Data

a) Premium Costs, by Jurisdiction

The City presented the following comparator analysis showing the total cost of premiums, along with employee and employer share, among the comparators.

¹⁵ According to City Exh. 6.1.5 most procedures covered by the City have a 20% employee co-pay, although preventive procedures receive 100% coverage. There sometimes is a ceiling on a benefit. The plan has a deductible of \$100/\$300 (individual/full family) for medical and a \$600/\$1200 (individual/full family) annual employee out-of-pocket limit.

Police Medical Full Family--2002

City	Total Medical	Total Dental	Total Ortho	Total Vision	Total Employer Paid	Total Employee Paid	Total Premiums
Auburn (2002-2004)	\$731.06	\$121.50	\$7.30	\$19.43	\$832.46	\$46.83	\$879.29
Bellevue (2001-2003)	\$845.49	\$141.63	none	\$5.15	\$908.43	\$83.84	\$992.27
Everett (2002-2004)	\$580.67	\$103.55	none	\$9.17	\$693.39	\$0.00	\$693.39
Federal Way (2002-2004)	\$618.80	\$118.75	none	\$15.76	\$713.04	\$40.27	\$753.31
Kent (2002-2004)	\$844.00	Included/ medical	Included/ dental	Included/ medical	\$819.00	\$25.00	\$844.00
Kirkland (2001-2003)	\$665.60	\$121.50	none	\$19.43	\$806.53	\$0.00	\$806.53
Renton (2000-2002)	\$702.02	\$215.84	Included/ dental	Included/ medical	\$917.86	\$0.00 ¹⁸	\$917.86
Average of above	\$712.52	\$137.13	\$7.30	\$13.79	\$812.96	\$27.99	\$840.95
Redmond	\$619.75	\$187.55	Included dental	\$29.41	\$836.71	\$0.00	\$836.71

Police Medical Full Family-2003

City	Total Medical	Total Dental	Total Ortho	Total Vision	Total Employer Paid	Total Employee Paid	Total Premiums
Auburn (2002-2004)	\$841.59	\$134.65	\$8.10	\$19.43	\$949.79	\$53.98	\$1,003.77
Bellevue (2001-2003)	\$845.49	\$141.63	none	\$5.15	\$908.43	Per City: ¹⁷ \$83.84 Per RPA: \$76.92	\$992.27
Everett (2002-2004)	\$704.53	\$103.55	none	\$11.13	\$819.21	\$0.00	\$819.21
Federal Way (2002-2004)	\$714.80	\$131.35	none	\$15.76	\$815.38	\$46.53	\$861.91
Kent (2002-2004)	\$1,113.00	Included/ medical	Included/ dental	Included/ medical	\$1,069.00	\$44.00	\$1,113.00
Kirkland (2001-2003)	\$767.00	\$134.65	none	\$19.43	\$921.08	\$0.00	\$921.08
Renton (2000-2002)	\$917.51	\$188.88	Included/ dental	Included/ medical	\$1,106.39	\$0.00	\$1,106.39
Average of above	\$843.42	\$139.12	\$8.10	\$14.18	\$941.33	\$32.62	\$973.95
Redmond w/ 10% cost sharing	\$780.64	\$238.43	Included/ dental	\$39.20	\$986.73	\$71.54	\$1,058.27

b) Relative Benefits

As shown above, the City's cost for medical is less than the average of its comparators. But its costs for dental and vision coverage significantly exceeds the costs of the comparator

¹⁸ As noted previously, Renton police officers will begin contributing \$50 a month towards premiums in 2004.

¹⁷ According to the RPA's post-hearing brief, the difference in these figures has to do with which Bellevue plan was used for comparison. The RPA chose the plan to which most employees subscribe, while the City chose the "core" plan.

group. Keeping in mind that an "apples to apples" comparison is difficult for medical benefits, the evidence suggested that Redmond's medical benefits were at least equal to the average of its comparators. No evidence disputing this point was offered at any rate. Doug Evans, the City's insurance consultant, opined that the City offered the best dental plan of the group and one of the best vision plan.

c) Employee Contribution to Premium, by Jurisdiction

The following chart shows the employee contribution to sharing of premiums in the comparable jurisdictions:

Auburn	Police officers pay 10% of dependant medical premium (not vision and dental). Unrepresented employees pay 25% of the dependant medical premium.
Bellevue	Police officers pay 10% of dependant medical premium and 20% of dependant dental and vision premiums. ¹⁸
Everett	The employer pays 100% of all premiums. ¹⁹
Federal Way	Employees pay 10% of the dependant medical (not dental, vision) coverage.
Kent	Employees currently pay a set amount each month as a contribution to premium; the amount (between \$27 and \$44) depends on the number of dependants. ²⁰
Kirkland	The employer pays 100% of all premiums. ²¹
Renton	Up to January 2004, the employer paid 100% of all premiums. In 2004, Renton and its police officers unit agreed that officers should begin contributing \$50 a month for premiums. In addition, some co-pays were raised, as was prescription drug coverage. All employees, including police officers, will pay 50% of any premium increase in excess of 7%, starting in 2005, or the parties will negotiate plan changes that achieve the same result.

¹⁸ The City states that Bellevue is currently negotiating to have police pay 50% of premium increases in '04, '05 and '06. In 2004, medical premiums increased in Bellevue by 13.8%, dental went up 6%, and there was no change in vision costs.

¹⁹ The City states that Everett is looking at the premium sharing possibility when the police contract expires in 2005.

²⁰ The City states that Kent is working with all bargaining groups to increase employee and dependant premium sharing to 7% the first year, 10% the second year, and 20% the third year. Its Teamsters represented bargaining unit requires employees to pay 7% of employee and dependant premium in 2004, and 10% in 2005. It has a "me too" clause with its AFSCME unit. Its police officers contract expires in 2005.

²¹ The City asserts that Kirkland is currently negotiating with its police officers' unit for a minimum 10% dependant medical premium cost sharing in the 2004-2006 Collective Bargaining Agreement.

3. Arbitrator's Determination

The strongest case for the City is based on internal parity. I can well appreciate the need benefit of uniformity and fairness when an employer is asking for concessions from employees. On the other hand, the comparator data gives no support to the City's proposal that employees pay 20% of dependant premiums. The RPA has agreed to pay 10% of dependant premiums, (for medical only, starting in 2004). Ten-percent of the 2003 premiums equals \$71.54. Only Bellevue police officers make a larger contribution to premiums, and the difference is not particularly large. Twenty-percent of premiums would result in this bargaining unit paying more than four times the average paid by comparable jurisdictions. Bear in mind that three jurisdictions paid 100% of premiums in 2002 and 2003, and two of those will continue to do so in 2004. The City presented evidence of intent on the part of several jurisdictions to negotiate increases in employee cost-sharing, and no doubt at least some of those employers will achieve some measure of success. But what those employers would like, and what they will end up with, are two different things. In any event, those employers are seeking far less from their police officers' unit than the City proposes.

The City emphasizes that its proposal will not effect some 14 officers (25% of the bargaining unit) who do not require dependant insurance. Nevertheless, I note that 75% of the bargaining unit will be affected by the cost-sharing proposals.

As the City noted in its brief, in a prior award I reviewed Washington interest arbitration awards between 1997 and 2001, and observed a trend to require employee cost sharing. See, *King County Fire District 44*, PERC No. 15764-I-01-360 (Wilkinson, 2002). The City updated my survey in its brief, showing that this trend continues. However, I note that in general, arbitration awards have not imposed the degree of cost-sharing that the City seeks for 2004. In the King County Fire District 44 case, I imposed a cost-sharing arrangement on subscribers to the highest priced plan; those subscribers with a spouse and two dependants would pay \$51.72 monthly for 2002.

In my opinion, a 10% cost-sharing is a reasonable starting point for this bargaining unit. As to whether it should begin in 2003 or 2004, I have determined that 2003 is appropriate. Just as wage awards are generally retroactive – so as not to penalize bargaining unit members for delays in obtaining a new labor agreement, then other provisions should be also – to the extent proposed. Since the 10% for 2003 (and for 2004 to the date this award is implemented) will come out of the back pay award, the retroactive imposition of the 10% contribution to premium will not cause financial hardship to unit members.

The RPA has proposed that the employee contribution be limited to medical only. However, I have analyzed this issue in terms of cost to the employee, and have determined that a cost of \$71.54 is within the realm of reasonableness, I will include vision and dental with the employee's 10% cost-sharing obligation.

Accordingly, the new contract will contain a 10% contribution to dependant premiums for medical, dental, and vision for both 2003 and 2004.

D. Education and Longevity

The RPA proposes increasing longevity premiums by one-half of one percent. The City opposes this change. The RPA also proposes increasing the educational premium by between .5% to 3%, depending on the employee's position on the education/longevity matrix. The Employer opposes this proposal, but proposes to add a .7% and 1.5% premium at the entry level for an AA degree and BA degree, respectively.

Thirty-six of the 63 bargaining unit members hold a BA degree, and twelve hold an AA degree. Thus, more than half are qualified for the education incentive.

The RPA bases its proposal on comparator analysis. It contends that the bargaining unit's longevity pay is below average, and that Auburn, Bellevue, Everett²², and Renton pay a higher education incentive.

²² Employees in Everett can choose either education or longevity but not both; see RPA Exhibit 7-1.

The City argues that the RPA inappropriately isolates premium pay from a total compensation analysis, that internal equity and the increased cost do not justify the RPA's proposals. It also contends that the City has had a long-standing policy against paying for longevity alone. Doug Albright, Attorney, (Ogden, Murphy, Wallace) testified that he has negotiated a number of collective bargaining agreements for the City, including agreements for its police bargaining unit. According to Albright, the City has had a long-standing policy against paying employees strictly for longevity, and has avoided the practice when possible, although there are exceptions such as in the firefighters' contract. The City prefers adding incentive pay for other reasons.

As the City pointed out, I am generally against awarding increased premium pay in interest arbitration. Rather, I look at the entire wage and economic structure and make my award accordingly. If the parties wish to divide the economic pie differently, they are free to negotiate changes. There could be exceptions, particularly for longevity when it is apparent that one or two particular levels of tenure are significantly out of step with the others. A longevity premium could be a workable way of correcting the disparity. But that was not the case here, and the RPA did not propose changes that equalize certain longevity levels. As to how to value other skills, duties, and contributions, those are determinations best made by those with knowledge of how valuable they are to the service provided by the employer. In other words, it is something better left to the parties for negotiation. I also agree with the City that isolating premium pay for purposes of comparison inappropriately leaves out the rest of the economic picture. For example, a bargaining unit could be way above average in pay generally, and below average for premium pay. That is an insufficient reason to raise premium pay. Conversely, one should not ignore a lag in base pay merely because an employer's premium pay is above average. The reason for performing a total compensation analysis is to give appropriate weight to all aspects of the pay structure. That is what I have done in this case with the wage award, discussed previously.

Accordingly, the RPA's proposals are denied. The City's proposal to increase the entry level education premium is awarded.

VII. AWARD SUMMARY

The decision and award of the Arbitrator in this dispute is as follows:

A. Wages:

2002	Across-the-board increase of 3.51%
2003	Across-the-board increase of 1.5%. This amount is equal to 100% of the CPI-W, Seattle-Tacoma-Bremerton, as measured from June to June.
2004	Across-the-board increase of .9%. This amount is equal to 100% of the CPI-W, Seattle-Tacoma-Bremerton, as measured from June to June.

B. Contribution to Health Care Premiums

2003	10% employee contribution to dependant medical, vision, and dental premiums
2004	10% employee contribution to dependant medical, vision, and dental premiums

C. Longevity and Education Premium Pay

- There will be no change to longevity pay.
- The parties' 2001-2003 collective bargaining agreement will contain, for entry-level employees, a .75% premium for an AA degree and a 1.5% premium for a BA degree.

Date: March 3, 2004


Jane R. Wilkinson
Labor Arbitrator