

**BEFORE THE NEUTRAL ARBITRATOR**

In the Matter of the Interest Arbitration Between	)	
	)	
City of Clyde Hill	)	<b>ARBITRATOR'S OPINION</b>
	)	<b>AND AWARD</b>
the City	)	
	)	
and	)	
	)	PERC No 26676-I-14-0661
Teamsters Local 763	)	
	)	
the Union	)	
	)	

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**Partisan Arbitrators**  
 Otto Klein (City Appointed)  
 Tim Sullivan (Union Appointed)

**Neutral Arbitrator:**  
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Date of Award: October 5, 2015

## WITNESS LIST

### **For the City**

Mitch Wasserman, City Administrator

Cabot Dow, Labor Relations Consultant

Carol Wilmes, Director of Member Pooling Programs, Association of Washington Cities

### **For the Union:**

Nathan Cobrea, Clyde Hill Police Officer and Shop Steward

Craig Teschlog, Clyde Hill Police Officer

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## I. PROCEEDINGS

This arbitration concerns the open terms of a Collective Bargaining Agreement (starting January 1, 2013) between the City of Clyde Hill, Washington (the Employer or City) and the Teamsters Local 763 (Union). The Union represents a bargaining unit of uniformed, commissioned police officers. The parties reached an impasse on various issues and pursuant to RCW 41.56.450, the Public Employment Relations Commission (PERC) certified those issues for interest arbitration. The parties submitted the disputed terms to neutral Arbitrator Jane R. Wilkinson for resolution. The parties, pursuant to RCW 41.56.450, appointed Otto Klein and Tim Sullivan as partisan arbitrators. The neutral Arbitrator conducted evidentiary hearings, in Clyde Hill, Washington, on May 28 and 29, 2015, and again on June 16, 2015. Each party had the opportunity to present evidence, examine and cross-examine witnesses and argue its case. The parties post-hearing briefs were dated and emailed August 21, 2015, which is deemed the closing date of hearing.<sup>1</sup>

RCW 41.56.030(13)(a), read in conjunction with RCW 41.56.430 and .450, states that unresolved disputes concerning the terms and conditions of a collective bargaining agreement must be settled by interest arbitration when the affected bargaining unit is composed of: " (a) Law enforcement officers as defined in RCW 41.26.030 employed by the governing body of any city or town with a population of two thousand five hundred or more ...." RCW 41.56.450 specifies the powers and duties of the interest arbitrator or panel, who may consider only the issues certified by PERC's executive director. RCW 41.56.450 states that the arbitration determination "shall be final and binding upon both parties, subject to review by the superior court upon the application of either party solely upon the question of whether the decision of the panel was arbitrary or capricious."

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<sup>1</sup> The parties waived the 30-day deadline for an award and stipulated to a due date of October 5, 2015. This gave the neutral Arbitrator time to circulate the award to the Partisan Arbitrators, receive their comments back, and revise the award as indicated by their comments.

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

(1) In making its determination, the panel shall be mindful of the legislative purpose enumerated in RCW 41.56.430 and, as additional standards or guidelines to aid it in reaching a decision, the panel shall consider:

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

(b) Stipulations of the parties;

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

(d) Changes in any of the circumstances under (a) through (c) of this subsection during the pendency of the proceedings; and

(e) Such other factors, not confined to the factors under (a) through (d) 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) [sic] (a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a City with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.

(2) For employees listed in RCW 41.56.030(7)[sic] (a) through (d), the panel shall also consider a 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.

....

\*[Code] Revisor's note: "RCW 41.56.030 was alphabetized pursuant to RCW 1.08.015(2)(k), changing subsection (7) to subsection (14). RCW 41.56.030 was subsequently amended by 2011 1st sp.s. c 21 § 11, changing subsection (14) to subsection (13)" Thus, the references above to RCW 41.56.030(7)(a) should actually be to RCW 41.56.030(13)(a), which pertains to law enforcement officers.

"Such other factors" referenced in RCW 41.56.465(e) typically includes turnover, the fiscal health of the employer, general economic considerations, and considerations relating to internal parity or equity. The statute does not specify the relative weight to be assigned to each enumerated consideration nor how they are to be measured. These matters are left to the discretion of the arbitrator. I have kept in mind all of the statutory considerations set forth above, whether or not specifically articulated in this opinion.

## **II. OVERVIEW OF CITY OF CLYDE HILL AND ITS POLICE DEPARTMENT**

### **A. Services and Jurisdiction**

The City of Clyde Hill's size is about one square mile. It is an affluent Seattle/Bellevue suburban community comprising primarily single family residences. Only two properties are zoned commercial: a gas station and a coffee shop. It has four schools (part of the Bellevue School District) and a small governmental zone.

Clyde Hill (population about 3000) provides police services within the City's boundaries and to the adjacent Town of Yarrow Point (population 1000). Yarrow Point accounts for about 25% of the police resources and workload and it pays accordingly. The City employs about 17 full - time and a few part-time employees. The City provides a number of typical city services and contracts with adjacent jurisdictions for other services. The City's crime rate is low. There are ten employees in the police department and six members of the police bargaining unit.

### **B. City Finances**

The City receives about 52% of its revenue from property taxes (29%) and utility taxes (23%). Because there is almost no retail, its sales tax revenue is relatively small and comes from new construction and remodeling. Revenues from sales taxes and development comprise 25% of its revenues. The remaining revenue sources are "intergovernmental" at 12% and "everything else" at 12%. Under Washington law, increased property tax levies are limited to 1% annually (without going to the voters). The City presented evidence that as a result, changes in assessed valuations do not have much of an effect on revenues. All of the City's boundaries are attached to another municipality so there is no opportunity for growth through annexation.

According to the City, in 2015, the statutorily permitted (without voter approval) 1% tax increase brought in a little over \$8,000. This was sufficient to balance the budget, and the City decided not to ask the voters for an additional levy.

On the expense side, the city budgeted about \$3.2 million for 2015. This amount was roughly the same in 2014. The police department operating budget for 2015 is about 44% of the total.

The City maintains a reserve of \$3.18 million as of April 30, 2015. The reserve is almost as large as the budget. This large reserve is intended to cushion the City during recessions.

### **III. PARTIES' PROPOSALS, ARGUMENTS, DISCUSSION AND AWARD**

The parties' proposals on the outstanding issues and my review and award thereon are in the following sections of this document. I will first address the selection of comparable jurisdictions. Following that, I will discuss the dispute over the length of the new Collective Bargaining Agreement, followed by a discussion of wages (including longevity). The wage analysis will begin with a review of the other statutory criteria. Next, this award will address the issues concerning health care costs and plans. I will finish with an analysis and award on the vacation accrual issue.

#### **A. Selection of Comparable Jurisdiction**

The City proposes the following cities as comparable jurisdictions: Buckley, Black Diamond, Medina, Algona, Brier, Normandy Park, and Fircrest.

The Union proposes: Black Diamond, Medina, Normandy Park, Gig Harbor, Fircrest, Duvall, and Pacific.

Thus the following jurisdictions are in common: Black Diamond, Medina, Normandy Park and Fircrest.

These are disputed: Buckley, Algona, Brier, Gig Harbor, Duvall, and Pacific.

In its hearing presentation, the City noted that eleven interest arbitration awards since 1997 involving small cities have emphasized population and geographic proximity. The City's proposed comparables similarly reflect population and geographic proximity. The City started with a plus or minus 50% population screen and produced four comparables (Buckley, Black

Diamond, Medina/Hunts Point and Algona). It then decided to accept two comparables (Normandy Park and Fircrest) proposed by the Union, and added one regional small urban city (Brier) whose population was within the range of the others.

The City notes that using assessed valuation as a selection criterion in this case is problematic. Because of the 1% levy lid, the actual revenue received by these small jurisdictions from property taxes bears little or no relationship to the amount of assessed valuation. The City also notes that its property tax revenues relative to assessed valuation are the lowest among all proposed comparables. It asserts that this is because it can garner very little property tax revenues from new development. It is a small city in a surrounding urban area with no land for development or annexation. It also receives relatively low sales tax revenues because there are only two small retail businesses inside its boundaries. Its sales tax revenue sources are new construction and remodeling, which tend to be cyclical. The City maintains that the number of city employees and the number of police department employees are, however, important metrics.

According to the Union's argument, the key data points for selecting comparables should be population, assessed valuation, per capita assessed valuation, per capita income, and property and sales tax values.

Regarding population, and citing four of this arbitrator's prior awards, along with one each penned by arbitrators Alan Krebs and Janet Gaunt, the Union maintains that a symmetrical population screen should be 50 to 200 percent of the subject jurisdiction's population and assessed valuation. It notes that with respect to assessed valuation, the City's urban affluence makes it relatively unique among small cities. Based on its screening, the Union proposes to add Duvall, Gig Harbor, and Pacific to the list of four comparable jurisdictions that the parties have in common.

The Union urges the Arbitrator to give particular weight to adjacent Medina as a comparable jurisdiction to Clyde Hill. Importantly, both parties have proposed Medina as a

comparable because of the two jurisdictions' similar affluence, geographical location, population, service area and staffing levels.

Both parties accuse the other of promoting self-serving comparable jurisdictions (beyond the four cities about which they are in agreement).

The selection and usage of comparable jurisdictions can vary a great deal from case to case; there is no set formula. Every jurisdiction has unique characteristics that cannot be easily matched elsewhere. Sometimes only a handful of comparables are suitable. Other times, a larger number works best.

The City of Clyde Hill is unusual because it is a small, affluent, residential enclave surrounded on three sides by the City of Bellevue, which is a large metropolitan center in its own right located in the greater Seattle metropolitan area. The City is nearly 100% residential and in that respect differs from many of the small cities mentioned in this proceeding as possible comparables.

The parties believe that four comparables are not sufficient. I do not necessarily agree. Sometimes additional comparables have characteristics that make them unsuitable for use for comparison purposes. Each of the proposed comparables in this dispute has drawbacks. However, I am troubled by the City of Black Diamond's presence on the list of stipulated comparable jurisdictions. Black Diamond's pay is very high relative to both the agreed-upon and disputed comparables. It is an outlier and that fact needs to be considered. I will lessen (but not ignore) the impact of that jurisdiction on my wage analysis by considering median pay along with the more customary average pay. Yet, even from the perspective of median pay, Black Diamond has an exaggerated effect. Thus, to counter Black Diamond's impact further, I have decided that including one more comparable jurisdiction is appropriate. I have selected the City of Brier as the additional comparator. Brier serves about 57% more people than Clyde Hill.<sup>2</sup>

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<sup>2</sup> I am applying a jurisdiction's service area to the population screen. Clyde Hill and Medina both have a contract to service adjacent, even smaller, communities.-



Brier has some similar demographic characteristics to Clyde Hill, since it is a residential community located in a greater Seattle urban setting. This is important, in my opinion and distinguishes it from the other proposed comparables. In addition, its per capita income is higher than the other disputed comparables, except for Gig Harbor (which is rather large, has commercial centers, and is really a satellite of Tacoma, not Seattle).

Accordingly, I will be using Black Diamond, Brier, Fircrest, Medina and Normandy Park as comparable jurisdictions in this proceeding.<sup>3</sup>

## **B. Term of Agreement**

### **1. Parties Proposals and Arguments**

The City proposes extending the new Collective Bargaining Agreement to five years, so that it expires at the end of 2017. The Union proposes a three-year agreement, which will expire at the end of 2015.

The City maintains that extending the contract for 27 months beyond the interest arbitration award date will allow for a reasonable period for the contract to be in effect before the negotiation of a successor agreement begins. Although typically contracts between the City and this bargaining group are for three years, current police contracts in the comparison cities advocated by the City run 22 to 42 months after signing until expiration. The City further argues that the parties also need a break from collective bargaining and time to gain experience with their new contract after the arbitration decision.

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<sup>3</sup> After reviewing my draft award, the Employer's Partisan Arbitrator, Otto Klein, urged me to adopt two more comparable jurisdictions. He suggested one from each party's list (such as Pacific and Algona). He was concerned about the outsized impact both Black Diamond and Medina have on comparable averages. As an alternative, he urged me to consider only median figures. I decline this invitation on both options. I do not believe more comparables are needed because I am unwilling to treat Medina as an outlier. I am considering the median comparable pay in my total compensation analysis (which appears below) because Black Diamond is an outlier. Although Medina also pays very well, it has more demographic similarity to Clyde Hill than any other comparable jurisdiction. The governing statute requires me to consider the compensation paid by "like employers of similar size." RCW 41.56.465(2). Therefore, I will consider the average pay of the comparable jurisdictions identified here and in my draft award, as well as the median pay.

The Union points out that, with the exception of a single one-year bridge contract, the parties have had three-year contract terms since at least 1997. There is no reason to deviate from the parties' historic practice for three-year contracts, the Union maintains.

The Union further contends that a three-year contract makes sense because of the evolving health insurance options, the Cadillac Tax on certain healthy care plans coming in 2018, the steadily improving job market that is creating increased competition for experienced officers, and the rapidly growing tax revenues that the Employer is enjoying. Awarding a three-year contract gives both parties a cool down period and then they can re-evaluate the economy and health insurance before earnestly working toward a successor CBA. A five-year term would reward the Employer's efforts to stall and delay bargaining.

Lastly, according to the Union, awarding a three year contract conforms to the comparators' contracts' duration. Within both parties' proposed comparators, eight out of ten cities have three year contracts and none exceed four years.

## **2. Discussion and Award on Duration**

Both sides have advanced reasonable positions. The Union's position is supported by past practice and by comparable data, which gives the Union's position the edge. Three-year contracts are fairly typical, in my experience. Although there are good reasons to have a longer duration, I would prefer to see such a term negotiated, rather than imposed in interest arbitration.

My draft award to the Partisan Arbitrators imposed a three-year agreement. Otto Klein, the Employer's Arbitrator, suggested a compromise of four years, with the same CPI escalator awarded in the draft for the first three years. Tim Sullivan, the Union's Arbitrator, stated he concurred, so long as it was clear that a four-year term was not precedent setting.

Accordingly, the duration of this contract will be four years. However, this is awarded with the understanding that establishing a four-year term is not intended to set a precedent for future collective bargaining agreements.

## C. Wages, Including the Union's Longevity Proposal

### 1. Proposals

The parties' pay proposals are shown in the next table:

**Table 1**

Year	Union Proposed Increases* <sup>4</sup>	City Proposed Increases
2013	100% CPI-W (2.7%)	2%
2014	100% CPI-W (1.2%)	1.08% (90% CPI-W)
2015	100% CPI-W (2.2%)	1.98% (90% CPI-W)
2016	new contract	90% CPI-W
2017	new contract	90% CPI-W

\* The Union also seeks a 1% floor and 4% ceiling on the CPI-based pay increase.

In addition, the Union proposes adding longevity pay to the salary schedule as shown next on Table 2. The City opposes this proposal.

**Table 2**

No. Yrs Service	Percent Wage Increase
8	2%
12	4%
16	6%

The following table shows each bargaining unit member's seniority and the longevity pay that person would receive with the Union's proposal:

**Table 4**

Officer name	Seniority (Years)	% Pay Increase
Craig Teschlog	12	4%
Nathan Cobrea	10	2%
Michael Cox	9	2%
Eric Anderson	8	2%
John Lallas	3	0%
Dawn Simpson	1	0%

The Union's longevity pay proposal is the equivalent in cost to about a 1.7% across the board wage increase. (This figure is a simple average.)

<sup>4</sup> The Union's 14-day proposal was to maintain the status quo from the previous contract. Although not clear from a review of prior Collective Bargaining Agreements, the parties are in apparent agreement that this means the Union is proposing 100% CPI-W escalators for each year of the agreement.

## **2. Analysis Pursuant to the Pertinent Statutory Considerations**

### **a. Analysis of Comparables; Total Compensation**

RCW 41.56.465(2) requires: "... a 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." A comparison of base wages alone is not adequate, in my opinion, and I will dispense with that analysis here. Rather, the preferred analysis is based on total compensation, and that includes longevity pay, education incentive pay and paid time off.

#### **(1) Longevity, Education and the City's Career Development Plan**

Longevity pay usually is quite straightforward. In the typical collective bargaining agreement, it is designated as a percentage of base wage and kicks in, sometimes in steps, after specified years of service. Educational incentive pay is problematic because not every bargaining unit member automatically (at some point) earns this benefit, particularly at the B.A./B.S. level. I am most comfortable considering educational incentive pay at the A.A./A.S. level for purposes of analysis. An A.A./A.S. degree is more attainable by all members of a commissioned law enforcement work force.

Clyde Hill's Career Development Program (CDP) complicates the analysis. It is a program that combines longevity, police skills' training, and advanced degrees. The evidence was that the skills' training component is available to all officers who elect to make use of it. All officers can obtain the longevity component merely by remaining with the job. Those who wish to pursue an advanced degree, however, must obtain that on their own, at their own expense. The following chart attempts to show how Clyde Hill's CDP works:<sup>5</sup>

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<sup>5</sup> An additional requirement is that the officers must receive at least adequate performance appraisals.

**Table 4**

<b>Program Step (Position)</b>	<b>Incentive Pay</b>	<b>Min. Yrs Service</b> (from entry level, post-probation)	<b>Min. Degree Required</b>	<b>HrsSkills Training</b> (in designated subjects)	<b>Additional</b>
Adv Off I	2%	2	none	120	
Adv Off II	3%	2	A.A./A.S.	120	
Senior Off	4%	4	? <sup>6</sup>	40	
Corporal I	5%	4	A.A./A.S.	40	Must be FTO
Corporal II	6%	4	B.A./B.S	40	Must be FTO

The evidence was that only one bargaining unit member is receiving the 6% pay premium. The Union is concerned with the inclusion of CDP pay in a compensation analysis because it has three integrated requirements, whereas the comparables' longevity and educational incentive pay typically has only one. Thus, a zero to two-year Clyde Hill employee with an advanced degree, even a B.A./B.S., will receive no incentive pay. A long-term officer without an advanced degree will receive no incentive pay, despite his or her longevity. The hours of additional skills training is also a prerequisite, although the Union did not appear to dispute the City's evidence that this training is readily available.

The City believes the CDP pay should be included in a compensation analysis. In my opinion, the City's position is reasonable. One component of CDP pay (longevity) is automatically acquired by tenure. The second, police skills training, is readily available to all bargaining unit members. The third, an advanced degree, will require time, money and effort on the part of the officer. The officer who eschews even an A.A./A.S. degree forfeits what he or she could get with longevity and skills training. It's a steep price to pay and it behooves the employee to pursue such a degree. Thus, one would expect all bargaining unit members who seek better pay to satisfy at least the lowest level degree requirement for the incentive pay that corresponds to their longevity.

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<sup>6</sup> This is unclear. The most recent Collective Bargaining Agreement does not contain a clause specifying the minimum advanced degree for the Senior Police Officer. An A.A./A.S. degree is required in order to receive the CDP premium pay for the level below a Senior Police Officer, however.

**(2) Other Elements of Total Compensation: Flexible Benefits, Merit Pay, Other Incentive Pay**

The City contends that its substantial contribution (over \$660 monthly going into the contract) to the cafeteria plan should be included as total compensation. The Union disagrees.

This is an issue I struggled with. The City's flexible benefit plan can be used for spousal medical and dental coverage, or not, at the option of the employee. If the employee opts out of spousal coverage, he or she can receive and use an equivalent cash contribution for other purposes. (Among the comparables, only Medina offers a flexible benefit plan; Article 9.4 of its contract gives an employee 50% of the savings achieved by opting out of spousal and dependent coverage.) Comparable jurisdictions without a flexible benefit plan offer spousal medical and dental coverage on a take-it-or-leave-it basis. Unmarried employees, for instance, cost their employers less and they cannot enjoy some or all of that savings. But with a flexible benefit plan, an unmarried employee, or an employee whose spouse has good coverage elsewhere, can decline the spousal benefit and use the equivalent employer contribution for something else.

Although the record shows that only one member of the Clyde Hill bargaining unit uses the flexible benefit contribution for spousal coverage, I don't know whether a similar number of bargaining unit members in comparable jurisdictions decline spousal coverage. I find it somewhat doubtful, because I would surmise that unless a spouse has a Cadillac plan of his or her own, the bargaining unit spouses would elect to have dual coverage. In any event, given the small size of these bargaining units, I cannot make any assumptions. Therefore, I am electing not to include the Clyde Hill flexible benefit plan payment as a separate compensation item, but I am keeping it in mind when I formulate the final wage/longevity award. It is not an insignificant item.

One comparable jurisdiction, Medina, offers merit pay plan. Medina bargaining unit members enjoy a whopping 5% to 10% of base salary in merit pay. The evidence was that most

bargaining unit members receive this pay, though not all at the maximum 10% (some receive 5%). I have elected not to include this pay as an item of Medina's total compensation although I have kept in mind that doing so would have a significant effect on the comparable average (but not the median). I am not including the pay because of the uncertainty around exactly what is paid out.

This analysis does not include premium pay for serving as a field training officer, officer in charge, detective and the like because that pay is not available to most or all bargaining unit members in any police jurisdiction. I note, however, that all the comparables offer premium pay for at least some add-on duties, but Clyde Hill does not.

In conclusion, my best guess as to the effect all of the above difficult-to-quantify considerations would be to bolster the bargaining unit's position relative to the comparable average and median by more than a nominal amount. In other words, the benefit to bargaining unit members of the cafeteria plan probably outweighs a consideration of Medina's merit pay and of comparables' premium pay for certain special duties. I am keeping that effect in mind when formulating my final wage award.

### **(3) Analysis**

The following table sets forth my analysis of the total compensation paid by the designated comparable jurisdictions and that paid by the City of Clyde Hill. The year for analysis of the comparable jurisdictions is 2013, the first year of the Collective Bargaining Agreement at issue, but the information on Clyde Hill is for 2012. I structure the analysis that way in order to easily see the "catch up" (if any) in pay bargaining unit members need to reach the average and median pay of the comparable jurisdictions. The benchmark used is a police officer employed for 10 years with an A.A./A.S. degree.

**Table 5**

<b>City (2013)</b>	<b>Base Monthly</b>	<b>Longevity</b>	<b>Educ. - A.A./A.S</b>	<b>Hours/year less paid time off</b>	<b>Net Hourly</b>
Black Diamond	\$ 7223	\$ 0	\$144	1826	\$48.42
Brier	\$ 5564	\$ 20	\$ 75	1840	\$36.91
Fircrest	\$ 5882	\$176 (3%)	\$ 50	1810	\$40.49
Medina	\$ 6189	\$248 (4%)	\$ 186	1800	\$44.15
Normandy Park	\$ 5792	\$116 (2%)	\$ 0	1836	\$38.61
				Average	\$41.72
				Median	\$40.49
<b>2012</b>					
Clyde Hill	\$ 5942	\$297 (5%)		1840	\$41.79
		Clyde Hill 2012 to 2013 average			+0.17%
		Clyde Hill 2012 to 2013 median			+3.11%

This information shows that going into this contract period, bargaining unit 2012 wages were right at about the average of the comparable jurisdictions and were over 3% above the median.<sup>7</sup>

**b. Cost of Living Considerations**

The City presented evidence that wage growth has significantly outpaced the changes in the CPI (Seattle area, CPI-W) since at least 2000. For the past 10 years, the bargaining unit wage growth has exceeded changes in the CPI-W by 20%, according to the City's evidence. Thus, the evidence shows that bargaining unit wages have kept up and even outpaced changes in the CPI over time.

The following table shows the actual changes in the CPI-W index (June-June) since 2011-2012. (CPI-based calendar year wage increases for Clyde Hill, as is typical, are based on the previous June - June index published by the Department of Labor's Bureau of Labor Statistics).

<sup>7</sup> There was some confusion in the record as to whether the CDP's incentive was 4% or 5% at the 10-year mark. In the draft award I circulated to the Partisan Arbitrators, I used 4%. The Employer's arbitrator corrected this, stating the figure should be 5%, and the Union's arbitrator agreed. The correction of this error had a material impact on my wage analysis.



**Table 6<sup>8</sup>**

<b>Year (June-June)</b>	<b>Change</b>
2011-2012	2.7%
2012-2013	1.2%
2013-2014	2.2%
2014-2015	1.1%

The Union notes that the City has historically based cost of living increases on 100% of the previous June-published CPI index. The Union opposes the City's proposal to switch to 90% of the CPI. The City's labor negotiator, Cabot Dow, explained that the City proposes to switch to 90% of the CPI because 1) wage increases have outpaced the CPI, 2) it has historically and generally paid for most medical costs - and will continue doing so; and 3) medical costs will continue to rise significantly and is a component of the CPI, so a 100% matching is double weighting this factor, 4) many other bargaining units use 90% of the CPI and 5) the CPI indices arguably have an upward bias.

I will address the CPI formula in my wage award, below.

**c. "Such Other Factors"**

**(1) City's Fiscal Health**

The City does not claim that it lacks the ability to pay more than what it offered. However, it believes that prudent fiscal management supports its offer with respect to wages. The Union charges that the City could tap additional funds by seeking property tax increases, which it has not done. It also could fund increases with its huge reserves. The Union contends (with supporting documentation, see, Exh. U-9.1) that even when compared with the City's proposed comparables, Clyde' Hill's tax rate is far below the average.

It is true that the City maintains very large reserves - reserves almost equal to its annual budget. Its property tax revenues relative to assessed valuation, when compared to the

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<sup>8</sup> The 2015-2016 CPI based escalator was obtained from the Bureau of Labor Statistics website. That information was not available at the time of the hearings.

comparable jurisdictions, tell me that the City has not been at all aggressive about seeking revenue increases through its power of taxation. The evidence is convincing that the City has the ability to pay higher wages/total compensation than it is offering. Of course, an award should be fiscally prudent and otherwise justified by the statutory considerations.

## **(2) Retention**

Both parties presented evidence that since 2008, three employees have left the department. One or two left to join the Tukwila Police Department, and one or two others (of the three) left policing altogether.<sup>9</sup> The City maintains it does not have a retention issue; the Union disagrees.

In the Arbitrator's opinion, it is difficult to form a conclusion because of the very small size of the bargaining unit. A turnover of three in a six-person bargaining unit is a relatively large 50%. One officer who went to Tukwila may have left because of pay. However, it would not be unexpected for an ambitious police officer in a very small urban city to join a larger area agency for increased pay and/or a faster-paced environment (a reason that the Union's witness attributed to both officers who allegedly went to Tukwila). Further, the evidence went back to 2008, so this turnover occurred over a multiple-year period. In sum, the evidence does not convince me that the City has a retention issue related to pay.

## **3. Arbitrator's Wage and Longevity Award**

### **a. 2013 Wage**

The analysis above of comparable jurisdictions is the key consideration in this pay award. None of the other statutory considerations are of a nature in this case to be accorded as much weight as comparability. The above comparable analysis shows the bargaining unit's 2012 total compensation was slightly over the comparable average and over three percentage points above the median.

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<sup>9</sup> The Union's witness testified that two of the three officers went to Tukwila, and the third left for unspecified reasons. The City's exhibit, Exh. E-1.12, states that one officer went to Tukwila's SWAT team and two others left policing altogether.

In my view, the Union's proposal for a 2.7% wage increase for the first year of the Collective Bargaining Agreement is a reasonable one. With a 2.7% wage increase, the comparable total compensation figure would be as follows:

**Table 7**

City (2013)	Base Monthly	Longevity	Educ. - A.A./A.S	Hours/year less paid time off	Net Hourly
Black Diamond	\$ 7223	\$ 0	\$144	1826	\$48.42
Brier	\$ 5564	\$ 20	\$ 75	1840	\$36.91
Fircrest	\$ 5882	\$176 (3%)	\$ 50	1810	\$40.49
Medina	\$ 6189	\$248 (4%)	\$ 186	1800	\$44.15
Normandy Park	\$ 5792	\$116 (2%)	\$ 0	1836	\$38.61
				Average	\$41.72
				Median	\$40.49
Add 2.7% to 2012					
Clyde Hill	\$ 6102	\$305 (5%)		1840	\$42.92
				Clyde Hill to average (2013)	+2.8%
				Clyde Hill to median (2013)	+5.7%

This 2.7% increase continues to place the bargaining unit in a healthy above average position, which is where it should be considering its demographics. A 2.7% increase for 2013 will place the bargaining unit at a very comfortable level above the median.

As far as ranking goes, the comparables would stack up as follows:

**Table 8**

City (2013)	Net Hourly	Rank
Black Diamond	\$48.42	1
Brier	\$36.91	6
Fircrest	\$40.49	4
Medina	\$44.15	2
Normandy Park	\$38.61	5
<b>2013 w/ 2.7%</b>		
Clyde Hill	\$42.92	3

The City endeavors to place the bargaining unit in third place, behind Black Diamond and Medina. A 2.7% wage award for 2013 does that.

The Union also seeks a longevity schedule as set forth previously. This would be in addition to and separate from the longevity bonus built into the City's Career Development Plan. I will not consider this separately from the base wage issue because longevity pay is part and parcel of total compensation. It's simply a question of how one divides the pie.

I have decided not to grant the Union's longevity proposal. A 2.7% increase places the bargaining unit comfortably above the comparables' average pay and well ahead of the median. The "difficult to quantify" factors discussed previously, when balanced out, give the bargaining unit an additional edge. I believe a 2.7% base wage increase is appropriate and additional longevity pay is not warranted.<sup>10</sup> **2014-2016 Wages**

For the succeeding years of the Collective Bargaining Agreement, the Union proposes to maintain the status quo of having annual increases equivalent to 100% of the CPI-W (Seattle-Tacoma-Bremerton). The City proposes to change prior agreements' CPI escalation formula to 90% of the same index.

The City's reasons, set forth previously, are good ones. All else being equal, I would award the City's formula. However, I am rejecting that position here for two reasons:

1. Comparator wage increases for 2014 and 2015 averaged a cumulative 3.66%, while an escalator of 100% CPI-W amounts to even less, 3.4%. (Again, there was an outlier with respect to these percentage increases, but in this case it was Medina, not Black Diamond.)

Specifically, the comparable jurisdictions increases were as follows:

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<sup>10</sup> In the draft award I sent to the Partisan Arbitrators, I included a modest longevity premium. However, the error pointed out to me with respect to the Career Development Plan bonus (5% versus 4%) in the draft award was significant. A recalculation using the correct figure produces a result that obviates the earlier rationale for an add-on longevity bonus.

**Table 9**

<b>City</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2 yr cumul.</b>	<b>3 yr cumul.</b>
Black Diamond	3.00%	3.00%	0.00%	6.00%	6.00%
Brier	2.70%	1.10%	2.00%	3.10%	5.80%
Fircrest	2.90%	1.40%	1.20%	2.60%	5.50%
Medina	2.60%	2.60%	3.00%	5.60%	8.20%
Normandy Park	1.50%	2.00%	2.00%	4.00%	5.50%
<b>Average</b>	<b>2.54%</b>	<b>2.02%</b>	<b>1.64%</b>	<b>4.26%</b>	<b>6.20%</b>
<b>Median</b>	<b>2.70%</b>	<b>2.00%</b>	<b>2.00%</b>	<b>4.00%</b>	<b>5.80%</b>

The two-year CPI-W cumulative total (which is the same as this wage award for 2014 and 2015) is 3.4%. The three-year total (which also is the same as this wage award) is 6.1%.

2. According to Exh. U-40, all other City employees received a 1.2% increase for 2014 and a 2.2% increase for 2015. These increases are equivalent to 100% of the change in the relevant CPI. See, Table 6, *supra*.

Looking at the comparable jurisdictions' escalation formulae, no pattern emerges. Two cities, Medina and Normandy Park, have negotiated escalators not tied to the CPI. Black Diamond's contract contained an 80% CPI escalator for two years, but it also had a minimum increase of 3%. Brier's escalator is tied to 90% of the CPI while Fircrest's is at 100%.

Although a close question, I have decided to award a CPI-based escalator of 100% for each of the final three years of the new contract.

#### **D. Health Care**

##### **1. Background**

The City has long provided all of its employees with a flexible benefits plan, also known as a cafeteria plan. It is funded by both the City and its employees.

All City employees are enrolled in the same medical plan, which is the Association of Washington Cities' (AWC) highest benefit HealthFirst Plan, with the exception of two city employees who are in a Group Health \$10 Deductible Plan. All City employees have the same opportunities under its cafeteria plan.

Currently the City pays 100% of medical premiums for bargaining unit members and their dependents, but it does not automatically pay the premiums for spouses of bargaining unit members. This is where the cafeteria plan comes in. The status quo requires the City to pay an amount into the cafeteria plan that is equivalent to 100% of the spousal premium under the AWC HealthFirst Plan, plus a dental premium. The expired Collective Bargaining Agreement caps the Employer's annual increase to that contribution at 15%. For 2015, the spousal medical premium has been \$690.12 monthly or \$8281 per year.<sup>11</sup> The current dental premium is \$41.84. Because this monthly benefit is flexible, an employee can elect not to use it to pay spousal premiums. The employee has other options for its use, including payment of health care out-of-pocket costs, deferred compensation, or simple cash back.

The City presented evidence that the AWC will be terminating the HealthFirst plan prior to 2018 because it will be subject to the Affordable Care Act's excise tax ("Cadillac tax") in 2018. After 2018, the AWC will continue to offer a HealthFirst 250 plan (referred to here as the AWC 250 plan), a HealthFirst 500 Plan, and a high deductible plan. The AWC probably will design other plans in the future. When the AWC discontinues the HealthFirst plan, it will automatically transition all employees currently on the premium plans to the AWC 250 plan or an equivalent Group Health plan. The benefits under these plans are somewhat inferior to the premium plans currently offered.

A City witness from the AWC (Carol Wilmes) testified that the AWC calculates that over the past ten years, rate increases across industry lines have been three to five times the changes in the consumer price index. AWC rate increases, however, have been on average, about 2% below this industry trend. Nevertheless, the AWC has not been immune to these steep rate increases. It should be noted, however, that the HealthFirst plan premium increase for 2014 was zero because the AWC became self insured that year. Ms. Wilmes testified that the AWC is

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<sup>11</sup> It is the Arbitrator's understanding that the City, in maintaining the status quo ante, since January 1, 2013, has been paying only the last rate from the expired contract, which is about \$8000 per year.

projecting about a 5% rate increase to employers for the HealthFirst plan for 2016 and 7% increase in 2017. In 2018 employers will transition to other plans, thus lowering their increases to about 4%. She added that Group Health rates are on a higher trend line.

## **2. Proposals**

The City proposes amending Article XII to make the following changes to the current contract language:

- Reduce the City's contribution to employee and dependant (not including spouse) premiums from 100% to 90% and eliminate current contract language capping its annual increase in contributions to 15%.
- Allow it to discontinue offering the AWC HealthFirst Plan and substitute another plan or plans in its place (presumably the AWC 250 Plan), which will have somewhat lower benefits.
- Cap its contribution to the cafeteria plan at \$8000 per year (which works out to \$666.67 monthly).
- Require these changes to take effect prospectively a month after the Arbitrator's award.

The City proposes no changes to dental, vision, disability or life/accident insurance coverage

The Union opposes any change to the current contract language.

## **3. Arguments of Parties**

### **a. City's argument**

The City's proposal is intended to reduce the "out of control" medical insurance premium increases, maintain employee flexibility, and maintain internal equity among all City employees. Internal equity was the goal when the City adopted a flexible benefit (cafeteria) plan in 1992 that is unique (at least among most comparison cities)

Regarding escalating costs, the City asserts that between 2001 and 2012, medical insurance premium costs to the City increased 139.4%, in comparison to cumulative wage increases over the same period of time of 49.6% and CPI increases of only 35.2%.

Citing Exh. E-2.7.2, the City posits that its flexible benefit plan provides Clyde Hill police

officers with a greater health care contribution from their employer than they would receive if they worked at any of the comparable cities. The flexible benefit plan provides a vehicle for employees to pay their spousal premium share and out of pocket costs with tax free dollars.<sup>12</sup>

The current AWC HealthFirst Plan (and Group Health \$10 co-pay plan) will end as of January 1, 2018, due to the Affordable Care Act excise tax. The City's proposal allows the City some control in the timing of the required plan change and for employees to take advantage of the AWC 250 plan now. It plans to transition all City employees to the AWC 250 plan soon; moving them all at the same time makes sense. The AWC 250 plan is currently the next best plan offered by the AWC Trust. Its benefits are generally equivalent, except for higher deductible and out of pocket costs to the employee when obtaining non-preventive care services.

According to the Employer, Exh. E-3.9 shows that all but one of Clyde Hill's proposed comparison cities require an employee contribution to premiums: the range is from 8.8% to 19.7%. Many interest arbitrators in Washington have recognized that the days of the fully employer-paid health care plan are gone (citing a prior decision of this Arbitrator).

The Employer complains that the Union seeks wage increases but offers no solution to escalating health care costs and the impending demise of the current plan. Contrary to the Union's assertions, and as illustrated by Exh. E-3-10, Officer Cobrea is not a poster child for unfairness.

#### **b. Union Argument**

The Union contends that its position is reasonable and supported by comparables. Furthermore, the Employer's argument that changing to the AWC 250 plan will help contain costs is without merit. The parties know exactly what the insurance premium rates were in 2013-

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<sup>12</sup> The City also asserts that moving to the AWC's 250 Plan will postpone any spousal premium sharing by maintaining a cushion between the \$8,000 City contribution cap and the amount of the spousal premium payment for any employees choosing to pay the spousal premium from the City's flexible benefit plan contribution.



15 (the increases were not high) and the Employer's witness testified that the rates set for 2016 and 2017 are stable and will be reasonable.

Citing Exh. U-29 and several other exhibits, the Union's asserts its position on benefits has comparable jurisdiction support. Notably, nearly all of the comparators (proposed by both parties) have the same AWC Health First plan. And importantly, the majority of Union proposed comparators provide 100 percent Employer paid health insurance for employees. Although Normandy Park officers have the AWC 250 Plan, the employer pays 100 percent for full family coverage.

Citing Exh. U-30, at 7, the Union posits that the Employer's monthly contribution of \$1,940 per month for full family coverage is three percent from the \$1,880.33 Union comparator average. The Employer monthly contribution for officer only coverage (\$666) also is within three percent of the \$643.33 comparator average. Half of the proposed comparables' officers make no contribution to monthly premiums. When comparable officers do contribute to the premium, the amount is fairly nominal (Fircrest is \$68, Medina is \$70, and Black Diamond is \$81). Although Clyde Hill officers rank toward the top-third of comparators for employer contribution amounts, it is important to acknowledge that comparable jurisdictions are all paying similar amounts; thus the range is small and the difference among comparators is narrow.

The Union objects to the AWC 250 Plan because it will cost employees more money. It has a higher deductible and higher out of pocket maximums as well as other inferior benefits to the AWC HealthFirst plan. The Affordable Care Act's Cadillac Tax is not relevant because its planned implementation in 2018 is beyond the scope of time covered in this successor CBA. The majority of comparators currently subscribe to the AWC HealthFirst plan, including Medina which just recently executed a new CBA and its contract expires in 2017. Also, when it is time to change plans, there are better alternatives to the AWC 250 plan available such as Teamsters' Plan A, that fall outside the Cadillac Tax.

According to the Union, the Employer failed to meet its burden of proof to justify why changing the parties' current health and welfare benefits terms are necessary. The evidence, in fact, showed that insurance premiums have stabilized since the era of double-digit increases. According to the Employer's witness, Carol Wilmes, past rate hikes in the 2000s were difficult to manage but during the current decade they have been considerably smaller and are projected to remain that way. The Employer's witness also testified that the AWC Board sets premium rate increases across the board to all plans; therefore whether the CBA has the AWC Health First or AWC 250 plans, they will have the same rate increases.

The Union exhorts the Arbitrator to reject the Employer's benefits proposal and award the Union's proposal because of comparator data and because the Employer's arguments are meritless. The Employer's proposal would unjustifiably shift a significant financial burden to officers relying on full family insurance coverage.

#### **4. Discussion and Award**

It is true, as the City argues, that Washington interest arbitrators in general and this arbitrator in particular have been sympathetic to employer endeavors to have their bargaining unit members increase their share of medical insurance premium costs. This is because medical insurance premiums have long been increasing at rates that have far outstripped changes in the CPI. See, e.g., (all awards of this Arbitrator), *Spokane County Sheriff's Office (Deputies/Sergeants)*, PERC No 25280-I-12-0614 (Feb. 8, 2015) (awarded 5%/10% employee contribution to own/dependent premium and a move to redesigned medical plan; internal equity cited); *Snohomish County Sheriff's Office (Corrections)*, PERC No 25993--I-13-0632 (Oct. 15, 2014) (premium increase cost sharing language of 20%/\$20 left in place; comparable support noted); *Pierce County Sheriff (Deputies)*, PERC No 23825-I-11-0565 (Feb. 7, 2012) (awarded County's premium sharing proposal; internal equity trumped comparable analysis); *City of Vancouver (Police Command)*, PERC No. 23129-I-10-0541 (March 25, 2011) (awarded 90/10% dependent premium sharing proposal).

In keeping with my own predilection, I am sympathetic to what the City is trying to do here. However, there are aspects of its proposals that I find troublesome. I will discuss my concerns in conjunction with each component of the City's proposal.

**a. Cap on Cafeteria Plan Contribution**

It is understandable that the Employer would seek to limit its contribution to the employees' flexible benefit plan. I have kept in mind that this cafeteria plan is a good deal for employees who do not need spousal coverage. Generally, when an employer provides spousal coverage, it is only taken advantage of by employees who have spouses without adequate coverage of their own. With a cafeteria plan, an employee who has no spouse or has a spouse with good medical benefits of his or her own can use the Employer's monthly spousal contribution for something else. That is a perquisite not available to comparable jurisdictions' employees who are not in a flexible benefit plan.

However, the Employer seeks to limit that contribution to a firm dollar amount without any cushion or escalator, CPI or otherwise. The City's arguments neither explained nor justified this absence of any escalator and I can think of no justification. The expired Collective Bargaining Agreement capped the City's increases at 15% annually. Now, it seeks a cap on increases that is zero. I cannot award the proposal as written. I considered devising my own limitation, such as one that, consistent with my premium sharing award below, would tie the cafeteria contribution to 90% of the spousal premium. (It now equates to 100% of the spousal premium). The Employer's Partisan Arbitrator encouraged me to do just that. I gave that option serious consideration, but I ultimately rejected the idea because I believe this is something that should be awarded in arbitration only after the give and take of negotiations.<sup>13</sup> Therefore, I will not award the Employer's proposed cap on its contribution to the flexible benefit plan.

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<sup>13</sup> I encourage the Union to agree to some sort of reasonable limitation on the Employer's contribution during the next round of negotiations. It's doubtful the issue will go away.

Intrinsic to this decision rejecting a cap on the Employer's flexible benefit plan contribution is another question. The Employer's Partisan Arbitrator reminded me that, in maintaining the status quo, the Employer has limited its contribution during the nearly three-year pendency of these proceedings to \$8000. The amount it will now have to contribute is much greater than that: by my calculations, for 2015 amounts to \$8784 annually (\$690.12 spousal medical premium plus \$41.84 dental times 12 months). Logically, this award should be retroactive. However, the Employer's Partisan Arbitrator, in arguing for non-retroactivity, also asserted that the City lacks the ability, because of IRS regulations, to make additional flex benefit contributions for prior calendar years. This may be true. Therefore, I will order a "make whole" contribution to the Employer's flexible benefit plan only if there is a way it can do so without running afoul of IRS rules. If this cannot be done, I will order, alternatively, the Employer to pay each employee a lump sum payment equal to the amount the Employer would otherwise owe with a retroactive award. I understand this lump sum payment could be taxable to bargaining unit members. If the parties can devise a better plan relative to taxability, I would encourage them to do so by separate negotiation.

**b. Premium Sharing**

In keeping with my prior awards that have awarded premium sharing between the employer and employees, I find that the employer's proposal for a 10% premium contribution by the employees for their own and their dependents' premiums to be a reasonable one. I attempted to determine whether this award means the bargaining unit will be contributing more or less than the comparable average to their medical premium. I found I was unable to make that determination. That is because the exhibits show the comparable bargaining unit members' contribution to full family coverage (which includes the spouse and dependent children), while this award (and the Employer's proposal) only requires an employee contribution to the employee plus dependent children category. **Elimination of AWC HealthFirst Plan**

The City has not convinced me that it is necessary to eliminate the AWC HealthFirst plan and change to the AWC 250 plan now. Of course, that change would be to the advantage of the City because premiums on that plan are lower. It also would be administratively simpler to change all City employees' plans at the same time. However, the change offers no advantage to the bargaining unit members. I note that the projected premium increases for AWC HealthFirst plan are relatively modest. Carol Wilmes testified that the AWC is projecting a 5% increase for 2016, and a 7% increase for 2017. After that the AWC HealthFirst plan will be eliminated. Thus, for the short term, the City is not looking at "out of control" premium increases. Importantly, the comparable data do not support the City's proposal. According to the Union's evidence, every designated comparable jurisdiction has its bargaining unit members enrolled in the AWC HealthFirst Plan, except for Normandy Park, which is in the AWC 250 plan with 100% paid for by that employer. I will not award the City's proposal to allow it to change plans.

## **E. Vacation Accrual**

### **1. Proposals and Arguments**

The Union proposes two changes to the most recent contract language.

1. Language that would require the Employer, on October 1st of each year, to provide bargaining unit members with a written statement showing their vacation hours' accrual as of that date.
2. Language that would require the Employer to cash out an employee's vacation hours that exceed the annual carry over hours total referenced in Article 10.4 of the expired Collective Bargaining Agreement.

The City opposes the Union's proposed language change. It proposes no change to the language of the expired contract.

In support of its proposal, the Union argues that there were past instances of officers losing accrued hours because of the cap on vacation carry-over. Its proposal is a common sense solution. There is no material administrative burden to the Employer to provide an annual paid time off (PTO) hours accounting to the six officer bargaining unit. As the Employer has already

stated, the accounting is automatically provided to officers in their pay stubs. This additional notice would serve as a useful reminder to officers.

Furthermore, according to the Union, the cash out provision provides a mutual benefit to the parties: the Employer has a known liability for a capped number of PTO hours in the bank so it can budget and plan accordingly while officers get the benefit to be paid for the work they already completed.

In response to the Union's arguments, the Employer contends that the Union's proposed additional language to Section 10.4.1 serves no purpose because each of the two paystubs that police officers receive each month already contain a statement of what the employee's current vacation hour accrual is as of that date. .

The Employer further maintains that the Union's proposed change to Section 10.4.2 for a cash out of vacation hours exceeding the annual carry over limit is unsupported by the evidence and serves a contrary purpose to the bargained for cap. As explained by City Administrator Wasserman, a prior cash out was negotiated out of the contract when the Employer in 2007 agreed to increase the vacation amount and then combine the vacation with the holiday time in a PTO plan. Wasserman also stated that the City wants its employees to use their vacation time. The whole concept of paid time off is to have a respite from work.

## **2. Arbitrator's Discussion and Award**

The Union has failed to present persuasive evidence and arguments in support of its proposed language changes. To the contrary, the Employer's response was persuasive. The Union's proposals are not awarded.

# **IV. RECAP: FINAL AWARD OF THE ARBITRATOR**

## **A. Term of Agreement**

The term of the Agreement will be four years (calendar years 2013, 2014, 2015 and 2016).

## B. Wage Award (Including Longevity)

I find the following to be an appropriate wage award for this bargaining unit, retroactive to January 1, 2013:<sup>14</sup>

**TABLE 12**

<b>Year</b>	<b>Wage Adjustment</b>
2013	100% CPI-W (2.7%)
2014	100% CPI-W (1.2%)
2015	100% CPI-W (2.2%)
2016	100% CPI-W (1.1%)

I am not awarding any longevity premium pay .

## C. Health Care

The following is the Arbitrator's award on the three City proposals with respect to health care and its cafeteria plan:

(1)(a) Its proposal to put a cap on its contribution to the flexible benefits/cafeteria plan is not awarded. The language of the expired Collective Bargaining Agreement will be carried forward into this agreement.

(b) During the pendency of negotiations and arbitration, the City limited its contribution to the cafeteria plan to about \$8000 per employee annually. This was, at least for some years of this new agreement, less than its required contribution under the terms of the last Collective Bargaining Agreement, which is to be carried forward into the agreement at issue here. Therefore, the City is ordered to make bargaining unit members whole with respect to the shortfall in its contribution to the flexible benefits plan. If the City is not able to pay this make-whole amount into its flexible benefit plan because of IRS regulations, it is ordered to pay such amount as a lump-sum cash settlement directly to bargaining unit members. It has 30 days from the date of this award to comply. If there is a way to comply with this make-

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<sup>14</sup> No argument was presented as to whether to retain the 1% floor and 4% ceiling of prior agreements. Therefore, that minimum and maximum will remain in place.

whole order in some other tax advantageous fashion, the parties are encouraged to negotiate said result.

(2) The City's proposal to require an employee and dependents premium split of 90% (employer) and 10% (employee) is awarded. This award will take place 30 days after the date of this arbitration award.

(3) The City's proposal to permit it to discontinue the AWC HealthFirst Plan and offer the AWC 250 plan is not awarded.

**Vacation Notice and Cash Out**

The Union's proposal is not awarded.

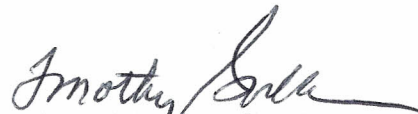
Date: October 5, 2015



Jane R. Wilkinson  
Neutral Arbitrator



Otto Klein  
Employer-Appointed Arbitrator  
Concurs in Part, Dissents in Part



Timothy Sullivan  
Union-Appointed Arbitrator  
Concurs in Part, Dissents in Part