IN THE MATTER OF INTEREST ARBITRATION BETWEEN THE INTERNATIONAL ASSOCIATION OF FIREFIGHTERS, LOCAL 2597, Union, and SNOHOMISH COUNTY PAINE FIELD AIRPORT, Employer.	PERC CASE 17497-I-03-0403 ARBITRATOR'S OPINION AND AWARD 2003-2005 COLLECTIVE BARGAINING AGREEMENT

HEARING SITE:	Fleet Management Center Everett, Washington
HEARING DATES:	December 8-9, 2004
POST-HEARING BRIEFS DUE:	Postmarked February 8, 2005
RECORD CLOSED ON RECEIPT OF BRIEFS:	February 12, 2005
REPRESENTING THE UNION:	W. Mitchell Cogdill COGDILL NICHOLS REIN WARTELLE Thirty-Two Square 3232 Rockefeller Avenue Everett, WA 98201-4398
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INTEREST ARBITRATOR:	Gary L. Axon P.O. Box 190 Ashland, OR 97520 (541) 488-1573

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I. INTRODUCTION

The International Association of Firefighters, Local 2597 (Union) and Snohomish County, Washington, Paine Field Airport (Employer or Airport) are signatories to a Collective Bargaining Agreement effective January 1, 2000 through December 31, 2002. The 2000-2002 agreement continued in effect during the negotiations for a successor agreement. The parties were unable to resolve all of the issues in dispute through negotiation and mediation.

In a letter dated May 8, 2003, Marvin L. Schurke, Executive Director, Public Employment Relations Commission, certified for interest arbitration as provided in RCW 41.56.450 twelve issues as follows:

Article 4.1	Protection of Rights
Article 8	Vacation
Article 13.2	Health Insurance
Article 18.1	Miscellaneous Provisions
Appendix A	A.1 - 2003 Salary Schedule
	A.2 - 2004 and 2005 Salary Schedule
	A.4 - Deferred Compensation
	A.5 - Longevity
Appendix B	Educational Certification Incentives
	B.1 - Educational Incentive Pay
	B.2 - Stipend Pay
	B.3 - EMT Stipend

The interest arbitration case was scheduled for hearing before this Arbitrator for a final and binding resolution.

Prior to the arbitration hearing, the Employer filed an unfair labor practice (ULP) charge against the Union alleging that the Union's proposal on a deferred compensation program was a permissive subject of bargaining. The ULP charge was filed on September 4, 2003 with the Public Employment Relations Commission. Executive Director Schurke issued a preliminary ruling suspending the interest

arbitration proceedings on September 18, 2003. Er. Ex. B. By letter dated February 20, 2004, the Union unconditionally withdrew from consideration in interest arbitration its deferred compensation proposal. The Employer also withdrew its proposal concerning Article 18.1, Miscellaneous Provisions. This left four issues to be submitted to the Arbitrator for resolution.

Paine Field is an employer-owned and run airport. Paine Field is located in Snohomish County, southwest of Everett, east of Mukilteo, and west-northwest of Snohomish King County Fire Protection District No. 1. Paine Field is a self-sustaining entrepreneurial, government-regulated operation owned entirely by Snohomish County. The Airport fire department is totally funded by Airport revenue sources. There are no local or state taxes supporting the Airport fire department or the Airport enterprise fund. The Airport has no taxing authority. All expenses and programs at the Airport are dependent on Airport-generated revenue.

The Airport fire department is small. It has six paid firefighters, plus four captains, two firefighter mechanics, and one public safety manager. There are currently eleven employees represented by the Union, as one position is vacant.

The primary mission of the Airport fire department is aircraft rescue and firefighting. Structural response, emergency medical services, Airport security, building inspections and runway safety checks are also performed. Firefighters are trained to provide a minimum level of first aid, and nine of the firefighters are certified as Emergency Medical Technicians. Firefighter suppression personnel work a four-platoon system. The schedule is 24 hours on, 48 hours off, 24 hours on, 96 hours off. This equates to a 2,190-hour work year, or 42.1 hours per week. The labor agreement

provides for a 48-hour workweek, which is accomplished by scheduling 13 "debit days" for firefighters throughout the year.

Paine Field is 2.5 square miles in geographical size and has an assessed valuation not counting the 568 fixed aircraft on the premises of $366 million. Approximately 200 people live on the Airport property full time.

The FAA has designated Paine Field as a reliever airport. If planes cannot fly into Sea-Tac, they are able to land at Paine Field. There are approximately 400 hangars located on the site. General aviation planes are housed in these hangars and on the field. There are approximately 50 businesses that employ 3,250 employees, which service the aviation industry at Paine Field.

Paine Field is located adjacent to Boeing's Everett plant. Large military transports, as well as 747s, 757s, 737s, 727s, take off and land at Paine Field. Paine Field firefighters do not provide fire protection for the Boeing facility. When Boeing aircraft are on the Paine Field runways, they are the responsibility of Paine Field firefighters.

Because the primary mission of the fire department is aircraft rescue and firefighting, firefighters are strictly confined to the Airport property, except in a rare emergency. Bargaining unit members also provide fire and building code inspections and security checks on the Airport property. Paine Field firefighters are trained in the normal skills required of firefighters in the state of Washington. In addition, Paine Field firefighters are trained in the specialty areas relating to Airport firefighting, NFPA standards, and ARFF standards.

Negotiations for a successor to the 2000-2002 labor contract have been long and difficult. As of the date of the arbitration hearing, 28 months had passed since bargaining began on the new contract. Labor Relations Consultant, Cabot Dow, led the Employer's negotiating team. Captain Dennis Hill was the lead negotiator for the Union.

The parties met in traditional bilateral negotiations seven times before impasse was declared on November 21, 2002. Even with the help of a mediator, the parties were unable to reach a final agreement. The last mediation session was held on April 9, 2003.

A major stumbling block in these negotiations was the medical insurance plan. The Airport firefighters have enjoyed the Employer's low co-pay, 100% County paid health insurance for firefighters and dependents for several years. The Employer proposed to modify the insurance plan, which would increase the co-pays and require a firefighter contribution to the health insurance plan. The Union rejected this proposal and would continue the current 100% contribution by the Employer toward the health insurance plan for firefighters and dependents.

At the commencement of the arbitration hearing, a major dispute arose over the comparables to be used as a guide for the Arbitrator in formulating the Award on the issues submitted. Prior to the arbitration hearing, the parties had traditionally used Snohomish No. 1, Snohomish No. 7, Snohomish No. 12, Edmonds, Lynnwood, and Mount Lake Terrace as comparables. The Employer proposed a new list of comparables, which would increase the number of jurisdictions to compare Paine Field with to ten. The list included new comparators and deleted some from those traditionally used by the parties in bargaining. The Employer's new list of comparators

generated a considerable amount of conflict at the hearing, which resulted in extensive testimony and evidence regarding the comparability issue. The Arbitrator will discuss this dispute in greater detail in the comparability section of this Award.

Moreover, the parties also disagreed over the methodology and means by which to compare wages and contract benefits of Paine Field firefighters with their counterparts in other jurisdictions. Both parties challenged the accuracy of the calculations made by the other side in costing proposals and computing the wages and benefits enjoyed by firefighters in other jurisdictions.

The hearing in this case required two days for each side to present their evidence and testimony. The hearing was recorded by a court reporter and transcripts were made available to the parties for use in preparation of post-hearing briefs and to the Arbitrator for the development of the Award. 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 regarding the issues in dispute. Both the Union and the Employer provided the Arbitrator with substantial written documentation in support of their respective positions on the four issues.

The parties also submitted comprehensive and detailed post-hearing briefs in further support of their positions taken at arbitration. The approach of the Arbitrator in writing this Award will be to summarize the major, most persuasive evidence, and arguments presented by the parties on the four issues. After the introduction of the issues and the positions of the parties, I will state the basic findings and reasoning which caused your Arbitrator to make an Award on the issues.

This Arbitrator has carefully reviewed and evaluated all of the evidence and argument submitted pursuant to the statutory criteria. 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, testimony, and argument 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, as follows:

> **41.56.465 Uniformed personnel-Interest arbitration panel-Determinations-Factors to be considered.**
>
> (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 and the extensive arguments in this case, the parties waived the thirty (30) day period an arbitrator would normally have to publish an interest arbitration award under the statute.

II. COMPARABILITY

A. The Employer

The Employer offered the following nine fire districts and cities that it believed were appropriate comparables in this proceeding:

Similar Size Fire Departments	No. of LEOFF Personnel
Paine Field	12
Spokane Airport	11
Kitsap 10	22
Snohomish 4	18
City of Mukilteo	15
Pierce 16	17
Kitsap 2	12
King 45	10
City of Oak Harbor	8
Snohomish 17	6
Personnel Average	14

The Employer contends that the chosen comparables are based on the criteria set forth in RCW 41.56.465. According to the Employer, the Airport properly applied the statutory requirements for comparable fire departments--the likeness to the Airport fire department as a public fire department--and size similar to the Airport fire department. The Employer established its comparators measured by the number of paid personnel in the range of the number of firefighters employed by the Airport. The Employer acknowledged that it would not be instructive in this case to make comparisons to other fire departments based upon resident population and assessed valuation due to the unique nature of the Airport fire department.

A review of the Airport's comparators reveals that the range in size is from 8 (33% below its 12 uniformed personnel) to 22 (100% or two times larger than the Airport's 11 uniformed personnel).

Moreover, the Employer used geography as a criterion for screening the comparators by selecting small fire departments in the Puget Sound area. Using this screening, Negotiator Dow selected small fire departments serving resident populations in the nearby counties of King, Kitsap, Island, Skagit, and Pierce, as well as Snohomish County. The Airport eliminated rural, eastern Washington, non Puget Sound area counties from its list of comparators.

The Employer submits the core sample of its comparators is a well-balanced group of fire departments of similar size, the selection of which is consistent with statutory, judicial and arbitral direction, common sense and objectivity. There is a balance in size in that the average number of paid firefighter personnel is 14, compared to 12 at Paine Field. Eight of the fire departments selected are located within the economic sphere of influence of the Seattle-Tacoma-Bremerton area as designated by the Bureau of Labor Statistics for CPI purposes.

The Employer attacks the Union's position on comparables as fundamentally flawed in three respects. First, the Union mistakenly argues that its interpretation of bargaining history should establish the comparables. According to the Employer, the Union is seeking to prove from the bargaining sessions that there was an agreement on comparables. The Employer rejects the notion that there was an agreement on comparables. During negotiations, Dow advised the Union in writing that the Airport reserved the right to go outside Snohomish County to find fire departments

of similar size, in accordance with the statute. The Employer submits Dow's memo to the Union constituted an express disagreement with the Union's comparables.

Second, the Union takes the position that the similar size directive in the statute should be ignored by the Arbitrator and he should be limited to fire departments it claims the Airport agreed to in negotiations. According to the Employer, to adopt this approach would have the Arbitrator ignore the fact that the Airport's fire department is a small fire department. The Union would have the Arbitrator re-write the interest arbitration statute to limit comparisons to fire departments of a much larger size.

Third, the Employer contends the Union invoked the wrong statutory language to select its own comparators. The Union uses the term "employer size" from the part of the statute that applies to law enforcement officers rather than "similar size" from the part of the statute applicable to firefighters.

The Arbitrator should reject the temptation to superimpose the non-statutory approach to comparables sought by the Union. The Employer gave the Union plenty of notice during negotiations and in the mediation process that they would follow the directive of the statute and guidelines historically established by arbitrators. The Union has failed to do this by detouring around fire departments more similar in size to a results-oriented selection limited to appreciably larger fire departments confined exclusively to Snohomish County. The Employer submits the Union has gone way beyond the pale in selecting comparators that are much larger than the Airport fire department, and are in no way similar in size.

Based on all of the above-stated reasons, the Arbitrator should reject the Union's proposed comparators and adopt the list submitted by the Employer as the benchmark for establishing wages and working conditions for Airport firefighters.

B. The Union

The Union proposes to use the comparators that have guided the parties over the past several contract negotiations. The six fire departments relied on by the Union are as follows:

Snohomish No. 1
Snohomish No. 7
Snohomish No. 12
Edmonds
Lynnwood
Mount Lake Terrace

The Union did consider that while its bargaining unit members are employed at a reliever airport, the County of Snohomish is the actual employer. It is significant that the labor market area of Paine Field is the Everett/Lynnwood/Snohomish County/I-5 corridor where the Union members not only work but also live. The firefighters in every sense of the word including training and specialty knowledge are urban/industrial firefighters.

In arriving at its appropriate comparables in this case, the Union relies primarily on the Union and Employer's use of historical comparables in contract negotiations over the last several years. At no time during negotiations before mediation, did the Employer propose comparables other than the historical comparables. Only in mediation, for the very first time, did the Employer propose modification of the historical comparables. For years the Employer recognized the size component between Paine Field and the other traditional comparators has not always

matched. The parties have known this over a period of years and still used the historical comparables. Arbitrators have almost uniformly held that a standing practice of using a particular set of comparables in bargaining will cause the arbitrator to find these comparable departments as appropriate for the purpose of interest arbitration.

At the outset of bargaining for this contract, the Union presented the same comparables that had been historically used by the parties. Prior to mediation, Negotiator Dow did not advance any comparables to the Union different than the historical comparables. At the arbitration hearing, the Employer abandoned the comparables historically used by the Union and the Employer, and even added to the list in a transparent way. The Spokane Airport clearly is not in the Paine Field labor market. Oak Harbor, Pier 16, Kitsap 10, Kingston, Kitsap 2, King 45, and Snohomish 17 have a substantial number of volunteers as part of their departments. The number of volunteers utilized by these new fire departments provides a full complement of firefighters to fight major fires. Three of the departments do not run 24-hour shifts for all personnel. Granite Falls is only into its second contract and Oak Harbor is in its first contract. The International Association of Firefighters does not represent Oak Harbor. The Arbitrator should reject these new Employer-proposed comparables. They are so dissimilar to Paine Field that they should not be considered.

The Arbitrator should view the interest arbitration process as a continuation of the collective bargaining format created by the statute. The Arbitrator should hold the bargaining history of these parties as the grounds for appropriate comparables in this case. For the parties to suddenly veer in the continuation of the bargaining process, as interest arbitration is, from the use of the historical comparables,

is not the intended consequence of interest arbitration. The parties have made their proposals in bargaining based on the historical comparables. To change the comparables, changes the posture of the parties, if as here, a lower wage and benefit picture is created with the new comparables. To allow this would set bargaining on its head and surely not lead to agreements. The Arbitrator should adopt the traditional comparators used by the parties in bargaining for previous contracts to serve as an aid in resolving this dispute.

C. Discussion and Findings

The Employer submitted a list of nine fire departments, which it considered of comparable size to the Airport fire department. The Union presented the six fire departments that have been traditionally used with which to compare Paine Field firefighters. There are no common jurisdictions included on the lists provided the Arbitrator. The failure of the parties to reach any agreement regarding jurisdictions with which Paine Field should be compared is contrary to the legislative purpose of providing "an effective and adequate alternative means of settling disputes." RCW 41.56.430.

There was some dispute over whether the parties had stipulated to the use of the historical comparators for the interest arbitration. The Union does not argue that there was an agreement between the parties to use the six historical comparators. The Union does not argue that the parties agreed to use the historical comparators in this interest arbitration. The record shows that for several years the parties have used a group of comparators that each has relied upon in establishing wage and benefit rates for the members of this bargaining unit. The use of the same group of comparators existed for the three contracts predating October 1999. The record shows that the

historical comparators were used for bargaining of the predecessor contract to the one in dispute before this Arbitrator. At the outset of bargaining for the 2003-2005 contract, the parties utilized the historical comparators as the basis for bargaining.

During mediation, Employer Negotiator Dow indicated that the Employer wanted to eliminate Snohomish 1 and Mount Lake Terrace from the historical mix because the departments were too big with 132 bargaining unit members. The Employer offered for discussion a new list of comparators during mediation. At interest arbitration, the Employer introduced a different list of proposed comparators.

When the lack of any common fire departments from the parties' two lists of comparables is combined with the unique mission of this fire department, I conclude that a rigid application of the statutory standards would not serve the parties well in the resolution of this contract dispute. RCW 41.56.465(1) counsels interest arbitrators to use the statutory factors as "guidelines to aid in reaching a decision" in developing an award on a contract dispute. The Employer's staunch adherence to the size of the fire department as the exclusive determiner of like fire departments ignores the fact that other elements may give insight into the meaning of a "like" public fire department. Further, the Employer's narrow reading of the statutory reference to like fire departments runs counter to the stated legislative purpose of utilizing the statutory factors as "guidelines to aid" in reaching a decision. The statute instructs interest arbitrators to be mindful of the statutory purpose and factors, not to be shackled by them in the development of an award.

Moreover, the "other factors" section specifically acknowledges there are additional elements, which may be taken into consideration in the "determination of

wages, hours, and conditions of employment." Arbitral authority has long recognized that geographic proximity, similar labor markets, and bargaining history may play an important role in determining which employers shall be considered comparable. The primary mission of the Airport fire department is aircraft rescue and firefighting. Er. Ex. B. With the exception of the Spokane Airport fire department, the Arbitrator can safely conclude that none of the proposed fire department comparables has as their stated primary mission, aircraft rescue and firefighting. While it is true the Airport firefighters perform many of the same functions as other firefighters, the members of this bargaining unit are specially trained and certified in aircraft rescue and firefighting.

The Arbitrator concurs with the Union that even though this fire department is small, it should be viewed as an urban and industrial fire department. Present at Paine Field are several large employers who perform aircraft maintenance work on airplanes. Paine Field is located in the heart of the Everett urban area along the I-5 corridor. Firefighters provide fire protection services for large planes landing and departing from the Everett Boeing plant, in addition to general aviation traffic. As previously stated, there are not many fire departments where their firefighters provide aircraft rescue and fire protection service for 747s and other large aircraft on a normal and routine basis.

The parties also recognize that due to the fact this fire department stands alone in its characteristics, making comparisons based on resident population and assessed valuation is not helpful. The Employer in this case is Snohomish County. However, Paine Field operates as an enterprise funded by on-Airport charges. No local or state taxes support the Airport fire department. Unlike fire departments that are

funded out of tax revenues, all of the expenses and programs of the Airport are dependent on Airport-generated revenues.

The Airport fire department is part of a countywide mutual aid agreement. Paine Field is surrounded by three fire departments. They are the City of Everett, Mulkiteo and Snohomish 1.

I concur with the Union that the interest arbitration process should be viewed as a continuation of the collective bargaining process under the statute. For many years the parties have used historical comparators as an aid to determine wages and benefits for this group of employees. During the negotiations for this Collective Bargaining Agreement, the historical comparators were used for the purpose of justifying proposals made by the Employer. Later, in mediation, the Employer presented a list of comparator fire departments, which included ten Snohomish County fire departments. Four of the six traditional comparators were included in the list discussed during mediation.

At the commencement of the interest arbitration hearing, the Employer presented an entirely new list of nine comparators, none of which were the historical comparators used by the parties in this and prior negotiations. I find the Employer's reliance on historical comparators during negotiations, ten fire departments in mediation, and then at interest arbitration, offering a totally new set of comparables involving nine fire departments, to be contrary to the intended purpose of interest arbitration. The parties developed their proposals and discussed counterproposals during negotiation based on the historical comparables. In the judgment of this Arbitrator, the adoption of the Employer's proposal of an entirely new list of fire

departments as comparators in interest arbitration does not serve either the parties or the process well. While the Employer did reserve the right to go outside Snohomish County to identify fire departments of similar size in interest arbitration, I conclude the substitution of an entirely new list of comparators is not an appropriate guideline, to assist in the resolution of this contract dispute.

The parties have previously used the historical comparators even though they knew the jurisdictions have not always matched the size component set forth in the statute. RCW 41.56.465 does not preclude taking into account other factors in establishing fire departments with which to compare Paine Field firefighters. The historical comparators are within close proximity to Paine Field and within the local labor market. Firefighters live in the community surrounding Paine Field.

Based on the unique mission of the Paine Field fire department and the longstanding use of the historical comparators, the Arbitrator adopts the Union's proposed comparators as a guideline for the resolution of the 2003-2005, contract dispute. Although I have adopted the historical comparators for the purpose of deciding the 2003-2005, contract dispute, no inference should be drawn that the historical comparators are untouchable.

III. ISSUES IN DISPUTE

ISSUE 1 - WAGES

A. Background

The wage issue consists of five related topics. The subjects of general wage increases, longevity pay, education premium, specialty pay, and EMT premium are included in this section of the Award. The Union seeks to add three new compensation elements to the wage schedule. They are longevity pay, education premium, and a specialty pay premium. The Union would also modify the EMT pay by changing the method and amount of pay from its current $90 per month to 2% of the top step firefighters' base wage. The Arbitrator will address the five issues separately in the Discussion and Findings section of Issue 1.

B. The Union

The wage increase proposed by the Union is a 1.5% increase in base pay, plus 90% of the CPI-W, for a 2.85% total overall increase for 2003. For 2004, the Union is proposing 90% of the CPI-W on the base for the second year of the contract, which equals a .81% increase. For 2005, the Union proposed 90% of the CPI-W on the base for 2005 or 2.25%. See Attachments A, B and C (Exhibits 8, 9 and 10). In addition, the Union would add a longevity step at 5 years of 1% of the top step firefighter, at 10 years, 2.25% of the top step firefighter, at 15 years, 3.5% of the top step firefighter, at 20 years, 4.5% of the top step firefighter, and at 25 years, 5% of the top step firefighter. The Union sees the longevity steps as a reward to firefighters for seniority and loyalty to the department. All of the historical comparables had a longevity premium for 2004 and most of them had a longevity premium in 2003. Longevity pay is an appropriate

recognition and reward for good service and training. Longevity pay also serves as a method to retaining long-term firefighters.

The Union presented to the Arbitrator a "Total Hourly Wage Comparisons" of the compensation paid to firefighters in the comparator groups. Un. Ex. C.11, C.12, and C.13. In computing the total compensation, the Union included not only annual wage, but other items including the cost of medical insurance for the most expensive plan, the cost of dental, vision and disability, life insurance, and the value of the EMT stipend, longevity, fitness, inspection stipend, Hazmat stipend, and other pay, deferred compensation and educational incentives. By adding the above-derived wage total, a monthly amount was computed by dividing the total by 12 months. The hours worked are determined from the comparator contracts. The hours are displayed by hours per week, as well as annual hours, less Kelly Days, vacation days, holiday and sick leave, to arrive at net hours. The net hours were then divided into the total wage to obtain a net hourly wage. Using the traditional comparators, a 10-year Paine Field firefighter in 2002 had a net total hourly wage of $32.33, as compared to $37.17, for the average comparables. For 2003, the difference for a 10-year firefighter was $32.90 at Paine Field compared to $38.89 in the comparators. For 2004, the 10-year firefighter was paid $32.90 versus an average of $41.16 in the comparators. In percentage terms for 2003, the 10-year firefighter is 18.21% behind the traditional comparable firefighters, and 25.39% behind for 2004. The Union submits in light of the comparators its proposal is reasonable and should be adopted.

Regarding the Employer's wage proposal, the Union alleges it is illusory. The Employer's wage proposal is no increase for 2003, a 2.2% increase for 2004

commencing January 1, 2004, and a 2.25% increase effective January 1, 2005. The main difference between the Employers and the Union's proposals is retroactivity for 2003. The Union's proposal on the base wages for a 5.9% increase over the three years, compared to a 4.45% increase on the base proposed by the Employer shows the Union's proposal is reasonable and justified.

The primary difference between the funding of the two proposals is that the Employer wants to fund its proposal on the backs of the firefighters by saving money for the Employer in medical insurance costs, through redesign, while increasing for the firefighters the cost of medical insurance. On cross-examination, Employer Negotiator Dow admitted the Employer's medical proposal would cause a firefighter at Paine Field to pay a total of $196 per month to cover a spouse and two dependents under the Regence Selections Option. In the view of the Union, what the Employer really wants to do is take the money saved on the medical plan in 2004 and give it as a wage increase, thus netting the Employer out at the status quo. There is no equity or reasonableness in the Employer's proposal.

The Employer has the money to pay for all of the demands of the Union. Union Exhibit C.5 contains in graphic detail the dollar cost difference between the Union's proposal and the Employer's offer. Using the cost figures provided to the Union by the Employer before this arbitration, the cost difference was $132,603 between the two proposals. In the post-hearing brief, the Union recalculated its graphic on total cost of the proposals to include the revised figures provided by the Employer at arbitration. The Union concluded the difference between the Union's proposed cost and the Employer's was $113,687. The Union submits the real reason the Employer is pursuing

its medical insurance plan is not based on money or ability to pay, but simply a desire to do as much as possible to leverage the Snohomish County Deputy Sheriffs into a plan where the County would save substantial revenue from its general fund.

Turning to the issue of education pay, the Union is proposing a 2% premium based on a top step firefighter for an A.A. degree and a 3% premium based on a top step firefighter for a B.A. degree. All but two of the historical comparators provide an education incentive at the A.A. level and all but three of the blended comparators provide an educational incentive at the B.A. level. The rationale for the educational incentive is not only found in the comparator jurisdictions, but also in the extra training required to meet FAA and ARF requirements. Finally, an educational incentive is another way of providing incentives for well-qualified firefighters to stay at Paine Field.

On the issue of specialty pay, the Union proposes specialty pay for the Fire Code Inspector based on .5% of the top step firefighter, and 1.5% based on the top step firefighter for Uniform Fire Code Inspector, certified. While none of the historical comparators have specialty pay for Fire Code Inspector, none of the comparators inspect to the degree a Paine Field firefighter does. Paine Field firefighters inspect buildings, alarm systems, sprinkler systems and will shortly assume the duty of inspecting some 600 fire extinguishers on the premises. These are routine and necessary duties for the environment that the firefighters work in to alleviate the danger presented by defective systems. Thus, the firefighters should be provided premium pay for code inspections.

The Union proposed the EMT stipend should be changed from the $90 flat rate per month now paid to 2% of the top step firefighters' wage. The difference for a 5-

year firefighter would be about $2 a month. The 2% proposed, as opposed to the flat rate, was to make the methodology of the proposal consistent by percentage of pay. This is more of a consistency argument than a real money argument.

For all of the above-stated reasons, the Arbitrator should find the Union's wage proposals are reasonable and fair, and award them in their entirety.

C. **The Employer**

The Employer begins by asserting that the essence of this case is about a dispute over basic wages and insurance. According to the Employer, the case is not a total cost compensation dispute. The parties have voluntarily agreed to each and every other issue in bargaining, economic and non-economic, except for wages, insurance, vacations, and management rights. The Employer submits this dispute primarily comes down to the inability of the parties to agree on an equation that balances the economic impacts of insurance changes and wage changes. Management is feeling the pain of the status quo on medical insurance and the employees have had no increase in their base salary schedule since the present contract expired. The Airport submits this is the core of the dispute before the Arbitrator.

The Employer is proposing no wage increases for 2003. According to the Employer, it is not proposing any wage adjustment because of the Union's failure to consider any medical insurance changes. The increase in costs of insurance items has risen to nearly the equivalent of a 4% wage increase versus the Union's proposed wage increase of 2.85% for 2003.

The Employer is proposing a 2.2% increase in base wages, retroactive to January 1, 2004 for the second year of the contract. The 2.2% increase is 90% of the

CPI-W for the period ending June 2002-2003. The Employer's third year proposal includes a 2.25% increase in base wages retroactive to January 1, 2005. See Attachment D (Er. Brief, p. 40).

The Employer maintains the Arbitrator should reject the Union's "Total Hourly Wage Comparisons" as evidence to adopt the Union's wage demands. According to the Employer, the Union has given no explanation whatsoever as to why it is necessary or appropriate to put some 17 components of compensation into play in applying the statute in making an award on wages and insurance. The Union offered no testimony or evidence to explain why the Arbitrator should adopt such a confusing, misleading, and novel model. The Employer submits there is no justification for expanding the present dispute to include a host of other economic issues, which are not only not at issue, but confuse and obscure those items that are at issue.

The Employer has done a traditional analysis of wage comparisons utilizing base salaries. This format allows the Arbitrator to evaluate the Airport's wage offer without distortion. The evidence shows that Paine Field firefighters and captains will be compensated at very competitive levels under the Employer's offer, in comparison to other Puget Sound area fire departments of similar size. Based on the Employer's comparators, firefighters would rank sixth out of ten comparators, and captains would rank fourth out of ten fire departments. Airport Notebook Tab E, p. 5. The Airport's proposal is also supported by the undisputed fact that smaller fire departments pay lower wages.

Since 1997, bargaining unit members have received wage increases substantially ahead of the CPI. The 5-year increase for a firefighter has been 21.6%, or

$816 per month. During that same period, the increase in the captains' rate was 25% or $1,077 per month. During the term of the 2000 agreement, firefighters' pay rates increased by 12% and captains' pay rates increased by 15.2%.

The 5-year increase in the CPI has been 18.6%, whereas the increase in the firefighters' rate has been 21.6%. During the same period, the increase in the captains' rate has been 25%. The Union makes no mention of this significant factor in its presentation to the Arbitrator. The Arbitrator should find the Airport's proposal keeps salaries well ahead of CPI trends.

Moreover, adoption of the Employer's proposal would increase base wages from $55,275 in 2003 to $57,762 in 2005. If EMT pay, holiday pay, and medical insurance are included, the cumulative increase over the 3-year period is 7.88% for a firefighter.

The Employer's offer is supported by other traditional factors. In the view of the Employer, the Airport is an excellent place to work, as measured by great job security, plenty of opportunities for advancement, very modest workload (a total of 240 calls in each of the last two years), low turnover rate and comprehensive training. The Employer has been able to retain the services of its firefighters as evidenced by a low turnover rate. The Employer next argues that the wages for firefighters and captains compares even more favorably to other fire departments of similar size when their hours of work are taken into consideration. Paine Field firefighters work 2,496 hours per year. The average work year of the Employer's comparators is 2,604 hours. Only three of the comparators had a work schedule with fewer work hours than that of Paine Field firefighters.

Most of the cost increases associated with the issues before this Arbitrator are related to wages and insurance. The Employer submits the dispute should be analyzed as such to avoid needless confusion and misleading conclusions. This is especially true in a first interest arbitration between the parties. In this case, the parties are at loggerheads over the proper equation that balances the economic impact of insurance changes and wage changes.

The methodology used by the Union in this proceeding is flawed, as well as the Union's non-statutory approach to comparables would leave the parties to sort through difficult and controversial disputes in future negotiations. The Arbitrator should find Airport firefighters have been compensated in excess of the CPI historically and will continue to be so compensated under the Airport's offer.

Regarding the Union's proposal on longevity pay, the Employer submits there is no need for such pay. The Employer has no difficulty in attracting or retaining firefighters. Longevity pay is simply not needed to maintain a stable workforce. Half of the employees in the bargaining unit have more than 10 years of service.

It is also the position of the Employer that promotional opportunities are available with more years of senior service. Given the relatively small size of the bargaining unit, there is a small supervisor to employee ratio. Due to the four-platoon system, which requires four captains for a small bargaining group, there is a significant opportunity to earn additional wages by moving into the higher rank.

The educational pay proposal should not be adopted. Bargaining unit members are not required to hold either an A.A. or B.A. degree in any field of study, nor would work skills necessarily be enhanced by such a degree. Performance of

bargaining unit work is not a function of the employee's level of education. Only one out of the eleven bargaining unit members would even benefit from the proposed education incentive pay proposal. The Union has simply failed to prove a need for a new wage benefit in the form of education incentive pay.

The Employer maintains the specialty/certification pay for obtaining certain certifications appears to be a way that five of the eleven members of the bargaining unit would receive an additional wage increase ranging from .5% to 1.5%. Airport firefighters do not need such certifications to do inspections. Although all Paine Field firefighters do routine inspections and all firefighters in comparable jurisdictions enforce fire codes and building codes, only one fire department has any kind of extra pay for being certified to do inspections. Fire code inspections are simply part of a firefighter's regular job duties. Therefore, the Arbitrator should reject the Union's proposal to add a new cost to the Employer in the form of premium pay for special certifications.

Turning to the Union's proposal for EMT stipend pay, the Employer submits it is not supported by comparable fire departments. Adoption of the proposal would be unjustified and a benefit that is not present among any of the comparables. Converting a flat dollar stipend to 2% of a top firefighter's wage step is unjustified, as it will result in added pressure on Airport costs with no corresponding benefit. The EMT certification is elective with members of the bargaining unit. All but two members of the bargaining unit have already elected to maintain their EMT certification and are rewarded in an amount of $90 per month. The Arbitrator should find this proposal unjustified.

Finally, the Employer's proposal is equitable with what has been agreed to with other unions representing County employees for 2003 and 2004. The average wage settlements for five bargaining units were 1.35% in 2003 and 1.29% in 2004. The 2% wage increase for 2004 in corrections was a result of a 90% CPI-W June formula, with a 2% floor in the contract. The base wage increase proposed by the Employer for firefighters in 2005 of 2.25% is 90% of the Seattle-Tacoma-Bremerton CPI-W (June).

For all of the above-stated reasons, the Employer concludes the Arbitrator should award the Airport's proposal on the wage issue.

D. Discussion and Findings

The Arbitrator concurs with the Employer that this case is a fundamental dispute over wages and insurance. I see no justification for expanding the case to include a host of some 17 components of comparability to resolve this contract dispute. The 17 elements used by the Union are not at issue and would require this Arbitrator to move away from a comparison on base wages to a convoluted and often confusing comparison offered by the Union. Therefore, I will approach the decision in this case using a direct wages to wages comparison and a comparison to the range of increases awarded in the comparator jurisdictions.

1. **Salary Schedule**

As I have noted in previous interest arbitration awards, the construction of wage comparisons cannot be done with surgical precision. The record in this case amply demonstrates this point. The Employer calculated its wage comparison based on its proposed comparators, which I rejected. The Union presented historical comparators by using a total hourly wage comparison that I concluded distorted the wage picture for the historical comparators. Neither party provided the Arbitrator with a complete view of the base wages for the traditional comparators.

From what I was able to glean from the exhibits, the 2003 base wages for the top step firefighters were:

Marysville	$4,864
Edmonds	$4,818
Snohomish 7	$5,104
Lynnwood	$4,866
Mount Lake Terrace	$5,004
Snohomish 1	$5,004
Average	$4,943

Un. Ex. F.13; Un. Ex. B.8; Un. Ex. C.4.

The wage increases recorded in the historical comparators range from 2.5% to 3% for 2003. The majority of the wage increases agreed to in the comparator group were at 3%. Un. Ex. C.4; Un. Ex. B.8.

Based on the totality of the evidence, I will enter an award granting the 2.85% increase proposed by the Union retroactive to January 1, 2003. The 2.85% increase fits reasonably within the range of increases agreed to in the traditional group of comparators. The 2.85% will increase the top step firefighters' pay to $4,737 per month. While Paine Field firefighters will be at the bottom of the list of comparators in

terms of base wages, this is appropriate given the small size of the Paine Field fire department when viewed against the larger fire departments. The record is clear that the wages paid in small fire departments are traditionally less than paid in larger departments.

The average base wage for a 10-year firefighter in the comparator group was $4,943 per month for 2003. The top step wage of $4,737 awarded by this Arbitrator for 2003 is reasonable and competitive with the historical comparator group of the much larger fire departments. In coming to the award on wages, I have also taken into account that for the first 30 months of this contract, firefighters have enjoyed 100% medical, dental, and vision coverage for firefighters and their dependents. All but two of the firefighters received an additional $90 per month for the EMT certificate.

I rejected the Employer's proposal for a wage freeze in 2003 on two primary grounds. First, a wage freeze for 2003 would drive the wage gap between Paine Field firefighters and the historical comparator group to an unacceptable level. Second, the Arbitrator will respond to the Employer's argument to require employee participation in the medical insurance plan. During the 28-month delay in moving to arbitration, the Employer has paid 100% of the medical insurance for firefighters and their dependents.

Both parties have presented offers to increase the wage for 2005 by 90% of the CPI-W or 2.25%. The Arbitrator will award a 2.25% increase for 2005. This leaves open the question of what should be done with the 2004 salary schedule. The Union proposed a .81% for 2004. The Employer offered a 2.25% increase for 2004, following its proposed wage freeze for 2003. The Union's .81% proposal for a 2004

increase on base wages was premised, in part, on the longevity proposal, which would have added another 1% to 1.5% to the salary schedule in the form of longevity pay. The Arbitrator has rejected the Union's longevity proposal and other premium pay proposals.

The Employer agreed to a 2% wage increase for 2004 for two of its units in the corrections department. The 2% increase is moderate when compared to the 3% increase agreed to by two jurisdictions in the comparator group, and in another fire department for 100% of the CPI-W plus 1%.

Based on the record evidence, I will enter an award increasing the 2004 salary schedule by an additional 2%. The 2% increase applied to the 2003 salary schedule will move the top paid firefighter to $4,831 per month for 2004.

The Employer's proposed increase on base wages amounted to 4.4% over the life of the three-year contract. The Union's base wage proposal over the length of the contract was 5.9%, without the longevity pay. The 2.25% increase awarded for 2005 will elevate the top step firefighter wage $4,940 per month. When the three-year increase of 7.1% awarded by the Arbitrator to base wages is coupled with my award to require medical premium sharing by firefighters, this award strikes a fair balance between the positions of the parties and what was agreed to on the base wages in the comparator group during the same 2003-2005 contract period.

Changes in Circumstances During the Pendency of Proceedings

During the 19 months from the date this case was certified for interest arbitration in May 2003, until the interest arbitration hearing some 19 months later, the Employer absorbed large increases in the medical insurance plan. Twenty-eight

months have elapsed since the date bargaining started to the date of the arbitration hearing. The Employer reached settlements with its other bargaining groups, including two eligible for interest arbitration, all of which included significant levels of premium sharing and changes in medical insurance plan designs.

Cost of Living

The award of a 7.1% increase over the life of this three-year contract is consistent with the increases recorded in the CPI-W for the same three-year period.

Other Traditional Factors

A host of potential guidelines or suggestions is established 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, the Arbitrator was placed in a position in which he had to utilize traditional or historical comparators for the purpose of assisting in formulating this Award. The Arbitrator also kept in mind the issue of internal comparability in the resolution of this dispute. While the Arbitrator's Award is consistent with the Employer's treatment of its other employees, I am called upon to publish an Award that draws its essence from all of the statutory criteria.

The evidence offered by the parties was compelling that the economic health and vitality of the Paine Field operation is strong. The data is also convincing that economic and business activity within Paine Field is increasing. Within the foreseeable future a new hotel and flight center will open, generating additional business activity for Paine Field. All of the record evidence points to the continued economic prosperity of Snohomish County's Paine Field.

This is the first interest arbitration between the parties. I concur with the Employer that modifications in the comparator group need the attention of the parties. As discussed in the section on comparability, any changes in the selection of a comparator group are best left to future negotiations.

2. Longevity Pay

I find the Union's proposal to add longevity pay to the Collective Bargaining Agreement should not become a part of the 2003-2005 contract. While it is true longevity pay is a part of all of the 2004 contracts in the historical comparators, I find it would be premature to award this new form of compensation in the 2003-2005 contract. The parties will be negotiating a successor contract in a few months. I have set the course for change in the way medical insurance is provided by ordering premium sharing. Longevity pay will be better addressed in the context of future negotiations.

Moreover, I was not convinced there was an immediate need to add longevity pay to this contract. One-half of the members of the bargaining unit have 10 years or more of service. The record reflects this Employer has no difficulty in attracting or retaining firefighters. Therefore, I am not convinced longevity pay is needed at this time in order to maintain the stability of the workforce.

3. EMT Pay

Firefighters with EMT certification currently enjoy a $90 per month stipend. The EMT certification is elective with the firefighters. Only two of the firefighters do not receive the $90 premium for EMT certification. I find the Union failed to demonstrate a need to move from a $90 per month stipend to a formula based on 2% of the top firefighters' wage to set EMT pay. By using a fixed dollar amount, the parties can easily

determine the value of possessing an EMT certificate. I conclude that the current contract language should be continued.

4. Educational Incentive Pay

I find the Union failed to prove there was sufficient justification to add a new benefit in the form of education pay. The Employer as a condition of employment does not require college degrees. The premium pay for a college degree is not a well-established benefit in firefighter contracts. Only one firefighter out of the eleven members of the bargaining unit would benefit by adoption of this proposal. Therefore, I will not award the Union's proposal to provide premium pay based on a college degree.

5. Specialty/Certification Pay

The evidence shows firefighters do not need certification to do inspections. Premium pay for certifications to do inspections is not a benefit enjoyed by the firefighters in the traditional comparator group. I concur with the Employer's assertion fire code inspections are part of the normal and regular duties of a firefighter. Thus, I will not award the proposal to add a new Specialty/Certification premium pay to the Collective Bargaining Agreement.

AWARD

Having reviewed all of the evidence and argument I do hereby award as follows:

1. Effective January 1, 2003, the current salary schedule shall be adjusted by 2.85%.

2. Effective January 1, 2004, the 2003 salary schedule shall be increased by 2%.

3. Effective January 1, 2005, the 2004 salary schedule shall be increased by 2.25%.

4. The Union's proposal to change the method for calculating EMT premium is rejected, and current contract language shall be continued.

5. The Union's proposal to add new benefits to the contract in the form of longevity pay, education premium pay, and specialty/certification pay are rejected and shall not become a part of the 2003-2005 contract.

ISSUE 2 - MEDICAL INSURANCE

A. Background

Article 13 of the 2000-2002 Collective Bargaining Agreement provides for medical, dental, vision, and disability insurance plans. In Article 13.21, the Employer has agreed to provide and pay the full premiums for the same medical insurance program for employees and dependents as provided to the Deputy Sheriffs Association (DSA). The Employer pays the full premium for the disability program for all regular full-time and regular part-time members of the bargaining unit. The Employer proposed to delete the language linking this bargaining unit to the DSA, initiate premium sharing, and change the medical plan design. The Union would continue the status quo.

B. The Employer

The Employer takes the position that the current contract language should be modified to provide for a more balanced equation and partnership when it comes to medical insurance utilization, coverage, cost increases, and internal equity. The Airport's overall philosophy behind its proposal was stated in the post-hearing brief as follows:

> The context of this dispute should be viewed in light of the substantial delays the parties have experienced in getting through negotiations, mediation and now the arbitration process, creating a unique situation.
>
> - After 28 months of delay in reaching arbitration, the dispute comes down to the inability of the parties to agree on an equation that balances the economic impacts of insurance and wage changes.
>
> - Management is feeling the pain of the long, drawn-out status quo on medical insurance (where costs have increased 62.9% in the interim).

- Times have changed and the parties are going to be back at the bargaining table in less than six months after this arbitration award is issued to negotiate a successor contract.

The Airport asks the Arbitrator to establish a new status quo or base line that will set the table for meaningful labor negotiations for the next contract. The Airport respectfully submits that this requires the Arbitrator to address the interrelated wage and insurance issues that they could not resolve without his assistance. If these issues are not resolved, e.g., by an award that would include the retention of the Most Favored Nation clause, the parties will be back where they started these fruitless negotiations and/or left without direction as they await a lengthy delay for an outcome involving the deputy sheriffs, who are represented by a different union facing different circumstances and potential interest arbitration under different statutory language. This would ill serve these parties, stable labor relations or the process of good faith negotiations.

The Airport paid 100% of the medical insurance premiums for firefighters and their dependents when the County--historically--was paying 100% of the medical insurance for all of its employees and their dependents. It also maintained the same plan designs for all County employees historically, whether they were affiliated with a labor organization or not. That is no longer the case. In requesting that the Airport's firefighters should bear a fair share of escalating insurance costs, the Employer is seeking no more than it has asked (and received) from other County employees and their bargaining representatives.

Er. Brief., pp. 52, 53.

1. Most Favored Nation Clause

The Airport's position is that it no longer makes sense to link coverage and premium sharing to the DSA. What the Employer termed the Most Favored Nation clause should be eliminated from the contract. According to the Employer, the linkage to a wholly different bargaining group is historically anomalous and serves no legitimate purpose. The Employer submits the medical insurance connection to the DSA contract

has actually encouraged the Union to act in derogation of the duty to bargain in good faith about mandatory subjects of bargaining. The Most Favored Nation clause for firefighters was consistent with the prior policy of the County when the County paid 100% of the medical insurance for all employees and maintained the same plan designs for all County employees.

The continuation of the Most Favored Nation clause creates an uneven playing field, because the Union can elect to avoid putting the escalating costs of health insurance in play at the bargaining table. The Employer submits the evidence proved that is exactly what has happened during the 28-month period that started in August 2002 and continued to the day of the interest arbitration held in December 2004.

The Employer argues the Union has utterly avoided bargaining insurance premium sharing or changes in plan design by hiding behind the Most Favored Nation clause in the contract. According to the Employer, the firefighters have become accustomed to taking this provision for granted as an entitlement. Elimination of the Most Favored Nation clause would encourage bilateral settlements and reduce the need for interest arbitration, especially where interest arbitration is invoked merely for strategic advantage. The tactics of the Union in hiding behind the Most Favored Nation clause is a bad policy and a destabilizing precedent.

There is no support among any of the fire departments whose labor contracts are in the record for a Most Favored Nation clause. There is no such clause found in other Snohomish County fire department contracts. For all of these reasons, the Employer urges the Arbitrator to delete the Most Favored Nation clause from the 2003-2005 Collective Bargaining Agreement.

2. Premium Sharing

The continuing rise in medical costs in this nation is no secret. All of the other bargaining groups in Snohomish County are already paying approximately 20% of the medical insurance premium for themselves and their dependents. Only the IAFF and DSA do not have premium sharing. The Union's comparables show that four out of the six comparables provide for premium sharing with the employees. Unions representing other County employees share premiums, which range from $43 per month to $196 per month in the contract year 2004.

The Employer next argues there are strong policy reasons for premium sharing making the proposal particularly compelling: Creating a partnership with employees to contain insurance costs; treating all County employees fairly and equitably; and reflecting the reality of cost-sharing by firefighters in other fire departments.

The Airport's proposal is a compromise between what a majority of County employees are paying and zero, what the firefighters are now paying. Under the proposal, the following premium amounts would be paid by the seven Airport firefighters enrolled in the Regence Selections Option, under the modified plan design:

Firefighters/Spouses/Family	
Employee Only	$ 29 per month
Employee and Spouse	$ 57 per month
Employee/Spouse/Family	$ 78 per month

The four Airport firefighters who have elected coverage under the more expensive Regence PPO would pay slightly more--as do other County employees--because of the higher premiums associated with that plan.

Based on all of the above-stated reasons, the Arbitrator should award the Employer's premium sharing plan.

3. Plan Design

The other bargaining groups in Snohomish County have employees on plan designs proposed by the Airport in this proceeding. It is the position of the Employer that family members of firefighters should not be covered by richer benefits than family members of other County employees. The Union's position on insurance simply is out of touch with reality. It amounts to little more than a bald assertion that nothing must change. Under the proposed Regence PPO plan design; there is a $2,500 stop loss per individual up to a maximum $7,500 per family per year. It would only be in extreme cases where the employee would exceed the stop loss provisions.

The $2,500 stop loss applies to the 10% co-insurance under the Regence PPO for medical services, so the employee is protected there. Under the Regence Selections Option, very limited co-insurance requirements exist. In extreme cases, the employee is going to be paying a relatively small part of the total cost of a catastrophic loss.

The proposed medical plan design changes present in the Employer's proposal are imminently reasonable and they call for relatively small contributions for services rendered. It is important to initiate a consumer-driven, pay-as-you-go mentality that will result in firefighters, like other employees, to be more aware of and sensitive to escalating health care costs.

The cost of medical coverage for the Airport firefighters is out of control, escalating at a rate of over 12 times the rate of inflation. By the time the 2003-2005

contract expires, the Airport's cost of medical coverage under the Selections Option per firefighter will have increased from $503.92 per month in 2002 to $820.69 per month in 2005, a dramatic increase of 62.9%. The current 2004 composite rate for the seven Airport firefighters enrolled in the Selections Option is $637.67. The 2004 composite rate for the remaining four firefighters who are enrolled in Regence PPO Option is $714.32.

The Arbitrator should take note of the fact that the cost of the remaining insurance benefits for the Airport firefighters, for which the County will pay 100% for the term of the agreement, is as follows:

Vision	$ 17.29
Dental I	$ 87.24
Dental II	$ 63.98
Long Term Disability	$ 46.06

The Airport has seen its costs escalate to $820.69 starting April 1, 2005 for seven firefighters enrolled in the Regence Selections Option and to $870.29 for the four firefighters enrolled in the Regence PPO. By the Union's own figures, the Airport absorbed a 23.6% increase in 2003 alone, rising from $7,363.44 in 2002 to $9,104.16 in 2003. The bottom line is that during the lengthy negotiations for the 2003-2005 Collective Bargaining Agreement, the cost paid by the Airport for its firefighters will have increased by 62.9% for firefighters enrolled in the Regence Selections Option and 72.7% for those enrolled in the Regence PPO. This is largely driven by the status quo medical plan design and in utilization.

The Employer concludes that these types of increases are not sustainable and it is unreasonable to expect the Airport to continue to absorb 100% of the premiums, as the Union demands. The Airport's proposal to establish a cap on its

contractual obligations to pick up rate increases is reasonable. The Airport believes it is also reasonable to expect the firefighters to pay increases in excess of 20.2% over the term of the agreement. Overall, this means a firefighter will be paying no more than 20% of their premiums for 2005. The Arbitrator should award the Employer's proposal on medical plan design changes.

C. **The Union**

The Union begins by asserting the medical insurance issue is a very significant one for this small bargaining unit. Out of eleven members of the bargaining unit, four have families that are either suffering terminal or life-threatening illnesses, which require regular access to medical providers and health insurance. The Employer has always provided the same plan to these firefighters that they have now. There is no evidence of ever having provided a different plan and there is no evidence of ever requiring these firefighters to cost-share in the premium. The Employer cannot now advance a viable rationale for wanting to short change these firefighters by substantially impacting them by changing the medical plan.

The basis for the Employer wanting to change the plan obviously has its genesis in attempting to get out from under the plan as the plan relates to DSA. There are 235 deputies. If the Employer could change the plan for DSA, it would result in substantial savings to the Employer.

The rationale for changing the DSA plan does not exist for firefighters. There are only twelve firefighter positions in the bargaining unit so it is much less costly to provide the current plan to firefighters than to deputies.

The Airport does not get one cent from the County tax revenues, but instead relies on revenue from Airport operations. The majority of the revenue comes from the Boeing contract, other income, and tenant revenue. The firefighters are participants in increasing the revenue available to the Airport by their involvement with the tenants.

The Union rejects the Employer's argument that its medical proposal is fair and balanced. The net effect of the proposal is to shift a substantial burden of payment per month to the firefighters, with more deductibles and less coverage. The only balance is that the Employer's proposal balances out any alleged pay increase proposed by the Employer.

Moreover, adoption of the Employer's proposal on medical insurance makes it clear any small wage increase the firefighters are to receive under the Employer's proposal is funded on the backs of the firefighters by reducing their medical benefit plan. Firefighters in the Selections Option will pay $196 out of pocket per month as a premium for a spouse and two dependents, but the deductibles would be drastically increased and the coverage provided drastically reduced.

It is also the position of the Union the Employer's figures regarding health care costs should not be trusted. For the first time at arbitration, the Employer represented that it really paid less than indicated it paid in prior years. Employer Exhibit C indicates the Employer paid the sum of $503.92 in 2002 for the majority of its firefighter employees for medical insurance costs. That is exactly the same amount the Employer stated in the same exhibit it paid for AFSCME bargaining unit members in 2002. This could not be so since the AFSCME plan is entirely different from the plan

the firefighters are on. The Employer showed in its letter to the Arbitrator that for the years 2002, 2003, 2004 and 2005, the following costs, respectively, of $503.92, $608.86, $673.67 and $714.09. The Union had never been presented with these figures prior to the interest arbitration hearing.

With these proposed figures in place, the Employer's medical insurance plan would actually show a decrease in cost from 2003 as opposed to the 41.7% increase argued for by the Employer. Many of the Employer's numbers have been transposed or are flat out wrong, at least when compared to the testimony where the Employer argues the current 2004 composite rate for firefighters enrolled in Selections is $673.67.

The Union next points to the fact that all of the traditional comparators are paying more than that paid by the Employer for Paine Field firefighters' medical insurance premiums. The same is true when the premium contributions are examined from the Employer's new comparator jurisdictions. When the Employer's proposal for premium sharing and offer of modest wage increases, is combined, the Union submits the proposal by the Employer to change the medical insurance plan is punitive, and not equitable or fair.

For all of the above-stated reasons, the Arbitrator should award current contract language for the 2003-2005 contract.

D. <u>Discussion and Findings</u>

The Arbitrator finds the time has come to establish a base line that will set the table for meaningful negotiation for the next contract. In a few short months after this Award is published, the parties will begin negotiation for the 2006 Collective

Bargaining Agreement. I will award the implementation of premium sharing effective July 1, 2005. While the Employer's proposal to delete the Most Favored Nation clause was appealing, I will limit the disconnect to premium sharing only, in this arbitration Award.

The time is here for this bargaining unit to stand on its own as far as developing the medical insurance plan. However, with only a few months remaining until the parties commence negotiations for the 2006 contract, the parties will be better served by resolving the complex issue of the medical insurance plan through mutual negotiations. The Arbitrator, by implementing premium sharing, is placing the Union on notice that the status quo of 100% Employer-paid medical insurance for firefighters and dependents toward an expensive plan is no longer acceptable.

1. Most Favored Nation Clause

The Most Favored Nation clause linking this bargaining unit to the DSA contract is a relic of the past. As will be discussed in the premium sharing part of this Award, 100% Employer-paid coverage for medical, dental, and vision coverage for both the employee and the dependent cannot continue. If I deleted the Most Favored Nations clause from the contract, then I would be compelled to award the changes in plan design for the medical insurance. Working out the intricacies and complicated insurance questions involved in the design of the medical insurance plan, is better left to the mutual negotiations of the parties. To the extent the Arbitrator will award premium sharing, the connection between the DSA contract and the IAFF contract will be severed.

The Employer's proposal to delete the Most Favored Nation clause from the contract shall not be awarded.

2. Medical Plan Design

For the reasons stated above, I am deferring on the adoption of the Employer's proposal to substantially revise the medical insurance plan. Parts of the Employer's proposed medical plan go too far in the one massive change that is proposed. By applying a percentage figure to the medical premium the Arbitrator has set the parties on a course in order to resolve this controversial and complex issue. The Employer's proposal for the modified plan design shall not be adopted.

3. Premium Sharing

The Arbitrator finds that effective July 1, 2005, members of this bargaining unit shall pay 10% of the medical insurance premium. Firefighters and their families will continue to enjoy fully paid vision and dental coverage. In addition, firefighters will continue to receive fully paid long-term disability and life insurance. I was persuaded by the Employer's argument that firefighters should become a partner with the Employer in order to mutually address ways to contain the cost of rapidly rising health care.

The Union's position to maintain 100% Employer-paid medical insurance coverage for firefighters and their families is out of touch with reality. Four of the six historical comparators require premium sharing. I find that internal comparisons with other County employees in the area of medical insurance are particularly relevant when it comes to health insurance. The record shows that all but the DSA unit employees pay approximately 20% of their insurance premium to cover the employee and their dependents.

The unions representing the other County employees shared premium in 2004 ranged from $43 per month to $196 per month. Continuing 100% paid coverage for firefighters and their dependents is unrealistic in light of both external and internal comparators. A wide disparity in the manner by which an employer treats its employees in the critical area of medical insurance can be highly devisive and disruptive to morale. In forming an award on the premium sharing, your Arbitrator has taken into account the award on the wage issue.

The Arbitrator will award that effective July 1, 2005 firefighters shall contribute 10% toward the cost of medical insurance.

AWARD

I hereby award as follows for the 2003-2005 Collective Bargaining Agreement:

1. The Employer's proposal to delete the Most Favored Nation clause from the contract shall not be adopted.

2. The Employer's proposal to revise the medical insurance plan shall not be adopted.

3. New language shall be added to the contract, which reads:

> Effective July 1, 2005, the members of this bargaining unit shall contribute 10% toward the cost of funding the existing employee medical insurance coverage for bargaining unit members and dependents. The Employer shall pay the remaining 90% of the cost of the medical insurance plan.

ISSUE 3 - VACATION

A. Background

Article 8 establishes a vacation schedule for firefighters, which turns on the number of years of service. The annual accrual rate starts at 84.12 hours at the end of the first year of employment. At the top of the vacation schedule, a firefighter beginning with the 17th year and thereafter accrues 209.9 hours of vacation per year.

The Union proposed to increase the maximum accrued vacation time beginning with the 25th year to 264 hours. The Union also proposed to increase the amount of unused annual leave, which could be accrued and carried over from 240 to 288 hours. The Employer proposed the status quo.

B. The Union

Captain Mike Zimmerman testified concerning the Union's vacation proposal. He has been employed with the department since 1987. Captain Zimmerman indicated the Union's rationale in seeking more vacation time for higher seniority was because vacation flattens out and the Union wants an incentive to reward people who stay in the department.

The Union points to the historical comparators which have more vacation than Paine Field firefighters. Further, except for Lynnwood, all of the blended comparators submitted by the Union have more vacation than Paine Field firefighters. They also have substantially more sick leave than Paine Field firefighters. Even the comparators proposed by the Employer on December 9, 2004, have more vacation time than Paine Field firefighters.

C. The Employer

The Employer takes the position that firefighters have ample time off. They are only scheduled to work 104 24-hour shifts per year, which works out to 8.5 shifts per month. All firefighters receive a paid floating holiday off, as well. The Employer submits the existing vacation schedule is more than adequate.

Regarding the Union's proposal to increase the amount of vacation time, which could be carried forward from year to year, the Employer submits there is no need for an additional amount of carry-over of accrued but unused vacation time. According to the Employer, current vacation balances of employees are well below 240 hours. These balances fail to demonstrate any need to stockpile more vacation time, which should be used for the purpose of vacation, and not for the purpose of accumulating to cash out on resignation or to increase the pension benefit. The Union's proposal would create an incentive for Airport employees not to use their vacation. Increasing the carry-over amount would contribute to an ever growing liability to the Airport that is both costly and hard to anticipate when budgeting. The status quo is also consistent with other employee groups in the County affiliated with labor unions, none of which have more carry-over than the firefighters already have.

D. Discussion and Findings

The Arbitrator finds the current level of the vacation benefits set forth in Article 8 is adequate. Further, the current vacation leave balances fail to establish any need to increase the vacation entitlement. Firefighters also enjoy a generous holiday leave benefit and a floating day off. The record also shows the number of hours worked per year by Paine Field firefighters is less than in the comparator group. The Arbitrator

was not persuaded by the Union's rationale that it seeks to provide an incentive to reward people who stay in the department. There is no evidence firefighters are leaving the department because of the vacation schedule currently in existence.

While it is true all of the historical comparators have more vacation time than Paine Field firefighters, I conclude the members of this bargaining unit enjoy a competitive and reasonable vacation benefit. In any comparison schedule, one jurisdiction has to be at the bottom of the list. When the firefighters' vacation, holidays, and the hours worked per year are considered, this Arbitrator is not convinced there is a need to expand the number of vacation hours which could be accrued from 209.9 hours beginning at the end of the 18th year to 232 hours rising to a maximum of 264 hours beginning with the 25th year of employment.

Regarding the amount of vacation time, which can be carried forward, the Arbitrator was not persuaded that an increase in the amount of the unused vacation should be increased from 240 hours to 288 hours. I agree with the Employer that the Union's proposal would create an incentive for employees not to use their vacation time. The purpose of a vacation is for rest and relaxation. Unused vacation time should not be used for the purpose of accumulating to cash out upon resignation, or to increase a firefighter's pension benefits. The policy in the Washington State Retirement System is to cap the amount of annual leave at 240 hours. The status quo is also consistent with other employee groups affiliated with labor unions, none of which had more carry forward than the firefighters are currently allowed to accrue.

AWARD

The Arbitrator holds the Union's proposal to modify the vacation accrual rates and the amount of unused vacation time proposal should not be adopted. The Arbitrator awards that the current contract language shall continue unchanged in the 2003-2005 Collective Bargaining Agreement.

ISSUE 4 - MANAGEMENT RIGHTS

A. Background

Article 4 of the Collective Bargaining Agreement contains a provision entitled "Protection of Rights" or what is commonly referred to as a Management Rights clause. Section 4.1 reads:

> The County has the exclusive right to manage its affairs, to direct and control its operations, and independently to make, carry out and execute all plans and decisions deemed necessary in its judgment for its welfare, advancements, or best interest. Such management prerogative shall include all matters not specifically limited by the agreement herein.

The Employer proposed to add a list of eleven specific managerial prerogatives to Article 4.1. The Union would continue current contract language.

B. The Employer

The rationale for the Airport's position on this article was stated in its hearing memorandum to be:

> 1. The Union must acknowledge that the Airport has--or at least should have--the enumerated rights. Such rights are best expressed in clear and understandable language.
>
> 2. The existing clause is vague and ambiguous. In contrast, the proposed version specifically identifies Airport responsibilities so that both parties have a full and mutual understanding of what these rights are.
>
> 3. A definitive Management Rights clause is consistent with sound labor management relations and serves to make the contract more understandable to all persons and parties affected by it, including those who must administer it. Further, such a clause could minimize the likelihood of disputes over the responsibilities of the Airport.
>
> 4. The proposed clause would serve as a quid pro quo for the vast array of specifically delineated contractual rights already afforded the Union and employees.

> 5. The contract's Management Rights clause would be brought in line with those in other fire departments of similar size. All of the nine comparables have Management Rights clauses. Eight have long form Management Rights clauses (similar to that proposed by the Airport) and only one has a short form Management Rights clause (similar to that in the existing agreement).

Regarding the emerging issue of whether Paine Field or the City of Mulkiteo is going to provide fire protection to a new national flight interpretative center and hotel that may be built on Airport property, the Employer submits the Union's interests are already protected in Article 18.3. Article 18.3 requires any issues concerning subcontracting shall follow the requirements and procedures under Ch. 41.56 RCW and/or any other law. The Arbitrator should award the Employer's proposal.

C. <u>The Union</u>

The Union takes the position that the goal of the Employer is to broaden the Management Rights clause to include several subsections that specifically give the Employer a right of action. In addition, the Employer wants the Union to waive some right to action concerning those topics, and let management assume more authority over those particular subject matter areas. While Article 18.3 recites the status of existing law, the statute does not answer the question of the Union's waiver of topics and subject matters contained in the broadened Management Rights clause.

The Union argues that in order to change a Management Rights provision in the contract, one should have to show difficulty in managing a particular workforce. Here, the same Management Rights clause has existed in each of the contracts between the Union and the Employer since the inception of the Collective Bargaining Agreement. Over the past 20 or 21 years, there have been only two grievances and

one ULP so the Arbitrator must conclude there is no serious problem between the parties as it relates to contract interpretation.

It is the position of the Union the Employer already has the right to manage its affairs exclusively and to direct and control its operations without interference except as proscribed by law. There is no reason without demonstrable problems to change an existing contract in this fashion. Mere speculation on the part of management that something might come up is not substantial enough to outweigh history, combined with no demonstrable problems with the existing language. The Union submits there is no reason for this Arbitrator to change the dynamics between the parties so drastically after 27 years of their being no significant problems under the current language.

D. Discussion and Findings

I find the Employer has failed to produce evidence, which would justify a change in contract language, which has existed for 27 years. The Employer presented no demonstrable problems that existing contract language prevented the Employer from carrying out its mission and responsibilities to the customers of Paine Field and Snohomish County.

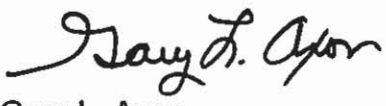
The historical comparators favor the Employer's position. Four comparators have a long form Management Rights clause and two have a Management Rights clause similar to Article 4.1. However, I conclude that the lack of demonstrable problems with the existing language overrides the comparability evidence. If the Employer's argument claiming existing language is vague and unambiguous is correct,

the record should reflect the difficulties of applying the language. Absent such evidence, I am not persuaded to award the Employer's proposal.

AWARD

The Arbitrator holds the Employer's proposal to modify Article 4.1 should not be adopted. The Arbitrator awards that the current management rights language shall continue unchanged in the 2003-2005 Collective Bargaining Agreement.

Respectfully submitted,



Gary L. Axon
Interest Arbitrator
Dated: May 6, 2005

To the arbitrator for the issue of IAFF local 2597 wage proposal.

ATTACHMENT A

2003

JOB TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Fire Fighter	3896.68	4088.68	4294.78	4511.27	4737.56
Fire Fighter/Mechanic I	4091.52	4293.12	4509.52	4736.83	4974.44
Captain	4569.30	4799.55	5040.41	5289.85	5551.37
Fire Fighter/Mechanic II	4569.30	4799.55	5040.41	5289.85	5551.37

This chart reflects the 2002 wage increased by 1.5% and 90% of the CPI (1.35%) for a total of 2.85%.

o the arbitrator for the issue of IAFF local 2597 wage proposal.

ATTACHMENT B

2004

JOB TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Fire Fighter	3928.24	4121.80	4329.57	4547.81	4775.93
Fire Fighter/Mechanic I	4124.66	4327.89	4546.05	4775.20	5014.73
Captain	4606.31	4838.43	5081.24	5332.70	5596.34
Fire Fighter/Mechanic II	4606.31	4838.43	5081.24	5332.70	5596.34

This chart reflects the 2003 wage increased by 90% of the CPI (.81%).

To the arbitrator for the issue of IAFF local 2597 wage proposal.

ATTACHMENT C

2005

JOB TITLE	STEP 1	STEP 2	STEP 3	STEP 4	STEP 5
Fire Fighter	4016.63	4214.54	4426.99	4650.14	4883.39
Fire Fighter/Mechanic I	4217.46	4425.27	4648.34	4882.64	5127.56
Captain	4709.95	4947.29	5195.57	5452.69	5722.26
Fire Fighter/Mechanic II	4709.95	4947.29	5195.57	5452.69	5722.26

This chart reflects the 2004 wage increased by 90% of the CPI (2.25%).

AIRPORT FIREFIGHTERS

AIRPORT PROPOSAL - SALARY SCHEDULE:					
Current					
2002					
FF	3788.70	3975.38	4175.77	4386.26	4606.28
FF/Mech 1	See Att	See Att	See Att	See Att	See Att
Captain	4442.68	4666.56	4900.74	5143.26	5397.54
FF/Mech II					
Status Quo Proposed by Airport					
2003	Step 1	Step 2	Step 3	Step 4	Step 5
FF	3788.70	3975.38	4175.77	4386.26	4606.28
FF/Mech 1	See Att	See Att	See Att	See Att	See Att
Captain	4442.68	4666.56	4900.74	5143.26	5397.54
FF/Mech II					
With 2.2% = 90% CPI-W (periods ending June 2002/2003)					
2004	Step 1	Step 2	Step 3	Step 4	Step 5
FF	3872.05	4062.84	4267.64	4482.76	4707.62
FF/Mech 1	4065.65	4265.98	4481.02	4706.90	4943.00
Captain	4540.42	4769.22	5008.56	5256.41	5516.29
FF/Mech II					
With 2.25% = 90% CPI-W (period ending June 2004)					
2005	Step 1	Step 2	Step 3	Step 4	Step 5
FF	3959.17	4154.25	4363.66	4583.62	4813.54
FF/Mech 1	4157.13	4361.96	4581.84	4812.80	5054.22
Captain	4642.58	4876.53	5121.25	5374.68	5640.40
FF/Mech II					