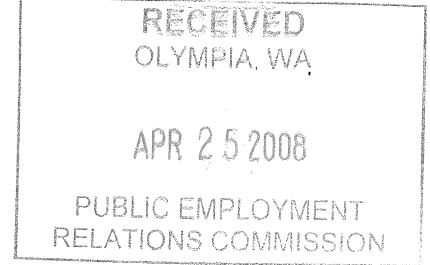


IN THE MATTER OF )  
 )  
INTEREST ARBITRATION )  
 )  
BETWEEN )  
 )  
INTERNATIONAL ASSOCIATION OF )  
MACHINISTS AND AEROSPACE )  
WORKERS, DISTRICT LODGE 160, )  
 )  
Union, )  
 )  
and )  
 )  
INTERCITY TRANSIT, )  
 )  
Employer. )

CASE NO. 21076-I-07-0496  
ARBITRATOR'S OPINION  
AND AWARD  
INTEREST ARBITRATION  
2007-2009 COLLECTIVE BARGAINING  
AGREEMENT



HEARING SITE: Intercity Transit Offices  
Olympia, Washington

HEARING DATE: November 1, 2007

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I. **INTRODUCTION**

The International Association of Machinists, District Lodge 160 (IAM or Union) and Intercity Transit (Employer or IT) are signatories to a Collective Bargaining Agreement effective January 1, 2004, through December 31, 2006. The parties engaged in negotiations for the 2007-2009 successor Agreement. The parties were unable to resolve all of the issues in dispute through negotiation and mediation.

The Public Employment Relations Commission certified the matter for interest arbitration. Eight issues were certified for resolution by this Arbitrator under RCW 41.56.492. With one exception, the parties' disagreement is rooted in remuneration.

In a letter dated May 22, 2007, Lisa Hartrich, PERC Mediator, certified the following eight issues for interest arbitration:

- Issue 1: Wages
- Issue 2: Pay Premium for ASE Certification
- Issue 3: Compensatory Time
- Issue 4: Longevity Pay
- Issue 5: Shift Differential
- Issue 6: Temporary Assignments
  - A. Lead Pay
  - B. Out of Class Pay
  - C. Instructor Pay
- Issue 7: Vacation Accumulation
- Issue 8: Shift Bidding

Following the close of the interest arbitration hearing the Union withdrew Issue 6.C, Instructor Pay, and Issue 8, Shift Bidding.

## II. STATUTORY FACTORS

RCW 41.56.492 sets forth the specific criteria that must be considered by an interest arbitrator in resolving controversies under the statute. The statutory guidelines applicable to employees of public passenger transportation systems are as follows:

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

- (a) the constitutional and statutory authority of the employer;
- (b) stipulations of the parties;
- (c) compensation package comparisons, economic indices, fiscal constraints, and similar factors determined by the arbitration panel to be pertinent to the case; and
- (d) such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment.

There are differences between the above statute and the interest arbitration statute governing police and fire personnel. Although some of the criteria are similar, the statute governing transit employees vests in the arbitration panel the authority to consider "fiscal constraints" on the employer. Each side to this dispute argued that its position was fully supported by the applicable statutory factors.

### III. BACKGROUND

Intercity Transit is a municipal corporation that provides public transportation to the urbanized areas of Olympia, Lacey, Tumwater, and Yelm, Washington. The Employer is located in Olympia, Washington, approximately 30 miles from the City of Tacoma and about 60 miles from the City of Seattle. Olympia is sited in Thurston County and is home to the state capitol of Washington. Intercity Transit receives most of its income from a local sales tax, transit fares, contracts for services, and federal and state grants.

Intercity Transit operates a fleet of 90 buses and 159 vanpool vehicles. Intercity Transit employs approximately 265 persons. The IAM represents a bargaining unit of 30 employees consisting of technicians, mechanics, service workers, and vehicle cleaners. At the present time, there are no persons employed in the vehicle cleaner classification.

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 your 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 Interest Arbitrator did give careful consideration to all of the evidence and argument placed into the record by the parties.

**IV. COMPARABILITY**

The first contract between the parties was the product of an interest arbitration award dated August 24, 1995, by arbitrator Alan Krebs. Arbitrator Krebs adopted five jurisdictions as comparables for the purpose of determining wages and benefits. The five jurisdictions are:

Ben Franklin Transit  
C-TRAN  
Kitsap Transit  
Lane Transit (Oregon)  
Salem Transit (Oregon)

Both parties continued to use the five comparables during the bargaining and mediation process for the 2007-2009 Agreement.

At the commencement of the arbitration hearing, the Union offered evidence of compensation paid to Pierce Transit workers, as an additional comparable, in support of its contract proposals. The Employer objected to consideration of Pierce Transit as a comparable because Pierce Transit is a much larger transit organization. In the view of the Employer the Arbitrator should reject the data offered from Pierce Transit as a last minute attempt to inject a new element into the bargaining and IT argued the use of such a tactic amounts to regressive bargaining. I agree with the Employer that the five transit properties used by arbitrator Krebs and the parties during bargaining, should serve as the controlling comparables in this proceeding.

V. **ISSUE 1: WAGES**

A. **Background**

The current salary schedule provides for a four-step progression through the wage schedule. There are five job classifications covered by the wage schedule. They are mechanic (technician), support specialist, service worker, vehicle cleaner, and cleaner. Currently, there are no employees in the cleaner classification. Step D of the salary schedule effective January 1, 2006, yielded a top step wage as follows:

<u>CLASSIFICATION</u>	...	Step D
Coach Mechanic Or Auto Mechanic	...	24.57
Support Specialist	...	20.14
Service Worker	...	17.86
Vehicle Cleaner	...	16.04
Cleaner	...	15.22

The Employer proposed an across-the-board increase of 3% for each year of the 2007-2009 Collective Bargaining Agreement. The Union proposed percentage increases effective January 1, 2007, that varied depending on the classification. The wage increases ranged from 5.99% for the technician to 8.92% for the vehicle cleaner. A similar approach was proposed for 2008 and 2009.

B. **The Union**

The Union's goal was designed to bring wages for members of this bargaining unit to a point greater than the average when compared to the historically



accepted comparable transit agencies. According to the Union, the lower classifications are substantially further behind comparables and the Union's proposal was structured to yield greater wage increases in the lower classifications. In support of IAM's proposal, the Union prepared a chart that revealed "the 'real' hourly compensation of the various job classifications at issue." The Union's methodology for determining the real wage rate compensation for the comparators involved including such benefits as child and elder care, health and welfare, VBA, retirement health and welfare, longevity, health club, 4% bonus, and wages. Un. Ex. 20. The Union's real compensation comparators for mechanics showed:

Kitsap	\$26.70 per hour
C-Tran	\$25.30 per hour
Salem	\$24.85 per hour
Ben Franklin	\$24.20 per hour
IT	\$23.87 per hour
Lane	\$22.36 per hour

The Union submitted that mechanics would need an hourly raise of almost 4% to bring mechanic wages up to the current average. The goal of the Union is to be placed number two among the five comparators. To reach that level would require a wage increase of 5.99% for mechanics in the first year, as contrasted with the Employer's 3% offer.

The Union performed a similar calculation for the other job classifications. According to IAM, the employees in the support specialist classification would require a 7.10% pay increase to bring their wages to the average of the top two comparators in real compensation. Similarly, the service worker classification would require an 8% increase, the vehicle cleaner an 8.92% increase and the cleaner classification a 9.39% increase.

The Union characterized the Employer's exhibits as "a pleasing visual discourse of colored graphs depicting why the Employer thinks its offer is fair." While the Union commended the Employer's computer artistry, the Union submits IT's exhibits failed to address the real issue of total hourly compensation. According to the Union, the Employer's presentation ignored the value of several aspects of compensation provided by the comparators such as health care and related benefits. Even the Employer acknowledges that a 3% raise is due.

The Union's exhibits reveal that the compensation package at IT is a less than adequate hourly reward for its unit employees. In the view of the Union, the Employer's offer of 3% in each of the three years of the successor Agreement must be rejected as inadequate on the basis of the Union's analysis. If the Arbitrator were to adopt the Employer's proposal, the award would merely serve to compound the compensation disparity between IT employees and the comparators' employees in future years. The Union submits its wage increase is rational and reasonable when measured against the statutory criteria.

**C. The Employer**

The Employer takes the position that its wage adjustment of 3% for 2007, 2008, and 2009 is fair and reasonable in light of the totality of the factors traditionally used by interest arbitrators. Further, IT's wage proposal is fair in relation to wages paid by comparable employers. Recruitment data demonstrates that IT competes effectively for new employees and is able to retain employees with the existing wage and benefit packages. The Consumer Price Index and labor market statistics support the Employer's proposal.

The Employer maintains its approach to measuring wage comparisons is fair and reasonable and should be adopted by the Arbitrator. The parties to this dispute have historically used the top wage rate for each classification to compare pay with comparable employers and to determine across-the-board percentage increases. In the 1995 interest arbitration and during contract negotiations preceding this interest arbitration, the parties used the top step comparison approach.

Turning to the Union's methodology, the Employer avers the Union's approach should be rejected because, as conceded by the IAM witness, the parties in prior negotiations have never used the real hourly wage comparison approach. The methodology skews wage increases so that lower paid classifications receive significant percentage increases that are not justified by the evidence.

Moreover, the Union's methodology in presenting evidence regarding comparables is also fatally flawed. The Employer argued the "total compensation" methodology should be rejected both because it is convoluted and confusing, and because the Union admittedly overlooked crucial variations among the comparables.

The Arbitrator should reject the Union's methodology as unhelpful to the resolution of this dispute. The defects in the Union's presentation totally undermine the relevance of the evidence submitted by the Union. The Union's real comparison is quite unreal, as it fails to provide a meaningful comparison of compensation levels among the comparables. The direct comparison of top step wages utilized by the Employer is a well-accepted and straightforward method of analysis for evaluating both parties' proposals. The mechanics comprise more than half the bargaining unit at issue in this case. Implementation of IT's wage proposal for 2007 would increase the compensation

for a technician to \$25.31 per hour. The \$25.31 per hour proposal results in a higher top step rate than any of the comparables and exceeds the average of the comparables by 5.50%.

Turning to the support specialist position, the 2007 wage level would increase to \$20.74 or 1.82% above the average wage in the comparators.

The service worker classification would increase to \$18.40 per hour. That is very close to the comparable average of \$18.47 per hour. The top step of the vehicle cleaner classification would increase to \$16.52 or 2.16% above the comparables average of \$16.17 in 2007.

In sum, IT's proposed 3% increase for 2007, 2008, and 2009 will maintain a reasonable and competitive wage schedule for the members of this unit. IT's recruitment and retention data supports the Employer's proposal. The wage levels have permitted the Employer to recruit competitively for new employees. Turnover evidence does not support the Union's proposal. Intercity Transit does not have a problem retaining employees. Very few bargaining employees who have voluntarily left IT have done so due to dissatisfaction with compensation.

The cost of living data supports the Employer's proposal, as bargaining unit wages have exceeded the cost of living over the last ten years. The exhibit demonstrates the technician wages have exceeded CPI increases over the course of the ten-year period.

Evidence adduced by the Employer shows that the employees' cost of health insurance has actually decreased significantly as compared to the contribution levels of several years ago. The Employer's contribution under the plan has steadily

increased, while the cost to IT employees has dropped in recent years. The employees' cost of individual coverage under this plan has gone down \$17 per month since 2003. The Arbitrator should find this is not a bargaining unit that is being hit with increased health insurance premiums, which would dictate an additional wage adjustment.

The Employer faults the Union's wage proposal because it would impact the historical wage relationships among other positions and work groups at IT. The Employer's wage proposal would maintain the status quo as to the relative wage differences between the classifications on the existing wage schedule. Adoption of the Union's proposal would create a wage compression among the work groups and, over time, would dismantle the longstanding comparative wage parity between job classifications and work groups.

For all of the above-stated reasons, the Arbitrator should reject the Union's wage proposal and adopt the Employer's 3% wage increase for each of the three years of the successor Agreement.

**D. Discussion and Findings**

As the Union correctly pointed out, this case is a fundamental dispute over "remuneration." Since this case is predominantly about money, I see no justification for expanding the components of comparability argued for by the Union to resolve the wage dispute. The elements of health and welfare insurance, childcare allowances, longevity, health club membership, VBA contribution, and a potential 4% bonus are not at issue. Adoption of the Union's approach would require this Arbitrator to move away from a straightforward comparison of base wages to the convoluted and often confusing comparisons offered by the Union. I concur with the Employer that the Union's

methodology, which included the named factors to compute a "real wage", is not helpful to resolving the pay issues presented in the instant case. Therefore, I will approach the decision in this case using a direct wages to wages comparison of the top step pay among the comparator jurisdictions.

A second significant reason for rejecting the Union's wage proposal is the Union's approach would provide different wage increases for each of the five job classifications. The Union's proposal would change the basic structure of the current wage schedule that has existed since 1995. The Union's proposal to set different wage increases for each classification over the three-year period would have the effect of compressing the current wage schedule. Based on the evidence presented by the Union, I am not convinced that dismantling the wage parity that currently exists between job classifications and work groups is warranted.

After a careful review of the evidence, I hold the Employer's proposal for a 3% increase effective January 1, 2007 is justified. Further, in order to maintain and continue the bargaining unit's competitive position among the comparators, I find that a 3.5% increase per year is warranted for 2008 and 2009. The 3% awarded for 2007 will set the top step pay for a technician at \$25.31 per hour. For 2008 and 2009, the top step pay for a technician would rise to \$26.20 and \$27.12, respectively.

The 3% award for 2007 would increase the top step of a specialist to \$20.47 per hour, service worker \$18.40 per hour, vehicle cleaner \$16.52 per hour, and cleaner \$15.68 per hour. With the 3.5% increase implemented for 2008, the specialist pay would increase to \$21.47 per hour, service worker \$19.04 per hour, vehicle cleaner, \$17.10 per hour, and cleaner \$16.23 per hour.

Adding another 3.5% increase to the 2008 wage schedule would raise the support specialist pay rate to \$22.22, service worker \$19.71 per hour, vehicle cleaner \$17.70 per hour, and cleaner \$16.80 per hour for 2009.

In summary, the top step pay over the duration of the three-year contract will be:

Effective January 1, 2007, the Step D pay rate will be as follows:

<u>CLASSIFICATION</u>	...	<u>Step D</u>
Coach Mechanic Or Auto Mechanic	...	25.31
Support Specialist	...	20.74
Service Worker	...	18.40
Vehicle Cleaner	...	16.52
Cleaner	...	15.68

Effective January 1, 2008, the Step D pay rate will be as follows:

<u>CLASSIFICATION</u>	...	<u>Step D</u>
Coach Mechanic Or Auto Mechanic	...	26.20
Support Specialist	...	21.47
Service Worker	...	19.04
Vehicle Cleaner	...	17.10
Cleaner	...	16.23

Effective January 1, 2009, the Step D pay rate will be as follows:

<u>CLASSIFICATION</u>	<u>...</u>	<u>Step D</u>
Coach Mechanic Or Auto Mechanic	...	27.12
Support Specialist	...	22.22
Service Worker	...	19.71
Vehicle Cleaner	...	17.70
Cleaner	...	16.80

The Constitutional and Statutory Authority of the Employer

No constitutional or statutory objections were raised that would put this Award in conflict with Washington law.

Stipulations of the Parties

The parties stipulated to waive the statutory obligation of the Interest Arbitrator to submit the Award within 30 days of receipt of the briefs.

Compensation Package Comparators

As previously noted, the parties have used the agreed-on five comparators as a guide for developing a wage schedule. Traditionally, the parties have compared the top step wage in negotiations and in the 1995 interest arbitration. The evidence produced by the Employer shows that the top step mechanic at IT, after the 3% increase, will be the highest paid among the comparators for 2007. IT mechanics will earn wages 5.5% above the average.

There is no ignoring the fact that the pay for mechanics in this bargaining unit is the wage leader among the comparators. Adjusting the top step wage by 3.5% in



2008 and again by 3.5% in 2009 will maintain their status of a wage leader in the technician classification among the comparators. Over half of the members in this bargaining unit are in the technician classification and will receive the awarded wage increases.

Turning to the support specialist classification, IT workers in this classification are ranked third among the comparators for 2007. With the 3% increase in 2007, support specialist workers will earn 1.82% above the average of the five comparators. The 3.5% awarded for 2008 will move the top step wage to \$21.47, or \$.17 per hour above the average of the five comparators.

Turning to the service worker, the 3% increase will set the top step at \$18.40 per hour for 2007 or 0.38% below the average pay. The Arbitrator's award of 3.5% for 2008 will prevent the service specialist classification from falling 1.18% below the average. Service workers will be paid \$0.12 per hour below the average--a competitive and reasonable relationship with the other workers in this classification.

The vehicle cleaner rate for 2007 will place IT employees 2.16% above the average at \$16.52 per hour. The 3.5% will establish the 2008 wage rate for vehicle cleaners at \$17.10 per hour. The \$17.10 per hour rate will maintain the competitive position of the wages paid to vehicle cleaners in 2008.

The job duties performed by workers in the lower paid classifications in the comparator group do not match up as directly as in the mechanic classification. However, the work performed by these employees in the lower classifications does provide a reliable clue for establishment of the wage rates for the support specialist, service worker, vehicle cleaner, and cleaner.

The Arbitrator's award finds additional support from a review of the wages paid to top step mechanics by six other public employers in the local area. Er. Ex. 1.5. For 2007, IT wages paid to the top mechanics rank number 3, some 5.9% above the average pay for six other public employers in the Olympia area.

By any measure of the statutory criteria, the Union's proposal for 2007 wage increases ranging from 5.99% to 9.39% is not justified.

#### Cost of Living

Under Washington law interest arbitrators use the cost of living as measured by the CPI as a factor for resolving wage disputes. The Union offered no data concerning the Consumer Price Index. The 3%, 3.5%, 3.5% wage increase over the term of this Agreement is consistent with recent increases in the cost of living as measured by the CPI.

#### Fiscal Constraints

There are no fiscal constraints on the Employer to pay the awarded increase within the context of the totality of the statutory factors. The Employer did not make a significant argument based on fiscal constraints.

#### Other Factors

The Employer's evidence demonstrated Intercity Transit is able to attract and hire qualified mechanics. The ability to hire and retain qualified mechanics is evidence that IT pays a competitive and reasonable wage rate to the members of this bargaining unit. The evidence produced by the Employer also shows that turnover in this bargaining unit based on dissatisfaction with the wage level is practically non-existent.

The record evidence also shows the awarded increases will be consistent with those received by members of other bargaining units and employees in non-represented positions. Internal parity is an important factor to consider in maintaining a balance among the wages paid to all employees of Intercity Transit. Absent from this record is any evidence that catch-up pay for members of this bargaining unit would justify increases substantially in excess of those granted to other employees of Intercity Transit.

The Employer's evidence was undisputed that members of this bargaining unit have not been required to pay increasing amounts for health insurance over the duration of the 2004-2006 Collective Bargaining Agreement. The evidence is quite to the contrary, the Employer's contribution to health insurance coverage for members of this bargaining unit has been increasing while the employees' contribution has been going down by some \$17 per month since 2003.

### **AWARD**

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

1. Effective January 1, 2007, the current salary schedule shall be increased by 3%.
2. Effective January 1, 2008, the 2007 salary schedule shall be increased by an additional 3.5%.
3. Effective January 1, 2009, the 2008 salary schedule shall be increased by an additional 3.5%.

**VI. ISSUE 2: ASE PREMIUM PAY**

**A. Background**

The current contract does not provide for premium pay to mechanics who have obtained the ASE certification or a state-certified journey mechanic's card. The Employer urges that the status quo be maintained. The Employer does provide reimbursement of expenses for mechanics who obtain proficiency through various programs.

**B. The Union**

The IAM proposed an additional \$1.00 for mechanics who attain the high level of ASE certification or a state-certified journey card. While the Union concedes that none of the comparable jurisdictions provide for ASE premium pay, the Union submits the evidence showed IT's mechanics perform at a higher level than do the mechanics in the comparable jurisdictions. According to IAM, the Employer benefits by having mechanics who have taken the time and made considerable sacrifice to obtain the high level of confidence, which ASE certification or a journey card proves. The Employer's job description for mechanics shows a preference for employees who have achieved this very high level of competence. Employees who are better trained are no doubt more efficient and more productive, and safer workers.

The Employer recognizes the benefits of ASE certification by paying the testing costs as well as time loss when testing is done during work hours. As IT mechanics will be required to work on increasingly complex systems, the Employer should reward those who have obtained advanced certifications.

**C. The Employer**

The Employer maintains that the Union's ASE premium pay proposal should be rejected because it is neither supported by the comparables, nor justified by any business interests. None of the agreed-on comparables pay a wage premium for those who hold an ASE master certification or a state-certified journey card. This is reason alone to reject IAM's proposal. Absent from this record is any evidence that employees who had an ASE master certification or a state-certified journeyman card are any more efficient or effective than those employees who do not have such a certification. There is no ongoing training to maintain the certification requirement. The Arbitrator should reject the Union's premium pay proposal and find that the status quo should be maintained.

**D. Discussion and Findings**

The Arbitrator holds the IAM failed to produce sufficient evidence that an ASE certification pay premium should be included in the 2007-2009 Collective Bargaining Agreement. None of the comparables pay a premium for an ASE master certification or state-certified journey mechanic card. There is no evidence that mechanics having ASE master certification or state-certified journey cards are any more efficient or effective than those mechanics who do not.

**AWARD**

I award that the Union's proposal shall not become a part of the successor contract and the status quo be maintained.

**VII. ISSUE 3: COMPENSATORY TIME USE**

**A. Background**

Article 17.2.g provides that employees may take "comp time hours off in lieu of overtime hours worked under the following conditions: ... ." Pursuant to the provision, employees may earn compensatory time for overtime hours worked up to a maximum accrual of 40 hours per year. Employees may carry over a maximum of 40 hours of accrued compensatory time from year to year. The maximum amount of accrued compensatory time that an employee may use is set at 68 hours of compensatory time per year. The IAM proposed to change Article 17.2.g(2) to allow employees to use up to 80 hours of compensatory time per year, rather than the current limit of 68 hours per year. The Employer proposed to eliminate compensatory time and to make a cash overtime payment.

**B. The Union**

The Union's position is based on the claim that employees typically work more overtime than can be "paid off" with only 68 hours of compensatory time a year. The Arbitrator should reject the Employer's attempt to change a major term and condition of employment. According to the Union, the Employer's own document shows that unit employees average only 17.3 hours of compensatory time per employee per year. The Union submits this is not an unreasonable amount of compensatory time use per employee per year.

It is also the position of the Union that the Employer determines whether and when overtime will be required. The purported problem raised by the Employer is totally within management's control, whatever problem exists.

**C. The Employer**

The Employer takes the position its proposal to eliminate compensatory time in lieu of receiving overtime pay for overtime hours should be adopted. Intercity Transit's proposal is to have all overtime hours worked as an overtime payment. The Employer submits its proposal is strongly supported by operational and internal parity considerations. Compensatory time has become "vexatious" to scheduling and continuity of providing transportation services. In 2006 bargaining unit employees took 526 hours of compensatory time in lieu of overtime pay. This equates to over 13 weeks of duty time that had to be covered by other employees or by the sacrifice of time on other tasks and responsibilities. Compensatory time creates the effect of having to replace an employee who is off with another employee working at the overtime rate. The Employer submits that its proposal to eliminate compensatory time and simply make a cash overtime payment is justified by business reasons.

**D. Discussion and Findings**

The Arbitrator holds that both proposals should be rejected. While the Employer argues that the compensatory overtime provision creates scheduling problems, I hold the purported problems have not reached such a magnitude as to require the elimination of this benefit. Management controls whether overtime work will be required of bargaining unit members. Since the Employer controls the amount of

overtime work, management has within its power the means to regulate the amount of compensatory time earned.

The Union's proposal to increase the amount of compensatory time that may be used within a year from 68 hours to 80 hours is similarly rejected by your Interest Arbitrator. Three of the five comparables do not permit compensatory time off in lieu of overtime pay. No other group of employees at Intercity Transit can currently choose to earn compensatory time in lieu of receiving overtime pay. As the IAM pointed out, the average use of compensatory time is 17.3 hours per employee per year. Since the "average employee" is not anywhere close to using the current maximum of 68 hours per year, I see no justification for increasing the maximum allowable usage by 12 hours per year.

### **AWARD**

The proposals of the Union and the Employer to modify Article 17.2.g are rejected. The current contract language shall be continued in the successor Agreement.



## VIII. ISSUE 4: LONGEVITY PAY

### A. Background

The current Collective Bargaining Agreement provides a wage scale of four steps for each job classification. A new employee starts at Step A and then advances through the salary schedule with a wage adjustment for each step. The Union proposed to add a longevity reward of \$0.20, \$0.40, and \$0.60 per hour after 10, 15, and 20 years of service. The Employer would maintain the status quo.

### B. The Union

The Union begins by noting two of the five comparators offer longevity pay. According to the IAM, the Employer receives the benefits from long-term employees' loyalty and years of service. IT also avoids rehiring risks inherent in the employment of new employees. The Employer further avoids substantial hiring and training costs for new hires. The Union submits longevity pay is an appropriate method to make IT more competitive in the market.

The Employer's claim that turnover is not a problem misreads IT's own evidence. The average tenure of a bargaining unit employee is 8.4 years. The average tenure of 8.4 years does not support the claim that once employed at IT, employees spend their career with this employer. If the Union's proposals were adopted, less than half the unit would have been eligible for even the lowest longevity reward. The Arbitrator should award IAM's proposal as one part of the Union's goal to provide needed compensation improvements for its members.

**C. The Employer**

The Employer proposes to maintain the current four-step salary schedule. According to the Employer, the Union's proposal is inconsistent with the parties' last interest arbitration, is not supported by comparable data, and is not justified by any legitimate operational reasons. The 1995 interest arbitration award reduced a 13-step wage scale to the current four-step salary schedule. The Employer submits it is inappropriate to reverse this approach by adding additional steps to the salary schedule.

The comparable data fails to support IAM's proposal for longevity pay. Only two of the five comparables offer longevity pay and those transit properties are located in Oregon. No other employee group at Intercity Transit receives longevity pay.

There is no business justification for adding longevity pay to the current wage scale. The turnover rate at IT is low. Over 40% of the bargaining unit, have been employed with Intercity Transit for ten or more years. The Arbitrator should reject the Union's proposal to add longevity steps to the wage scale.

**D. Discussion and Findings**

The Arbitrator holds the Union has not demonstrated a need for adding longevity steps to this contract. The Arbitrator agrees with the Employer that turnover is low and employees tend to remain employed at IT for considerable lengths of time. Therefore, I am persuaded there is no justification to add three longevity steps to the current salary schedule.

**AWARD**

The Arbitrator rejects the Union's proposal and finds the status quo should be continued in the 2007-2009 Collective Bargaining Agreement.

**IX. ISSUE 5: SHIFT DIFFERENTIAL**

**A. Background**

The 2004-2006 Collective Bargaining Agreement provides a premium for shift differentials. Employees are paid an additional \$0.50 per hour for the swing shift and \$0.60 for the graveyard shift. Both parties are proposing to increase the shift differential for the swing shift to \$0.60 per hour. IT would increase the graveyard shift differential to \$0.70 per hour while IAM's proposal is to increase the graveyard shift differential to \$1.50 per hour.

**B. The Union**

The Union maintains that its proposal for a \$1.50 per hour premium for the graveyard shift is reasonable and fair to employees who work this difficult period of time. IT's proposal to increase the graveyard premium by \$0.10 per hour is inadequate and unreasonable. The Arbitrator should award IAM's proposal as one way to obtain the Union's goal of overall compensation enhancement.

**C. The Employer**

The Employer takes the position that the Union's proposed premium increase of well over 100% from \$0.60 per hour to \$1.50 per hour is excessive and unjustified. The comparable data shows the median graveyard shift differential is \$0.75 per hour. The comparable data thus supports Intercity Transit's proposal rather than the Union's.

Moreover, employees in this bargaining unit are entitled to select their shifts based on seniority. The Employer does not assign employees to work the graveyard shift. Employees select the graveyard shift for personal reasons.

**D. Discussion and Findings**

The Arbitrator awards the parties' agreement of a \$0.10 per hour increase to the swing shift, which will provide a shift differential of \$0.60 per hour. I find the Union's proposal to increase the graveyard shift differential to \$1.50 per hour is excessive and unjustified. IT's comparable data shows the median graveyard shift differential is \$0.75 per hour. Therefore, I will award the graveyard shift differential shall be increased to \$0.75 per hour.

**AWARD**

The swing shift premium shall be increased to \$0.60 per hour and the graveyard shift differential shall be increased to \$0.75 per hour for the 2007-2009 Collective Bargaining Agreement.

**X. ISSUE 6: TEMPORARY ASSIGNMENTS**

**A. Background**

Article 17.6 provides for three types of premiums. When an employee works as a lead, the employee is compensated with a \$0.80 per hour premium. The same holds true when an employee works out of classification, they are paid a \$0.80 per hour premium. If an employee serves as an instructor, they are paid a \$0.50 per hour premium. The Employer would maintain the status quo. The Union proposed to improve the premiums for lead service to \$1.25 per hour and \$1.00 per hour for out of class pay. The Union withdrew its proposal for instructor pay.

**B. The Union**

The Union believes that its proposals represent a modest premium pay for unit employees who work out of class or serve as leads. The Union's proposal should be adopted as a method to provide a modicum of compensation relief for IT employees.

**C. The Employer**

The Arbitrator should reject the Union's proposal for \$1.25 per hour premium for leads on the ground that it would exceed the current rate by 56% and is higher than the premium paid by any of the comparable properties. In sharp contrast, the Employer's proposal to maintain the premium of \$0.80 per hour is 6.67% above the average lead premium paid by the comparables.

Regarding IAM's proposal to increase the working out of class premium, the evidence shows that the proposal is not supported by the comparables. Two of the comparables do not pay any working out of class premium. The Union's proposal does

not mirror any of the comparables, but simply seeks to increase the status quo by 25%. The current premium of \$0.80 per hour for working out of classification is fair and reasonable.

**D. Discussion and Findings**

Three of the comparables provide a premium for lead pay of \$1.00 per hour or more. The average compensation is \$0.75 per hour. The Arbitrator finds that a modest increase of \$0.10 per hour for the lead pay premium is justified to bring this premium closer to the top three comparators in the area of lead pay premiums.

The working out of classification premium should be similarly adjusted to \$0.90 per hour for an out of class assignment.

**AWARD**

Article 17.6 shall be adjusted to provide a \$0.90 per hour premium for employees temporarily assigned to work as a lead or temporarily assigned to work in a higher paid classification.

## **XI. ISSUE 7: VACATION ACCUMULATION**

### **A. Background**

Article 18.5.c allows employees to accrue vacation leave from year to year with a maximum accrual limit of 300 hours. The Union proposed that the 300-hour maximum that can be carried over from one year to the next be increased to 360 hours of accrued leave. The Employer would maintain the status quo of 300 hours of accrued vacation time that could be carried over to the next year.

### **B. The Union**

The IAM stated its proposal was justified for two primary reasons. First, the increase would amount to a small amelioration of the compensation gap. Second, the increase would be in keeping with the internal parity. ATU represented employees are allowed to carry over 360 hours of accrued vacation time.

### **C. The Employer**

The Employer takes the position that internal parity considerations do not dictate an increase in vacation accumulation. ATU-represented employees and non-represented employees are not eligible to receive compensatory time off. Thus, the Union's suggestion that an increase in vacation accumulation for IAM unit members is necessary to create internal parity fails. IT's proposal to maintain the status quo is competitive in relation to the five comparators.



**D. Discussion and Findings**

The Arbitrator holds the Union has failed to demonstrate a need to increase the amount of vacation time that can be carried over to the next year. The evidence shows not a single IT employee in this bargaining unit was eligible for the maximum vacation accrual. When the compensatory time off that is available to IAM-represented employees is combined with the amount of accrual time earned in the comparators, I am compelled to hold an additional amount of vacation time that can be carried over into the next year is not warranted.

**AWARD**

The Arbitrator awards the vacation accrual limit of 300 hours that can be carried over into the next year shall remain unchanged.

XII. ISSUE 8: SHIFT BIDDING

The Union's proposal on shift bidding was withdrawn.

Respectfully submitted,

A handwritten signature in black ink that reads "Gary L. Axon". The signature is written in a cursive style with a large initial "G".

Gary L. Axon  
Arbitrator

Dated: April 16, 2008