

**STATE OF WASHINGTON
PUBLIC EMPLOYEES RELATIONS COMMISSION**

IN THE MATTER OF THE INTEREST ARBITRATION BETWEEN)	
)	ARBITRATOR'S
CITY OF BELLINGHAM, WASHINGTON)	
)	FINDINGS
and)	
)	DETERMINATIONS
)	
BELLINGHAM POLICE GUILD)	AND
)	
)	AWARD
)	
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PERC CASE NO. 130862 - I - 18		

HEARING SITE: Old Federal Courthouse
104 W Magnolia St.
Bellingham, Washington

HEARING DATES: March 12 – 15, 2019

POST HEARING BRIEFS: June 11, 2019

DATE OF AWARD: July 18, 2019

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TABLE OF CONTENTS

1.0 PRELIMINARY MATTERS	4
1.1 Procedural Summary	4
1.2 Statement of Issues	5
1.3 Statutory Criteria	5
1.4 Task of the Interest Arbitrator	6
1.5 City’s Constitutional Authority	6
1.6 Stipulations	6
1.7 The CPI and Other Factors	7
2.0 SELECTION OF COMPARABLES	7
2.1 Introduction	7
2.2 Background – City of Bellingham	8
2.3 The Parties’ Proposals and Positions	10
2.4 Contested Comparables – Parties’ Arguments, Discussions, and Decisions	12
2.4.1 Whatcom County	12
2.4.2 The City of Redmond	12
2.4.3 The City of Marysville	13
2.4.4 The City of Yakima	13
2.5 Selected Comparables	14
3.0 WAGES (Article 4.1 and Appendix A)	15
3.1 Introduction	15
3.2 Determining the Jurisdictions’ Wage Rates	15
3.3 Analysis and Selection of Wage Comparison Methodology	16
3.4 Other Factors	18
3.4.1 Other Factors: Cost of Living, Local Labor Market, and Settlement Trends	18
3.4.2 Other Factors: Internal Parity	21
3.4.3 Other Factors: Recruiting, Turnover, and Retention	22
3.5 The Parties’ Proposals	22
3.6 2018 Wage Analysis, Findings, Determinations, and Award	23
3.7 2019 Wage Analysis, Findings, Determinations, and Award	25
3.8 2020 Wage Analysis, Findings, Determinations, and Award	26
3.9 Summary of Wage Awards	26
4.0 HEALTH INSURANCE (Article 14.2 & Appendix F, §1)	27
4.1 Introduction	27
4.2 City’s Proposal and Parties’ Arguments	28
4.3 Analysis, Findings, and Determinations	30
5.0 HSA / VEBA (Article 14.2 & Appendix F)	31
5.1 Introduction	31
5.2 Guild’s Proposal and Parties’ Arguments	31
5.3 Analysis, Findings, and Determinations	32

TABLE OF CONTENTS (Continued)

6.0 DENTAL & VISION (Article 14.2 & Appendix F,§5) 33
 6.1 Introduction 33
 6.2 Guild’s Proposal and Parties’ Arguments 34
 6.3 Dental Benefits – Analysis, Findings, Determinations, and Award 34
 6.4 Vision Benefits – Analysis, Findings, Determinations and Award 36

7.0 DEFERRED COMPENSATION / LONGEVITY (Article 6.8 & Appendix A) 37
 7.1 Introduction 37
 7.2 Guild’s Proposal and Parties’ Arguments 37
 7.3 The Difficulty in Comparing Retirement Benefits 38
 7.4 Analysis, Findings, Determinations and Award 40

8.0 SPECIAL ASSIGNMENT PAY – Non-Patrol Sergeants (Article 6.9 & Appendix B) . . 43
 8.1 Introduction 43
 8.2 Guild’s Proposal and Parties’ Arguments 43
 8.3 Analysis, Findings, and Determinations 44

9.0 SPECIAL ASSIGNMENT PAY – Instructor Premium (Article 6.9 & Appendix B) 45
 9.1 Introduction 45
 9.2 Guild’s Proposal and Parties’ Arguments 45
 9.3 Analysis, Findings, and Determinations 46

10.0 HOLIDAYS (Article 24) 46
 10.1 Introduction 46
 10.2 Guild’s Proposal and Parties’ Arguments 47
 10.3 Analysis, Findings, and Determinations 47

11.0 VACATIONS (Article 25) 49
 11.1 Introduction 49
 11.2 City’s Proposal and Parties’ Arguments 50
 11.3 Analysis, Findings, and Determinations 50

12.0 SUMMARY OF DETERMINATIONS & AWARDS 51

1.0 PRELIMINARY MATTERS

1.1 Procedural Summary

In the Fall of 2017 the Parties reached an impasse in contract negotiations for a successor agreement to their 2017 Agreement which was set to expire December 31, 2017. On September 21, 2017 the Parties submitted their dispute to PERC for mediation. On August 24, 2018, following failed mediation, PERC certified the matter to Interest Arbitration, and identified the following issues:

- Art 6.1 & Appendix A (Wages)
- Art 6.8 & Appendix A (Deferred Comp/Longevity)
- Art 6.9 & Appendix B (Special Assignment Pay)
- Art 10.5 (FMLA)
- Article 14.2 & Appendix F, §1 (Health Insurance)
- Article 14.2 & Appendix F, §5 (Dental & Vision)
- Article 14.2 & Appendix F, §11 (HRA VEBA)
- Article 24 (Holidays)
- Article 25 (Vacations)
- Article 32 (Duration)

On October 1, 2018 I accepted appointment as the Parties' neutral arbitrator. The Parties agreed to waive the statutory provision specifying an arbitration panel consisting of three members. Instead, as authorized by WAC 391-55-200, the Parties agreed to submit the matter to a sole neutral arbitrator. On February 26, 2019, the Parties submitted their final proposals, and a prehearing teleconference was held. The Parties agreed on the duration of the successor agreement, and the Guild withdrew the FMLA issue. All other certified issues were submitted for arbitration.

An interest arbitration hearing, as provided by RCW 41.56.450, was held in Bellingham, Washington from March 12 through 15, 2019. At the hearing, witnesses were examined and cross-examined, exhibits introduced, and the Parties presented oral opening statements. Written briefs were submitted, and the record closed on June 11, 2019, upon my receipt of the Parties' electronically filed briefs. A court reporter was present at the hearing, and I was provided a transcript. The Parties stipulated to a 15-day extension for submission of my Findings and Determinations (providing a due date of July 26, 2019).

The Parties' exhibits and post-hearing briefs provide detailed support for their positions. It is impractical for me to index or refer to each and every piece of evidence, testimony, and argument presented – the exhibits exceed 6,000 pages. However, I have reviewed and evaluated all of the evidence and arguments in accordance with the criteria established by RCW 41.56.465.

1.2 Statement of Issues

The issues and Party proposing a change to the current agreement are set forth below:

Article 6.1 & Appendix A (Wages) – Both City & Guild
Article 6.8 & Appendix A (Deferred Comp/Longevity) – Guild
Article 6.9 and Appendix B
 Special Assignment Pay for Instructors – Guild
 Special Assignment Pay for certain non-patrol Sergeants – Guild
Article 14.2 & Appendix F
 § 1 Health Insurance – City
 § 5 Dental and Vision Coverage – Guild
 §11 (HRA / VEBA) – Guild
Article 24 (Holidays) – Guild
Article 25 (Vacation) – City

1.3 Statutory Criteria

When certain public employers and their uniformed personnel are unable to agree on new contract terms after negotiation and mediation, RCW 41.56.450 provides for interest arbitration to settle the Parties' dispute. Arbitrators are generally mindful that interest arbitration is an extension of the bargaining process. They recognize those contract provisions to which the parties agreed and, considering the statutory criteria, decide the remaining issues in a manner which would approximate the result which the parties would likely have reached in good faith negotiations. See *generally, Kitsap County* (Arbitrator Krebs, 2000); *City of Centralia* (Arbitrator Lumbley, 1997).

Interest arbitrators are required to consider the declared legislative purpose of RCW 41.56.430, which provides:

The intent and purpose of chapter 131, Laws of 1973 is to recognize that there exists a public policy in the state of Washington against strikes by uniformed personnel as a means of settling their labor disputes; that the uninterrupted and dedicated service of these classes of employees is vital to the welfare and public safety of the state of Washington; that to promote such dedicated and uninterrupted public service there should exist an effective and adequate alternative means of settling disputes.

Furthermore, an interest arbitrator must consider certain factors or criteria set forth in RCW 41.56.465, which are:

- 1) a) The constitutional and statutory authority of the employer;
- b) Stipulations of the parties;
- c) The average consumer prices for goods and services, 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
- 2) [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;

1.4 Task of the Interest Arbitrator

Hence, the interest arbitrator is required to make qualitative decisions about work equivalency based upon the evidence and arguments presented by the parties. The Act does not provide guidance as to the relative weight an arbitrator should give to the above-referenced factors. However, there is considerable arbitral authority which analyzes and applies the statutory criteria.¹ The arbitral consensus is that these factors are standards or guidelines which the arbitrator must use to fashion an acceptable and workable result. Interest arbitration is not an exact science. However, the arbitrator uses principled reasoning to arrive at a result approximating what the parties would have reached if they had continued to bargain with determination and in good faith. Thus, the result should reflect the relative bargaining strength of the parties; and the result should not be a mere “compromise” between the parties’ positions because such a compromise would favor the party with the more extreme or intransigent position. Parties must not be allowed to view interest arbitration as a panacea for unrealistic proposals which would never be acceptable in the underlying negotiation process.

1.5 The City’s Constitutional and Statutory Authority

The parties have not raised any constitutional or statutory authority relative to my determination in this matter.

1.6 Stipulations

At the Parties’ request, the “tentative agreements” (“TAs”) contained in City Exhibit A-7 are hereby incorporated into my Findings and Determinations by reference.

¹See generally, *City of Kent* (Arbitrator LaCunga, 1980); *City of Seattle* (Arbitrator Snow, 1988); *City of Ellensburg* (Arbitrator Snow, 1992); *City of Pullman* (Arbitrator Axon, 1992); *Kitsap County* (Arbitrator Krebs, 2000); *Whatcom County* (Arbitrator Smith-Gangle, 2001); and *City of Centralia* (Arbitrator Lumbley, 1997).

1.7 The CPI and Other Factors

With respect to the cost of living and other traditional factors, I will address these factors when specifically relevant in my discussion of the Parties' proposal or my analysis. In particular, I will discuss the CPI in conjunction with the Parties' proposal on wages.

2.0 SELECTION OF COMPARABLES

2.1 Introduction

RCW 41.56.465(2) requires an interest arbitrator to use as a standard or guideline 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 for like employers of similar size on the west coast of the United States." This comparison of wages, hours, and working conditions is generally regarded as the predominant criterion for determining wages in public sector interest arbitration.

One of the primary determinations is the selection of "like employers of a similar size." The selection factors are usually based on demographic or economic criteria including, at a minimum: population, size of bargaining unit, and assessed valuation. I find *assessed valuation per capita* is a useful criteria to evaluate the relative wealth or standard of living of a "Comparable."² Additionally, *geography, sales tax revenue, and type of government employer* are also frequently considered as selection criteria or factors. Sales tax revenue is an important selection factor when comparing cities because it is a major source of revenue in Washington. Generally speaking, for the selection of like employers of a uniformed bargaining unit, the preference is Cities for Cities, and Counties for Counties.³

Regarding the variance selection range for each variable, there are two schools of thought. Many arbitrators favor a selection "band" of 50% smaller to 50% larger than the factor of the subject jurisdiction being evaluated (i.e., for an employer with 100 employees, an acceptable selection band would be employers with at least 50 employees but no more that 150 employees). Other arbitrators favor a selection band of 50% smaller to 100% larger (i.e., for an employer with 100 employees,

²The term "Comparable" is used as a shortcut to identify a "like employer of similar size."

³See generally, *Clark County* (Deputy Sheriffs) (Lankford 2010); *Pierce County* (Captains) (Krebs, 2009); *City of Pullman* (Police) (Gaunt, 1996); *City of Pasco* (Police), (Wilkinson, 1994); *Snohomish County* (Deputy Sheriffs) (Krebs, 1986); *City of Walla Walla* (Police) (Levak, 1986); *Whatcom County* (Deputy Sheriffs) (Snow, 1986).

a band between 50 employees and 200 employees). I favor the later school (50% smaller to 100% larger) because of the inherent skewing that results from the 50% smaller to 50% larger. Simply stated, from the view of the subject employer, the 50% smaller to 100% larger methodology results in a similar 2:1 ratio – the subject employer’s value can be twice as large as the smallest comparable’s value, and the largest comparable’s value can be twice as large as the subject employer’s value.

Ideally, an arbitrator attempts to select Comparables which have a population and assessed valuation within a reasonable range of the subject jurisdiction. Furthermore, the hope is the Comparables will lie within the subject jurisdiction’s local labor market so as to obviate the need to consider geographical differences in wages and cost of living. After the initial screening, it may also be important to consider any distinctive characteristics of a community. For example: A community’s proximity to a large urban area can affect wage rates and cost of living; per capita assessed valuation may be indicative of community wealth and cost of living; the size of the operation may be relevant when considering economies of scale; and geographical location (rural vs metro) may be important.

Once determined, the Comparables provide a principled basis for the arbitrator’s reasoning in resolving the impasse.

2.2 Background – City of Bellingham

Another important component in finding Comparables is identifying the traits or characteristics of the subject jurisdiction/employer. In this case, it is the traits or characteristics generally of the City of Bellingham and specifically of the Bellingham Police Department.

The City of Bellingham is located in the northwest corner of the state within Whatcom County, of which Bellingham is the county seat. Bellingham is on the I-5 corridor, 90 miles north of Seattle, and 60 miles south of Vancouver, Canada. Bellingham is the 12th largest city in Washington with a 2018 population count of 88,500. Bellingham’s “Assessed Valuation” for 2018 of \$10.821 billion was 13th in the State. Its sales tax revenue for 2018 of \$23.3 million ranked 9th in the State.

Bellingham is a unique Washington city in many ways. It is on the westside of the “Cascade Curtain” and on the I-5 Corridor which tends to result in a higher cost of living than similarly sized cities east of the Cascades. In particular, housing prices are substantially higher. On the other hand, Bellingham is somewhat isolated. Bellingham is not particularly close to, nor is it part of, the

Seattle MSA⁴ (population 3,867,046), or the wider Puget Sound Region CSA⁵ (population 4,685,536 – roughly 2/3 of the State’s population). Bellingham is 90 miles from Seattle, and 60 miles from Everett (the northern edge of the Seattle Metro Area). The significance of Bellingham geographic area is that it is outside the Puget Sound job/labor market. Bellingham’s population, assessed valuation, and sales tax revenues may be in the top 9 to 12 cities, but it is dwarfed by the population, assessed valuation, and sales tax revenue by the economic engine of the Seattle Metro Area. Without easy access to the Seattle Metro job market, Bellingham’s wages tend to be lower than the Seattle Metro area, but still higher than the cities east of the Cascades.

Bellingham’s relative “isolation” means that employment opportunities must exist locally because commuting is not a realistic option in most instances. Bellingham currently is experiencing a growing economy and population. In 1995, when the previous interest arbitration between the Parties occurred, the population was 59,544; now it is 88,500. This rapid growth has led to a housing shortage with resulting higher housing costs.

Bellingham is a vibrant city with a mix of employment centers, recreational activities, and tourism attractions. Bellingham’s port is the southern terminus for the Alaska Ferry System. It has a regional medical center, and an international airport with direct daily service to Seattle, British Columbia, and the San Juan Islands. It is also home to Western Washington University (16,000 students), Whatcom Community College, Bellingham Technical College, and Northwest Indian College. Plans and initial construction are underway for a major renewal/renovation at the port. Numerous recreational opportunities exist including skiing, boating, hiking, fishing, and mountain biking. All of this translates into increased livability factors and also brings about a healthy tourist economy. Bellingham also enjoys a healthy retail sales sector thanks, in part, to Canadian shoppers and a host of “Big Box” stores. This sales activity is reflected in Bellingham’s sales tax revenues which are disproportionately high compared to its population.

⁴MSA = Mean Statistical Area. The Seattle MSA is comprised of King, Snohomish and Pierce Counties, also referred to as the “Seattle Metro Area.”

⁵CSA = Combined Statistical Area. A CSA is a wider labor market region based on commuting patterns. The Puget Sound CSA includes the Seattle MSA along with Olympia, and Bremerton. It is also referred to as the “Puget Sound Area.”

Bellingham is managed by a mayor-council form of government with 884 budgeted full-time employees, most of whom are represented by nine separate bargaining units. Four of the bargaining units are subject to interest arbitration: Firefighters, Fire Officers, Police Lieutenants, and Police Officers.

Based on the number of commissioned officers, the Bellingham Police Department is the 11th largest in the State. The Department is headed by a Police Chief who is in charge of 187 positions – 121 commissioned officers, and 66 civilian personnel. The Department's current biennial budget is \$68 million. The Department has a community-oriented policy with high educational selection criteria (an AA or AS degree is one of the minimum qualifications). In 2018 the Department responded to 66,536 calls for service. In addition to uniformed patrol officers, the Department has supporting units designated as: K9, Crime Scene Investigations, Major Crime Investigations, Family Crime Investigations, Neighborhood Anti-Crime, Bicycle Patrol, Traffic, Parking Enforcement, Intelligence/Crime Analysis, SWAT, and Hazardous Devices. The Guild represents the commissioned Police Officers and Sergeants. The Police Lieutenants have their own bargaining unit.

2.3 The Parties' Proposals and Positions

Each of the parties used their own selection factors and proposed their own set of Comparables. Both Parties used the following criteria: Population, Assessed Valuation, and Number of Employees. The Guild also used several different retail sales criteria (Sales Tax Revenue, Total Retail Sales, and Taxable Retail Sales), limited its Comparables to cities (no counties), and geography (I-5 corridor – no Eastern Washington). The City included “historical precedent” (from the 1995 interest arbitration) as a criteria, thereby adding Yakima in Eastern Washington, and Whatcom County (not a city). The City also included Marysville, which the Guild did not. In deciding on a selection range to satisfy the “similar” requirement for selecting Comparables using their chosen criteria, the City argues that a *minus 50% to plus 50%* methodology is appropriate, while the Guild argues for a *minus 50% to plus 100%* methodology.

The parties' proposed Comparables (cities only) are shown in Table 2.3(a). As explained *infra* §2.4.1, Table 2.3(a) does not include Whatcom County as a Comparable for several reasons including the fact that generally cities and counties in Washington are not considered “similar employers.” Table 2.3(a) does include *Population, Assessed Valuation, Sales Tax Revenues, Assessed Valuation per Capita, Commissioned Officers, and Location* as factors.

Table 2.3(a) Proposed Comparables – Cities Only (with mean calculations)

Jurisdiction/ Comp/ Mean	Location	Population	Assessed Valuation (\$Millions)	Sales Tax Revenues (\$Thousands)	Assessed Valuation Per Capita	Commissioned Officers
Auburn	I-5; Sea MSA	80,615	10,559	17,581	130,981	113
Everett	I-5; Sea MSA	111,200	16,741	27,150	150,549	192
Federal Way	I-5; Sea MSA	97,440	10,226	14,138	104,947	127
Kent	I-5; Sea MSA	128,900	18,521	20,848	143,685	146
Olympia	I-5; Sea CSA	52,490	6,690	19,169	127,453	68
Renton	I-5; Sea MSA	104,100	16,831	26,331	161,681	121
Redmond	I-5; Sea MSA	64,050	20,728	24,577	323,622	82
Marysville	I-5; Sea MSA	67,040	7,144	9,582	106,563	66
Yakima	East Wash.	94,190	6,241	16,591	66,260	138
MEAN Agreed Comps w/o Bellingham		95,791	13,261	20,870	136,549	128
MEAN All City Comps w/o Bellingham		91,997	11,619	18,924	124,015	121
MEAN Guild Comps w/o Bellingham		93,520	13,655	21,209	151,843	125
MEAN All Comps w/o Bellingham		88,892	12,631	19,552	146,193	117
BELLINGHAM	I-5	88,500	10,821	23,284	122,271	117

Source: City Ex. B.3 – B.4; Guild Ex. II.15 - 17; II.21- 25.

Yellow = Jointly-Proposed Comparables

Pink = Additional City-Proposed Comparables

Green = Additional Guild-Proposed Comparable

I-5=Interstate 5 Corridor

Sea MSA = Seattle Metropolitan Statistical Area (Population 3,867,046)

Sea CSA = Seattle Combined Statistical Area (AKA Puget Sound Region) (Population 4,686,536)

2.4 Contested Comparables – Parties’ Arguments, Findings, and Determinations

2.4.1 Whatcom County

As stated previously, for the selection of like employers of a uniformed bargaining unit, the arbitral preference for selecting Comparables is Cities for Cities, and Counties for Counties. The reasons for this preference include the following differences: the form of government is different, the revenue streams are different, and the typical law enforcement services (metropolitan vs rural) are different. In short, mixing cities and counties as Comparables is a last resort when other Comparables cannot be found. In the instant case, I find the Parties have jointly agreed upon a sufficient number of Comparables.

Having made the previous finding, that does not make the wage data from Whatcom County irrelevant. I find the Whatcom County Deputy Sheriff wages are still relevant because the wages reflect the local market for similar work. Thus, I may consider Whatcom County wage data as part of my ultimate wage determination as provided in RCW 41.56.456(1)(e) under the “such other factors” umbrella.

2.4.2 The City of Redmond

The Guild proposed the City of Redmond because it falls within its selection criteria, although admittedly the Assessed Valuation is nearly double that of Bellingham’s. It is also a “Historical Comparable” as it was used by Arbitrator Latsch in his 1996 decision between the parties.⁶ The City objects to Redmond because of “changed conditions.” According to the City, historic Comparables should not become the tail that wags the dog.

I agree with the City. I find Redmond is significantly different now than in 1995. It is the home of Microsoft, Nintendo and other high-paying, high-tech companies which provide more than 30,000 jobs. Furthermore, by using “Assessed Value Per Capita” as a selection criteria, the value for Redmond (\$323,622) exceeds the “plus 100%” selection range (\$244,542) of Bellingham (\$122,271). Accordingly, I find the City of Redmond is not an acceptable Comparable.

⁶At that time, the bargaining unit was represented by the Teamsters Union, Local 231.

2.4.3 The City of Marysville

The City also proposed Marysville as a Comparable. The Guild acknowledges Marysville is geographically the closest proposed Comparable to Bellingham. The Guild rejected Marysville solely because Marysville retail sales and sales tax revenues were below the “less than 50% bandwidth margin” of the Guild’s selection criterium.

In examining Marysville, I note that it meets both Parties’ selection criteria with the exception noted above. I also note that on a *per capita* basis, Marysville falls within both Parties’ selection criteria. However, I find Marysville is not an appropriate Comparable for the following reasons. First, it is more akin to a suburb of Everett than its own separate city. Second, only a small percentage (10%) of the residents work within its city limits – most workers commute to nearby Everett or else deeper into the Seattle Metro Area. Third, it simply adds as a Comparable one more jurisdiction within the Seattle Metro Area of which Bellingham is not a part.

2.4.4 The City of Yakima

The City of Yakima is also a “Historic Comparable” originating in Arbitrator Latsch’s 1996 decision between the Parties. Yakima is located in Eastern Washington as opposed to all of the other Comparables which are along the I-5 corridor. The Guild opposes the selection of Yakima as a Comparable for geographic reasons, and for Yakima’s dissimilar economic climate. The City contends Yakima is necessary as a Comparable to “counter-balance strong influence of the Seattle-Metropolitan Area.”

I note that Yakima is similar in size to Bellingham, but the economic conditions are not the same. The cost of living and the standard of living east of the Cascades is lower than most cities west of the Cascades. However, the Assessed Valuation, and Sales Tax Revenues fall within the “50% down” criteria. More importantly, Yakima shares some of the less tangible attributes of Bellingham. Both cities are somewhat isolated which means most residents find work in the city rather than commute elsewhere. As such, wage rates tend to be lower because workers cannot commute to other nearby locales. Also, transportation time and costs tend to be less because workers are not commuting to nearby communities to find work.

Additionally, all other selected Comparables are within the Puget Sound Region which is one giant labor market containing two-thirds of Washington’s population. Bellingham is the only city of its size west of the Cascades that is not within either the Portland-Vancouver Metropolitan Area (population 2,478,810) or the Puget Sound Region (population 4,686,536).

Based on the Bellingham’s uniqueness, I find including Yakima as a Comparable is necessary to provide some balance to the other Comparables which are reflective of a hugely disproportionate labor market with the associated intangibles of longer commute times, and more expensive commutes.

2.5 Selected Comparables

Based on my findings above, Table 2.5(a) shows the cities I determined were “comparable jurisdictions,” and their relative ranking for each factor.

Table 2.5(a) Selected Comparables (with Mean and Median Calculations)

Jurisdiction	Population		Assessed Valuation (\$Millions)		Sales Tax Revenues (\$Thousands)		Assessed Valuation Per Capita		Commissioned Officers	
		RANK		RANK		RANK		RANK		RANK
Auburn	80,615	7	10,559	5	17,581	6	130,981	4	113	7
Everett	111,200	2	16,741	3	27,150	1	150,549	2	192	1
Federal Way	97,440	4	10,226	6	14,138	8	104,947	7	127	5
Kent	128,900	1	18,521	1	20,848	4	143,685	3	146	2
Olympia	52,490	8	6,690	7	19,169	5	127,453	5	68	8
Renton	104,100	3	16,831	2	26,331	2	161,681	1	121	4
Yakima	94,190	5	6,241	8	16,591	7	66,260	8	138	3
BELLINGHAM	88,500	6	10,821	4	23,284	3	122,271	6	117	6
MEAN w/o Bellingham	95,562		12,258		20,258		126,508		129	
MEDIAN w/o Bellingham	97,440		10,559		19,169		130,981		121	
MEDIAN with Bellingham	95,815		10,690		20,009		129,217		124	

3.0 WAGES (Article 5.1 and Appendix A)

3.1 Introduction

The primary dispute in most interest arbitrations is usually the wage level. Additionally, the primary determinate of the appropriate wage level is usually a comparison of wages between the comparable jurisdictions and the subject jurisdiction. RCW 41.56.465 also requires the “cost of living” to be considered; and “such other factors that are normally or traditionally taken into consideration in the determination of wages, hours, and condition of employment.” Frequently, those other factors include: 1) The local labor market; 2) Settlement trends; 3) Internal parity; and 4) Recruitment, turnover, and retention.

3.2 Determining the Jurisdictions’ Wage Rates

The first step in any wage analysis is determining the criteria or the method by which the wage rate from the various jurisdictions will be determined. This is necessary because rarely will any two jurisdictions structure pay and benefits identically. Some offer education bonuses at the AA and BA level, some have more leave time than others, some offer longevity bonuses, some offer deferred compensation matching, etc.

In this case, each party proposed its own methodology for comparing the City’s wage schedules to the Comparables wage schedules. The City described its methodology as a “total cost of compensation analysis.” The City’s methodology compares top-step base wages paid to police officers at 5, 10, 15, 20, and 25 years of seniority. The City then includes: 1) The education premium payable for both the AA/AS and BA/BS levels; and 2) the longevity premium, earned by a majority of Guild members and available without specialized training or certification. As other secondary wage components, the City then includes: 1) Holiday Benefits (as overtime for working an estimated 1/3 of observed holidays per calendar year); 2) Deferred Compensation Matching (if offered by an agency); and 3) Any miscellaneous categories, such as an annual uniform allowance. The City then converts these items to an hourly rate.

The Guild’s describes its approach to wage comparison as constructing “total wage charts” based on a monthly wage. According to the Guild, these total wage charts take into consideration all the various points in a pay plan for which an employee is eligible, and they include longevity and education incentives, and unit wide premiums. The Guild then measures and compares these wages at the completion of 5, 10, 15, 20, and 25 years of service at the “top step.”

Neither Party thinks much of the other Party's methodology. The Guild refers to the City's approach as "partial total compensation" because of what it contends is a lack of consistency. The Guild contends the City's approach has the following flaws: 1) The City uses holiday overtime pay as part of its wage calculation, but only the employees who work on a holiday receive holiday pay; 2) The City excludes social security contributions from wages, but includes any deferred compensation contributions which are a substitute for Social Security;⁷ 3) MEBT contributions are not consistently reflected in wages; 4) The City includes clothing allowances in its wage calculation, but did not credit any other clothing arrangements such as quartermaster systems or dry cleaning contracts. The Guild did not include clothing or cleaning allowances because of comparison difficulties, and the non-compensatory nature of the "allowance."

The City contends the Guild's compensation exhibits contain foundational flaws, including: 1) Comparing the City's 2017 wages with the 2018 and 2019 wages of the Comparables; 2) The Guild included comparisons of a "no-education" tier in its charts when such a tier cannot occur in the City (the City requires an AA/AS degree); 3) The Guild exhibits attempting to show a correlation between total population and wages ignores the importance of assessed valuation, taxable revenue, proximity to a major metropolitan area, and conditions of the local labor market.

3.3 Analysis and Determination of Wage Comparison Methodology

I reviewed in detail the Parties' criteria in constructing their wage charts. I found many similarities and a few differences. I found that for the wages paid to Guild members, the Guild arrived at 2017 monthly compensation rate in for a "top tier" 5-year employee with an AA degree to be \$7,336.⁸ For a "top tier" 5-year employee with and AA degree, the City's calculation for the sum of the base wage (\$7,004), longevity pay (\$193), and education incentive (\$140) equals \$7,337

⁷Some Comparables pay into Social Security and some do not. Of those that do not, some contribute to the 401(a) Municipal Employees' Benefit Trust ("MEBT"), and others do not. Some cities establish matching 457 deferred compensation plans, and some do not. The MEBT plan is a substitute for Social Security, but unlike Social Security the MEBT is a defined contribution plan with immediate vesting of the employee's contribution. For MEBT plans, like Social Security, both the employer and employ must contribute to the plan. A deferred compensation plan may or may not be a substitute for Social Security, and the employer only matches an employee's contribution up to the agreed upon amount. In a deferred compensation plan the employee can contribute more than the employer's match.

⁸See Guild Exhibit III A 1.

(the same as the Guild considering rounding discrepancies).⁹ However, the City then also includes: “Holiday Overtime Pay” (\$43 per month); “Deferred Compensation Matching” (\$341 per month); and “Boot Allowance” (\$8 per month based on \$200 every two years). With these additions, the total monthly salary upon which the City bases its hourly “Total Cost of Compensation” is \$7,913,¹⁰ i.e., a “methodology” discrepancy of \$577.

By far the major source of the discrepancy is the City’s inclusion of deferred compensation in wage calculation. I note the following comparison if deferred compensation is included in the wage calculation:

- An Employer’s contribution to an employee’s deferred compensation plan can be considered a retirement benefit rather than part of his/her wage. Typically there are restrictions on use or penalties for early use of deferred compensation funds.
- In the instant case the issue is more complicated because Bellingham’s police officers are not covered by Social Security. In other words, neither the City nor the Guild member contributes to Social Security (currently 6.2% of wages by the employer and employee). The City contributes to social security (6.25% of wages) for its non-uniformed employees, and matches an employee’s contributions to a \$457 deferred contribution plan up to 1.5% of the employee’s base wage. For its uniformed employees (fire and police), the City pays \$0.00 into Social Security, but matches an employee’s contribution to a \$457 deferred compensation plan up to 4.75 % of the employee’s base wage. Some of the Comparables pay into Social Security while others do not.
- The City did not include MEBT contributions in its wage calculation, presumably because MEBT is a “substitute for Social Security.” MEBT may be a substitute, but it is more akin to a deferred compensation plan than to Social Security. MEBT and deferred compensation plans are both defined contribution plans, and both vest employees’ contributions immediately.
- Deferred Compensation also becomes an issue when computing Bellingham’s wages at 15, 20, and 25 year seniority. Under the Parties’ agreement, after 15 years the 4.75% deferred compensation match not only becomes mandantory, but is paid to Guild members as wages instead of deferred compensation. The net effect of this “switch” is to increase the salary of the Guild member for purposes of computing the member’s retirement amount from the LEOFF Pension Plan. For comparability puposes, I have elected to continue to ignore the “switch” and continue to consider the 4.75% as deferred compensation.
- “Deferred Compensation” is also a disputed issue in this interest arbitration. I find it would be confusing to address the issue as part of “wages,” and then address it later on separately. Having made that finding, I do recognize both wages and any type of retirement

⁹Although the City ultimately compares wages based on an hourly rate, the City first determined the monthly compensation, then derives the annual salary, and then divides the annual salary by 2080 to get the hourly wage.

¹⁰See City Exhibit 1.7.5 p. 13.

plan (including Social Security) provide an economic benefit to an employee; and, accordingly, cannot be considered individually in a vacuum.

For the reasons stated above, I find deferred compensation should not be considered as part of a wage comparison methodology in this arbitration.

The two remaining discrepancies are somewhat minor, but they share two common traits – they are difficult to compare, and they are relatively minor. The first, *overtime for working holidays*, is difficult because an individual employee only receives holiday pay if he/she works that holiday. It is not a unit-wide benefit, and therefore difficult to quantify, as evidence by the City “estimating” that every employee will be required to work one-third of the yearly holidays. The clothing or boot allowance is also problematic, because such allowances are sometimes difficult to quantify, and others may be difficult to ascertain when examining a collective bargaining agreement. More importantly, they are more than likely *de minimus*. For example, an \$8 per month boot allowance is 0.01% or less of a police officer’s monthly salary.

For the above reasons, I am not including overtime for working holidays or uniform/equipment allowances as part of the wage calculation for comparison purposes.

Similar to both parties’ methodologies, I will compare the top-step base monthly wages paid to police officers at 5, 10, 15, 20, and 25 years of seniority and include within those wages: 1) The education premium payable for both the AA/AS and BA/BS levels; 2) the longevity premium¹¹; and 3) any unit wide premiums.

3.4 Other Factors

Comparability is generally regarded as the predominant criterion for determining wages in public sector interest arbitration. However, RCW 41.56 requires arbitrators to also consider the cost of living and other factors normally or traditionally taken into account in determining wages, hours, and conditions of employment.

3.4.1 Other Factors: Cost of Living, Local Labor Market & Settlement Trends

RCW 41.56.465(c) requires considering “the average consumer prices for goods and services, commonly known as the cost of living.” The frequently used standard to measure

¹¹After 15 years of service Bellingham no longer matches an Officer’s deferred compensation contribution. Instead the 4.75% is paid directly as salary. For comparison purposes, I have continued to treat the 4.75% as deferred compensation, and have addressed it in my section on Deferred Compensation for comparison purposes.

increases in the cost of living is the consumer price index (CPI), which is reported by the Bureau of Labor Statistics (“BLS”) in two indices – the CPI-U (all urban consumers) and the CPI-W (Urban Wage Earners and Clerical Workers). CPI-W is the index most appropriate for wage comparison because it is based on wage data, not the price of consumer goods. The BLS regularly reports CPI data for various regions, including: the Seattle-Tacoma-Bellevue urban area (of which Bellingham is not a part); U.S. All-Cities; and West Size B/C (cities under 2.5 million).¹²

Table 3.4.1(a) shows the historical CPI-W percentage increases since 2014 for the above mentioned geographic regions, and the percentage increase in the total wage (wage, education, and longevity) of a 25-year patrol officer with a BA. As seen in the Table, the Guild’s total wage increases from 2014 through 2017 exceed the Seattle Metro cumulative CPI-W increases by 2.39% for the same period. Even the proffered City increase of 2.75% for 2018 would still leave the cumulative CPI higher by 1.69% than the cumulative Guild wage through 2018. The monthly 2019 CPI data is trending lower than 2018. It is highly unlikely the annual growth for 2019 in any of the BLS geographic areas will reach 3.0% – CPI-W for Seattle Metro is 1.4% June 2018 to June 2019.

Table 3.4.1(a) % Increases in Annual CPI-W & For a 25-Year Bellingham Police Officer with BA

	2014	2015	2016	2017	Cumulative	2018	June 2018- June 2019
Annual Seattle Metro	1.90%	0.90%	2.30%	3.30%	8.40%	3.40%	1.70%
Annual All-Cities	0.30%	0.40%	2.00%	2.20%	4.90%	1.80%	1.40%
Annual West Size B/C	1.30%	0.10%	0.90%	2.40%	4.70%	3.00%	2.50%
Bellingham Police Guild	2.00%	2.90%	2.00%	3.89%	10.79%	?	

Source: Bureau of Labor Statistics

The City argues that the wage history and CPI data shows that an additional wage increase is not necessary to make up for any historical loss due to inflation. The City also contends the conditions of the local labor market support the City’s wage proposal. The City points to a 2017 BLS assessment of Bellingham wages which noted:

Workers in the Bellingham Metropolitan Statistical Area had an average (mean) hourly wage of \$23.09 in May 2017, about 5 percent below the national average Nine groups had significantly higher wages than their respective national averages, including protective service, construction and extraction, and healthcare support. See City Ex. B.9.

¹² Seattle Metro includes King, Pierce and Snohomish Counties. The West Region includes the Mountain Division (Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming), and the Pacific Division (Alaska, California, Hawaii, Oregon, and Washington). The Pacific Division did not exist as a BLS “geographic area” before December 2018 so historical data is not available.

Additionally the City argues that the Guild’s wages surpass those of the most comparable local agency, the Whatcom County Sheriff’s Department. See Table 3.4.1(b).

Table 3.4.1(b) Bellingham Police Officer & Whatcom County Deputy Sheriff Wages

Jurisdiction	Range/Grade Officer/Deputy	Monthly Wage		
		2017	2018	2019
Bellingham	5yr AA	\$7,336.00	?	?
Whatcom Co.		\$6,536.00	\$6,867.00	\$7,075.00
Bellingham	10yr AA	\$7,424.00	?	?
Whatcom Co.		\$6,732.00	\$7,073.00	\$7,287.00
Bellingham	15yr AA	\$7,459.00	?	?
Whatcom Co.		\$6,797.00	\$7,142.00	\$7,358.00
Bellingham	20yr AA	\$7,669.00	?	?
Whatcom Co.		\$6,863.00	\$7,210.00	\$7,429.00
Bellingham	25yr AA	\$7,739.00	?	?
Whatcom Co.		\$6,928.00	\$7,279.00	\$7,500.00

Source: Guild Exhibit III.16 p.2; City Exhibit 1.7.1 – 1.7.3

Note 1: Wage does not include deferred comp even when added to wages as longevity for Bellingham (after 15 yrs).

Note 2: Whatcom County Deputies pay into and are entitled to receive Social Security. Bellingham Officers do not, but they receive a 4.75% employer match into a deferred compensation account

Note 3: Whatcom County Deputies receive take home vehicles and are “on-the-clock” when they leave home until they return (“portal to portal”). Whatever monetary benefit that equates to is not included in the table.

The Guild contends that a CPI comparison is useful to ensure there is not an erosion of real wages due to inflation, and that it should be used as a floor or baseline for a determination, but the CPI does not provide a “market” comparison which is the aim of the interest arbitration. The Guild contends an examination of “settlement trends” provides a better comparison of the market, and supports the Guild’s proposal. Consistent with the Guild’s contention that it is lagging behind its Comparables, the Guild argues: “Settlement trends only indicate a floor upon which an additional wage increase will need to be added if there is any hope to begin closing the wage gap between Bellingham and the Comparables.” Table 3.4.1(c) shows settlement percentages for Bellingham and the Comparables for a 25-year employee with a BA and includes all wage, education, and longevity increases between 2014 and 2020.

Table 3.4.1(c) Historical % Wage Increases (wage, education, and longevity) 2014 – 2010

Jurisdiction	2014	2015	2016	2017	Cumulative	2018	2019	2020
Auburn	3.00%	3.00%	2.90%	2.52%	11.42%	3.00%	NS	NS
Everett	2.23%	3.25%	3.50%	2.50%	11.48%	3.00%	3.00%	NS
Federal Way	3.53%	3.53%	2.01%	2.00%	11.07%	3.00%	2.00%	3.00%
Kent	1.20%	2.20%	3.60%	3.00%	10.00%	3.00%	10.19%	CPI
Olympia	4.00%	3.00%	4.00%	4.01%	15.01%	3.00%	2.00%	NS
Renton	3.53%	2.50%	2.00%	2.50%	10.53%	3.00%	3.75%	3.50%
Yakima	0.00%	0.00%	2.50%	2.50%	5.00%	2.50%	2.50%	NS
MEAN W/O BELLINGHAM	2.50%	2.50%	2.93%	2.72%	10.64%	2.93%	3.91%	3.25%
MEDIAN W/O BELLINGHAM	3.00%	3.00%	2.90%	2.50%	11.07%	3.00%	3.00%	3.25%
BELLINGHAM	2.00%	2.90%	2.00%	3.89%	10.79%	NS	NS	NS

Source: Guild Ex. III.E.6

Note: NS = Not Settled

Note: CPI = Settled based on CPI

3.4.2 Other Factors: Internal Parity

Internal parity is not an enumerated consideration in RCW 41.56.465. Generally, an internal parity determination is appropriate when employers are making “ability to pay” arguments. Additionally, internal comparisons with units not subject to interest arbitration are often of little persuasive value. In this arbitration, the City did not make an inability to pay argument, but both parties contend internal equity comparisons support their proposals.

The City argues for internal parity with the raises the City negotiated with its other bargaining units. The Guild argues that internal parity is irrelevant when the internal comparable is a bargaining unit not subject to interest arbitration. The Guild identifies the firefighters bargaining unit (also subject to interest arbitration) as its internal comparator. The Firefighters’ contracts contain a 3.5% wage increases in 2017, 2018, and 2019. The Guild contends that increase is consistent with its proposal. The City argues that the firefighter wage increase was a *quid pro quo* for the firefighters agreeing to the City’s “capped” health-care proposal which the Guild is adamantly against. See discussion in Health Care §4.0 *et seq.*, *infra*.

3.4.3 Other Factors: Recruiting, Turnover, and Retention

Employee turnover or recruitment difficulties can signify an inadequate level of compensation. In many jurisdictions across the country and in the Puget Sound Area there is a severe shortage of police officer applicants. See Guild Exhibits III.D.6 – 17.

There is no question that the number of police applicants has dwindled. However, the City contends it has not experienced any difficulty hiring qualified entry-level and lateral police officers. The City currently has four vacancies with one vacancy soon to be filled. Deputy Chief Grunhurd testified the City was not considering any changes to recruiting, e.g., the City has not found it necessary to lower qualification standards, offer credit for military service, or eliminate the AA/AS degree as a minimum job requirement. Similarly, the City has not offered any enlistment bonus for lateral hires, something which some jurisdictions in the Seattle area have done (e.g., Everett and Bellevue). See Guild Exhibits III.D.14,16,17. Furthermore, in a tight labor market, enlistment bonuses may become necessary when an applicant can choose between competing jurisdictions. For example, an Officer living anywhere in the Seattle Metro area would have dozens of jurisdictions within commuting distance. In Bellingham, an applicant is not going to be a “commuter.” If law enforcement is the applicant’s field and he/she wants to be in Bellingham its either working for the City or the County. The community of Bellingham must appeal as a place to live for a new hire or a lateral transfer.

3.5 The Parties’ Proposals

The City proposes a 2.50% increase in 2018, a 2.75% increase in 2019, and a 2.75% increase in 2020. The City argues its proposal is supported by the following: 1) A wage analysis using Comparables which shows the City proposed wages slightly above the median of the Comparables for all three years; 2) Internal equity with the City’s other bargaining units; 3) A Comparison with CPI data, settlement trends, and local labor-market conditions; and 5) The City’s recruitment and retention efforts are not suffering from a wage gap or wage suppression.

The Guild proposes a 3.5% increase in 2018, 2019, and 2020. The Guild contends its proposal is supported by, among other things: 1) A wage analysis of Comparables which shows the increase is necessary to address a wage gap between the City’s wage rate and the Comparables; 2) Settlement trends among Comparables; 3) Current economic conditions; 4) Internal Equity with the Firefighters; and 5) The City’s recruitment and retention problems which demonstrate a need for higher wages.

3.6 2018 Wage Analysis, Findings, Determinations, and Award

Using the criteria specified in §3.5, Table 3.6(a) shows the total monthly wages for the Comparables for 2018, the Bellingham wage for 2017, the Parties' proposed wages for 2018, and the wage award for 2018. The analysis and findings supporting my determinations and award follow the table.

Table 3.6(a) 2018 Total Monthly Wage Comparisons, Parties' Proposals, and Wage Award

Employer	5yr AA	5yr BA	10yr AA	10yr BA	15yr AA	15yr BA	20yr AA	20yr BA	25yr AA	25yr BA
Auburn	7777	7924	7887	8034	8107	8254	8291	8438	8511	8511
Everett	7923	8191	7923	8191	8076	8191	8334	8344	8497	8497
Federal Way	7561	7706	7706	7851	7851	7996	7851	7996	7851	7996
Kent	7399	7541	7470	7612	7541	7683	7683	7825	7725	7897
Olympia	7822	8050	7899	8126	8202	8430	8354	8582	8468	8696
Renton	7582	7725	7725	7868	7868	8011	8154	8297	8297	8440
Yakima	7214	7319	7319	7424	7494	7599	7599	7704	7809	7914
MEAN	7611	7779	7704	7872	7877	8023	8038	8169	8165	8279
MEDIAN	7582	7725	7725	7868	7868	8011	8154	8297	8297	8440
Bellingham 2017	7336	7546	7424	7634	7459	7669	7669	7879	7739	7949
Bellingham w/ City's 2.5%	7519	7735	7610	7825	7645	7861	7861	8076	7932	8148
Bellingham w/Guild's 3.5%	7593	7810	7684	7901	7720	7937	7937	8155	8010	8227
AWARDED Bellingham w/ 3.25%	7574	7791	7665	7882	7701	7918	7918	8135	7991	8207

Source: Guild Ex. III.1 & 16; City Ex. 1.7.6

As discussed previously, a wage comparison between the subject jurisdiction and the Comparables is the most important analysis in a wage determination, but it is not the only consideration. In this arbitration, even including Yakima as a Comparable, the Comparables are obviously more heavily weighted toward the wages paid in the Seattle Metro Area where police officer wages have been historically higher than wages in Bellingham.

This fact is demonstrated by Table 3.4.1(c) wherein the annual percentage increase in police officer wages are compared by jurisdiction between 2014 and 2020. Table 3.4.1(c) shows that between 2014 and 2017 a Bellingham Police Officer's cumulative wage rose slightly more than the average of the Comparables (10.79% compared with 10.64%). However, the average Comparable calculation is skewed by Yakima whose police officers did not receive any raise in 2014 or 2015. When Yakima is removed from the calculation as an "outlier," the average cumulative wage increase for the Comparables from 2014 to 2017 is 11.24% which is closer to the median value of 11.07%.

Using these figures, the 2017 Bellingham Police Officer wages lagged between 0.28% (11.07% minus 10.79%) and 0.45% (11.24% minus 10.79%) behind the cumulative average and median raises of the Comparables between 2014 and 2017, i.e., a "wage gap" of 0.28% to 0.45% developed between Bellingham wages and the Comparable wages,

Table 3.4.1(c) indicates the average 2018 increase for the Comparables was 2.93%. If the "wage gap" is added to the average increase, Bellingham Police Officers would be entitled to a 3.21% to 3.38% wage increase for 2018 based on the data in Table 3.4.1(c).

As a starting point, I tested a 3.25% wage increase in the 2018 wage table – Table 3.6(a) where I found the target value to be verified by a Comparable analysis. In particular I noted the following:

- The 3.25% raise is slightly higher than the average for the 5-year and 10-year Officers with a BA, but falls below the average for Officers with more seniority.¹³
- The 2018 Total Monthly Wages for Bellingham Officers are slightly above Kent wages at all comparison points; and above Federal Way and Renton wages at several comparison points.

The above results are within an expectation-range for Bellingham Police Officer wages relative to the Comparables because Bellingham is not within the Seattle Metro Area. As discussed previously, I find none of the other factors bear significantly on my decision, e.g., there is no issue of recruiting, turnover or retention, and my determination was in part driven by settlement trends. As mentioned earlier, the issue of internal equity with the firefighters' raise of 3.5% will be addressed in §4.0 *et seq, infra*.

¹³This discrepancy highlights a difficulty in making wage comparisons between Bellingham and the Comparables. There is quite a disparity in the difference between the longevity pay after 10 years of service between Bellingham and the average of the Comparables. This discrepancy makes comparisons at all levels of seniority impossible.

Accordingly, I award a 3.25% wage increase for 2018, and determine it is retroactive to January 1, 2018.

3.7 2019 Wage Analysis, Findings, Determinations, and Award

Using the criteria specified in §3.5, Table 3.7(a) shows the total monthly wages for the Comparables for 2019, the determined Bellingham wage for 2018, the Parties' proposed wages for 2019, and the wage award for 2019. The analysis and findings supporting my determination and award follow Table 3.7(a).

Table 3.7(a) 2019 Total Monthly Wage Comparisons, Parties' Proposals and Wage Award

Employer	5 AA	5 BA	10 AA	10 BA	15 AA	15 BA	20 AA	20 BA	25 AA	25 BA
Auburn	NS	NS	NS	NS	NS	NS	NS	NS	NS	NS
Everett	8161	8437	8161	8437	8318	8437	8594	8594	8752	8752
Federal Way	7712	7860	7860	8008	8008	8156	8008	8156	8008	8156
Kent	7880	8029	8029	8178	8178	8327	8401	8550	8549	8698
Olympia	7978	8211	8056	8289	8365	8598	8520	8753	8636	8869
Renton	7866	8014	8015	8163	8163	8311	8460	8608	8609	8757
Yakima	7394	7501	7502	7609	7681	7788	7789	7896	8004	8111
MEAN W/O AUBURN	7832	8009	7937	8114	8119	8270	8295	8426	8426	8557
MEDIAN W/O AUBURN	7873	8021	8022	8170	8170	8318	8431	8579	8579	8725
Bellingham 2018	7574	7791	7665	7882	7701	7918	7918	8135	7991	8207
Bellingham w/ City 2.75%	7782	8005	7876	8099	7913	8136	8136	8359	8211	8433
Bellingham w/ Guild 3.5%	7839	8064	7933	8158	7971	8195	8195	8420	8271	8494
AWARDED Bellingham w/ 3.0%	7801	8025	7895	8118	7932	8156	8156	8379	8231	8453

Source: Guild Ex. III.A.2 & 17; City Exhibit 1.7.7

Note: Auburn data was not included because a current CBA has not been reached

As shown in Table 3.4.1(c), the median wage settlement in 2019 was +3.0%. While the average wage settlement was +3.91%, the average included Kent which had an “outlier” 10.19% wage increase for 2019. When the average settlement is calculated without Kent, the average settlement was +2.8%. Which I find more in line with the median wage settlement. I determine a 3% wage increase for 2019 is consistent with the average and median wage increase of the Comparables for 2019. Comparing the median settlement increase of 3.0% with the 2019 Comparable Wages in Table 3.7(a), I note the Bellingham wages are greater than Federal Way wages at nearly all data points, and above Kent and Renton wages in a couple data points.

3.8 2020 Wage Analysis, Findings, Determinations, and Award

A comparable wage analysis is of limited value in determining a wage increase for 2020. Only three of the seven jurisdictions have settled: Renton with a 3.5% wage increase: Federal Way with a 3.0% wage increase (1% on January 1, and 2% on July 1); and Kent with a wage increase tied to 100% of the Seattle-Bellevue-Everett CPI-W (June) with a minimum of 1% and a maximum of 4.25%. As discussed earlier in §3.4.1, the latest trends from the BLS, indicate a slowing economy (even in the Seattle Metro Area where BLS reports CPI-W (June 2018 to June 2019) was at 1.7% which is down from the CPI-W (June 2017 to June 2018) at 3.6%. Based on the BLS data it would appear that Kent’s wage increase will be 1.7%. As mentioned earlier, the issue of internal equity with the Firefighter raise of 3.5% will be addressed in §4.0 *et seq.*

In short, it is likely future wage settlements will be influenced by the early settlements, but trend slightly downwards for 2020 based on CPI-W indicators. Accordingly, I award a 2.75% wage increase for 2020, and determine it is effective January 1, 2020

3.9 Summary of Wage Awards

2018 = 3.25% increase retroactive to January 1, 2018

2019 = 3.00% increase retroactive to January 1, 2019

2020 = 2.75% increase effective January 1, 2020

4.0 HEALTH INSURANCE (Article 14.2, & Appendix F,§1)

4.1 Introduction

Under the current 2017 CBA, the City provides health insurance to Guild members through the Association of Washington Cities (“AWC”). Guild members have their choice of four plans: 1) AWC HealthFirst 250 PPO; 2) AWC Group Health/Kaiser HMO; 3) AWC Group Health/Kaiser PPO; and 4) AWC High-Deductible Health Plan (“HDHP”) with linked Health Savings Account (“HSA”). Regardless of the plan selected, the City pays 100% of an employee’s premium. As for spouse/dependent premiums, Guild members pay a percentage cost-share depending on the plan selected:

AWC HealthFirst 250 PPO -----10% cost-share for spouse/dependents
 AWC Group Health/Kaiser -----HMO 2% cost-share for spouse/dependents
 AWC Group Health/Kaiser PPO -----0% cost-share for spouse/dependents
 AWC HDHP with HSA -----0% cost-share

Table 4.1(a) 2019 Medical Insurance Premium Cost and Employer/Employee Sharing

Jurisdiction	Employee Only				Employee / Spouse / 2 Dependents			
	\$ paid by ER	\$ paid by EE	% Split ER / EE		\$ paid by ER	\$ paid by EE	% Split ER / EE	
Auburn	894.98	0.00	100.0%	0.0%	2,359.88	162.77	93.6%	6.4%
Everett	675.26	75.04	90.0%	10.0%	1,890.78	210.08	90.0%	10.0%
Federal Way	701.85	0.00	100.0%	0.0%	1,973.27	141.26	93.3%	6.7%
Kent	851.00	0.00	100.0%	0.0%	2,351.00	149.00	94.0%	6.0%
Olympia	743.23	0.00	100.0%	0.0%	1,953.55	213.58	90.1%	9.9%
Renton	605.02	52.60	92.0%	8.0%	2,090.36	181.78	92.0%	8.0%
Yakima	780.26	0.00	100.0%	0.0%	1,668.12	107.69	93.9%	6.1%
MEAN	750.23	18.23	97.4%	2.6%	1,923.27	162.77	93.3%	6.7%
MEDIAN	743.23	0.00	100.0%	0.0%	1,963.41	155.89	93.4%	6.6%
BELLINGHAM	743.23	0.00	100.0%	0.0%	2,024.74	142.39	93.4%	6.6%

Source: Guild Ex. VII.A 5

Table 4.1.(a) shows the jurisdictions and the employees existing contribution levels. As a preliminary matter, I note both the City’s contribution and the Guild’s contribution to be very near the midpoint and average of the Comparables’ corresponding contribution levels using the City’s HealthFirst 250PPO tiered plan compared to the each of the Comparables’ tiered plans (“Employee Only” and “Full Family”). Accordingly, I find the City’s existing plan for Guild members provides a

somewhat similar tiered benefit plan, with nearly the same costs to the employer and the employee as the plans provided by the Comparables.¹⁴

Recently the City devised a new “health insurance model” which it first implemented with its executives and non-bargaining employees. Currently, through negotiation, the City’s new health care model has been implemented with all of its bargaining units (including the three other bargaining units subject to interest arbitration). The only exception is the Guild.

The City’s “model” includes what it terms a “cost-sharing-plan” wherein the City contributes a tiered flat-dollar *Maximum Monthly Employer Contribution Amount* (“MMECA”). The MMECA automatically increases annually by a percentage. Currently that annual percentage is 5% for all employees and groups except for those groups subject to interest arbitration (Firefighters; Firefighter Supervisors; Police Supervisors). For those groups subject to interest arbitration and whose duties are inherently stressful and dangerous (i.e., Police and Firefighters), the MMECA is greater and automatically increases by a higher annual percentage (6% vs 5%). See Table 4.1(b),

Table 4.1(b) 2020 MMECA For Bellingham’s Employee Groups

Coverage	Police & Fire	Other Groups	Difference
Employee Only	\$808.41	\$690.31	\$118.10
Employee & Spouse	\$1,542.06	\$1,370.26	\$171.80
Employee & 1 Child	\$1,169.82	\$1,037.05	\$132.77
Employee & 2 Children	\$1,468.61	\$1,383.82	\$84.79
Employee, Spouse & 1 Child	\$1,903.49	\$1,717.02	\$186.47
Employee, Spouse & 2 Children	\$2,202.28	\$2,063.80	\$138.48

Source: City’s Brief

4.2 City’s Proposals and Parties’ Arguments

The City is extremely desirous of having a single health care model for all its employees. Therefore, the City proposed the same plan it has with the other bargaining units which are subject to interest arbitration. The proposal requires the Guild to select the insurance carrier and plan of its choice. If the Guild selects a plan other than those currently administered by the City, then the Guild

¹⁴Of course, the premium represents only the cost to the City not the benefit to the Guild member. The latter comparison is difficult because of the different co-pays, and deductibles of the various plans. However, they are all tiered plans with somewhat minor differences. See Guild Exhibit VII-A-6; pp 2-3.

would be responsible for administering its own plan. The *MMECA* would automatically increase in value by 6% annually (the same as the Firefighters and Police Supervisors).

Under the City's proposal, the change would take effect January 1, 2020, and the 2020 *MMECA* would be the same as for the firefighter bargaining units, and the Police Lieutenants:

Employee:	\$ 808.41
Employee + Spouse:	\$1,542.07
Employee + 1 Dependent:	\$1,169.83
Employee + 2 Dependents:	\$1,468.61
Employee + Spouse + 1 Dependent:	\$1,903.50
Employee + Spouse + 2 Dependents:	\$2,202.28 ¹⁵

The City further describes its proposal as follows. If a Guild member enrolls in a plan costing more than the *MMECA*, then the Guild member will owe a "cost share" for the remainder. If the chosen plan's costs are equal to or less than the *MMECA*, then there is no cost to the Guild member. If the Guild member enrolls in a High Deductible Health Plan ("HDHP") with a Health Savings Account ("HSA") (the lowest cost plan available), the Guild member would receive a monthly HSA contribution equal to the difference between the *MMECA* and the HDHP premium up to the IRS maximum.¹⁶ Finally, under the City's proposal, Guild members who opt-out of coverage will receive a monthly cash payment equal to 46% of the *MMECA*.

The City contends its proposal creates city-wide internal equity on an issue of vital importance, i.e., "there is no justification for a vastly different approach to medical insurance between labor groups." The City argues that its proposal recognizes the difference between employees with inherently more dangerous work conditions (and those groups subject to interest arbitration and those not subject to interest arbitration) by structuring the "plan" with a higher base contribution to the *MMECA*, and a higher annual percentage growth for those groups subject to interest arbitration. See Exhibit 4.1(b).

¹⁵According to the City these 2020 rates represent an 8.06% increase over the 2019 rates actually paid by the City for the coverage presently provided to Guild members. This additional percentage increase is to keep the Police and Firefighter contributions the same. The City and Firefighters implemented the *MMECA* plan in 2019 and the premium increase was a little under 4% from 2018 to 2019 so there was a "carryover" to the 2020 cap of a little over 2%.

¹⁶For example, assuming in 2020 a Guild member enrolls his/her entire family of four in the HDHP option with a monthly premium of \$1,700. The *MMECA* for this coverage is \$2,202.28. Under the City's proposal, the Guild member would receive a monthly HSA contribution of \$502.28. The only limitation is the IRS maximum contribution for a HSA (\$7,100 in 2020).

The City also asserts its objective is to create more of a “partnership” with labor groups to look at more affordable plans, or to make reasonable plan design changes. Finally, the City claims its proposal will result in less costs to the employees at every tier of coverage on every plan.

The Guild strongly objects to the City’s proposal primarily because it is a “cap” system which transfers the risk of unexpectedly large premium increases from the employer to the employee.¹⁷ The Guild contends arbitrators tend to disfavor “caps,” citing *Cowlitz County* (Cavanaugh, 2016); *Kittitas County* (Lehleitner, 2003). The Guild also contends “internal equity” is not a sufficient reason to consider the health insurance benefits the City provides to employees who are not subject to interest arbitration, and do not have duties which are as inherently stressful and dangerous, citing *Clark County* (Custody Officers) (Krebs, 2015). Finally, the Guild argues that, based on a comparable analysis, there is no justification for the City’s proposal because none of the Comparables have a “cap.”

4.3 Analysis, Findings, and Determinations

This is the most contentious of the Parties’ proposals. I find there is merit in the position of each Party. The Guild is correct that unless the Comparables demonstrate the use of “caps” for medical premiums, interest arbitrators are reluctant to implement a cap based on an internal equity argument by the employer. This is particularly the case when the internal equity comparison is with groups not subject to interest arbitration.

However, in this case, the City’s proposal recognizes police and firefighter groups with a higher base *MMECA* and a higher annual percentage escalator for those employee groups subject to more danger and stress (and also subject to interest arbitration). Furthermore, the two firefighter groups and the police lieutenants have agreed to the City’s *MMECA* plan.

Additionally, the “cap” might not be reached. Insurance premiums would have to increase more than 14% in two years or 20% in three years. Also, the Parties would still be able to negotiate a higher percentage escalator if necessary to maintain benefits. Finally, it is quite clear from the “last-minute” 3.5% wage-increase settlement with the Firefighters (who accepted the City’s *MMECA* plan), that the City was willing to “give up something to get something.”

¹⁷For example, if health care premiums rose 9% the City would only cover 6% of the premium increase, and the Guild would have to cover the remaining 3%. While this result could be considered a “shared” result, it could be more disproportional, e.g., if a 20% premium increase were to occur in a single year, the Guild would be responsible for 14% of the premium increase while the City’s share would still only be 6%.

Ultimately, I find I must accept the Guild's position on this issue because there is no statutory obligation to award what the other bargaining units in the City have negotiated in the way of insurance benefits (i.e., the statute does not directly address "internal equity"). Instead, the statute clearly requires comparisons with other similar employers. In this case, none of the Comparables have any "cap." Instead, all the Comparables have health insurance provisions substantially similar to the existing health insurance provisions in the Parties' CBA. Accordingly, I determine the City's proposal unwarranted.

Having made the determination to deny the City's *Health Care* proposal, I will address the internal parity argument raised by the Guild regarding the 3.5% wage increase the City negotiated with the Firefighters. I find there is no justification to base a wage determination on a raise negotiated with the Firefighter group who obviously went through the same risk/reward analysis as the Guild. The Firefighters decided to risk the "cap," and received the reward of the higher wage rate.

5.0 HSA / VEBA (Article 14.2 & Appendix F)

5.1 Introduction

A Voluntary Employees' Beneficiary Association (VEBA) Plan is a type of tax-exempt trust used by its members and eligible dependents to pay for eligible medical expenses. The plan is funded by an employer and does not require contribution. When a VEBA plan is paired with a Health Savings Account (HSA), it provides maximum flexibility.

The City and Firefighters (IAFF Local 106) CBA established a Medical Expense Reimbursement Plan ("MERP") which is somewhat similar to a VEBA/HSA. The City currently contributes \$125 per month into the MERP. It is identified in the Parties' CBA as a contribution "in lieu of educational incentives."

5.2 Guild Proposal and Parties' Positions

The Guild proposes adding a new section to Appendix F which would require the City to contribute: "[T]o an HSA/VEBA account each month an amount equal to 1.0% of police officer (sic) base wage."

The Guild’s justification for this proposal is based on its contention that: 1) The City’s contributions towards medical insurance are less than the average of the Comparables; and 2) Guild Members pay a higher-than-average deductible for their coverage. The Guild argues that an HSA/VEBA contribution is an efficient means of addressing the comparability gap without redesigning the underlying plan. The Guild also contends its proposal is supported by internal equity comparisons because the Firefighters receive a monthly contribution to a MERP.

The City opposes the Guild’s proposal contending it is not supported by external Comparables. As to the Guild’s argument regarding internal equity, the City contends the Firefighters MERP was a “trade off” for any education incentive.¹⁸

5.3 Analysis, Findings, and Determinations

Regarding external Comparability, I note Table 5.3(a) shows three of the Comparables have provided contributions to a VEBA at one time. However, only two Comparables are contributing at the present time (Federal Way and Olympia), and both are identified in as “non-precedential” contributions. Clearly, as the Guild recognizes, I find this is not yet an employee benefit enjoyed in many of the Comparable jurisdictions.

Table 5.3(a) VEBA Contributions by Comparables & Bellingham

Jurisdiction	VEBA Contributions
Auburn	1% in 2016 & 2017; Ceased in 2018
Everett	NONE
Federal Way	2019 - 2021 Non-Precedential: \$500 annually; mandatory \$25/Mo employee contribution.
Kent	NONE
Olympia	2018 - 2019 Non-Precedential: \$1,000 annually.
Renton	NONE
Yakima	NONE
BELLINGHAM	NONE

Source: Guild Ex. VII.C.2; City Brief

¹⁸The Guild’s education incentive provides 2% of base pay for an AA/AS degree, and 5% incentive for a BA/BS. Since minimum hire requires an AA/AS, all Guild members receive at least a 2% education incentive.

I addressed some of the Guild's arguments regarding this issue in §4.1, *supra*, where I addressed the Guild's contention that the City's contributions toward medical insurance are less than the average of the Comparables. I found:

Table 4.1.(a) shows the City's and the Guild member's existing contribution levels to be practically at the midpoint and average of the Comparables corresponding contribution levels using the City's HealthFirst 250PPO tiered plan compared to the each of the Comparables' tiered plan (Employee Only and Full Family). In other words, I find the City's existing plan for Guild members is nearly the same as for all the Comparables.

Finally, in considering arguments regarding internal equity, I find the Firefighters MERP is identified in the City/Firefighters CBA as being "in lieu of an education incentive." I find this is consistent with the City's contention that the Firefighters sought a MERP instead of the education incentive which the Guild was provided in its agreement with the City. As such, I find any internal equity with the Firefighters MERP is balanced by the Guild's education incentive.

Accordingly, based on my findings above, I determine the Guild's proposal is unwarranted.

6.0 DENTAL & VISION (Article 14.2 & Appendix F, §5)

6.1 Introduction

In 1997 the Guild created its own trust for dental and vision benefits. The initial City contribution to the Guild's Trust was based on the dental rates of the AWC Delta Dental of Washington Plan F/PRO and the VSP vision plan which are the City-wide plans provided to City employees (except for Firefighters who, like the Guild, have also established a dental and vision trust).

The City currently pays a premium of \$9 per month for its City-wide vision plan, and contributes \$10 and \$9 per month respectively to the Firefighters'¹⁹ and Guild's Trusts. Currently, the Guild's vision plan provides greater benefits than either the City-wide or Firefighters' vision plans, and Guild members have been supplementing their Trust with monthly contributions of \$10 per member for vision benefits (See Tr. p 1229).

For the City's dental plan, the City currently pays a premium of \$54.55/\$103.20/\$161.65²⁰ per month, and contributes an equal amount into the Guild's Trust. However, the City contributes

¹⁹The City's contribution to the Firefighters' Trust for vision benefits was increased from \$9 to \$10 per employee per month effective January 1, 2019.

²⁰Employee Only/Employee + 1 Dep./Employee + 2+ dep

more into the Firefighters' Trust (\$60.16/\$111.32/\$174.07).²¹ Currently, Guild members have been supplementing the Trust with monthly contributions of \$20 for dental benefits (See Tr. p. 1229).

6.2 Guild's Proposal and Parties' Arguments

The Guild proposes an increase in the City's contributions for vision care into the Guild's Trust by \$3.00 per employee per month (from \$9 to \$12). The Guild contends an increase is necessary not only because of increasing vision costs, but in recognition of the Police Officers' unique vision requirements (Police Officers are required to have 20/20 corrected vision), and they are required to work at night, and in other low visibility situations.

The Guild also proposes an increase in the City's monthly contribution for Dental Benefits to match the City's contribution to the Firefighters' Trust. Additionally, the Guild proposes an annual increase in those monthly contributions of 5% per year beginning on January 1, 2020. The Guild contends its proposal is necessary because the City contributes less towards the Guild's dental benefits than the Comparables. The Guild also argues the City's dental contributions are not internally equitable because the City contributes more for dental benefits to the Firefighters' Trust than it contributes to the Guild's Trust.

The City objects to the Guild's proposal contending the Guild enjoys a substantially richer benefit structure in its dental plan than any other group in the City. The City argues that it has no control over the Guild's dental or vision plans because the Guild chose to self-insure these benefits and, therefore, the City should not bear the burden of the Guild's desires to maintain an unsustainable rich plan.

6.3 Dental Benefits – Analysis, Findings, Determinations, and Award

Table 6.3(a) compares the City's monthly contributions to the Guilds' Trust for dental care to the monthly contributions for dental care by the Comparables. I find the City's current dental contributions are slightly below average for the "employee only" tier, and even further below average for the "full family" tier. I also find there is quite a discrepancy between the dental benefit provided to the Firefighters and the dental benefit provided to Guild members. The City offers no justification for the differential between these two groups which are often treated equally by the City.

²¹This was an increase provided in the 2018 – 2020 agreement, but not effective until ratification by both parties.

I determine that providing the same monthly contribution to the Guild for dental benefits as that currently provided to the Firefighters would satisfy any internal equity issue, and place the City's contribution to the Guild's Trust on a par with the Comparables.

However, as to the Guild's proposed increase of 5% per year, I find the Guild has not offered any evidence to support such an increase. Furthermore, by electing to establish its own trust for its dental plan, the Guild must bear responsibility for plan designs that may cost more.

Table 6.3(a) 2019 Monthly Dental Insurance Contributions by Jurisdiction

Jurisdiction	Employee Only		Employee/Spouse/2 Dep	
	\$ Paid by ER	\$ Paid by EE	\$ Paid by ER	\$ Paid by EE
Auburn	54.79	10.85	171.90	24.04
Everett	54.64	0.00	145.54	0.00
Federal Way	54.79	0.00	162.21	0.00
Kent	54.00	0.00	150.00	9.00
Olympia	54.79	0.00	181.57	0.00
Renton	75.92	6.62	294.56	25.62
Yakima??	98.20	0.00	98.20	0.00
MEAN w/o Yakima²²	58.16	2.91	184.30	9.78
MEDIAN w/o Yakima²¹	54.79	0.00	167.06	4.50
BELLINGHAM	54.55	0.00	161.55	0.00
FIREFIGHTERS	60.61	0.00	174.07	0.00

Source: Guild Ex. VII.B.1 and City Ex. 6.3

Based on the above, I award the Guild an increase in dental contributions as follows. The City shall pay monthly the following amounts into the Guild's Dental and Vision Trust to provide dental benefits: Employee=\$60.16; Employee +1 dependent=\$111.32; Employee+2 or more dependents=\$174.07. I determine these contributions are retroactive to January 1, 2019.

²²The data provided by the Parties for Yakima reports the same employer contribution for the employee only as it does for a full family. As such, the data is not comparable to the other Comparables which reports contributions to tiered plans. Accordingly, it was not used in the mean or median calculations.

6.4 Vision Benefits – Analysis, Findings, Determinations, and Award

Table 6.4(a) compares the City’s monthly contribution to the Guild’s Trust for vision benefits to the monthly contributions for vision benefits by the Comparables. I find the current vision benefit is not far from the median benefit provided by the Comparables. Once again, there is a discrepancy between the monthly vision benefit provided by the City to the Firefighters, and the monthly benefit provided by the City to Guild members. As seen in Table 6.4(a), two of the Comparables do not contribute anything towards vision care. However, of the five Comparable that do contribute to vision care, the contribution is greater than the City’s contribution.

I determine an award of the same monthly benefit to the Guild’s Trust for vision care as the City’s current monthly contribution to the Firefighters’ Trust for vision care would satisfy any internal equity issue, and place the City’s monthly contribution to the Guild for vision care more equivalent to the contributions made by those Comparables providing vision benefits.

Table 6.4(a) 2019 Vision Insurance Contributions by Jurisdiction

Jurisdiction	Employee Only		Employee/Spouse/2 Dep	
	\$ Paid by ER	\$ Paid by EE	\$ Paid by ER	\$ Paid by EE
Auburn	9.12	0.00	23.72	0.00
Everett	11.12	0.00	19.06	0.00
Federal Way	7.72	0.00	23.16	0.00
Kent	10.00	0.00	26.00	2.00
Olympia	12.02	0.00	36.06	0.00
Renton	0.00	0.00	0.00	0.00
Yakima	0.00	0.00	0.00	0.00
MEAN	7.14	0.00	18.29	0.29
MEDIAN	9.12	0.00	23.16	0.00
BELLINGHAM	9.00	0.00	9.00	0.00
M				
FIREFIGHTERS	10.00	0.00	10.00	0.00

Source: Guild Ex. VII.B.1 and City Ex. 6.3

Based on the above, I award the Guild an increase in vision contributions as follows. The City shall pay \$10.00 per member per month into the Guild’s Dental and Vision Trust for vision benefits. I determine these contributions should be retroactive to January 1, 2019.

7.0 DEFERRED COMPENSATION / LONGEVITY (Article 6.8 & Appendix A)

7.1 Introduction

As stated earlier in the “Wage” discussion (§3.0 *et seq.*), Guild members do not participate in Social Security. Thus, the City does not pay the current employer contribution of 6.2% of a Guild member’s earnings into Social Security, nor is a Guild member’s earnings reduced by the required 6.2% employee contribution into Social Security. The same is true for the Police Lieutenants bargaining group and the two Firefighter bargaining groups. The remainder of City’s employees participate in Social Security.

The City has a matching deferred compensation program. For those represented employees participating in Social Security, the City matches an employee’s contribution up to 1.5% of the employee’s wage.²³ For Guild members and the other groups not participating in Social Security, the City’s match is 4.75% (3.25% higher than the match for represented Social Security participants).²⁴ Once the Guild member reaches 15 years of seniority, the 4.75% deferred compensation match converts to a 4.75% increase in the member’s longevity premium, i.e., it becomes part of “wages.” As discussed previously, for comparison purposes, the conversion of this 4.75% deferred compensation contribution to wages was ignored in my wage computation. As such, it is considered as deferred compensation for comparison purposes in this analysis.

7.2 Guild’s Proposal and Parties’ Arguments

The Guild seeks an increase the City’s matching contribution of 2.5% for a total of 7.25%. The Guild’s proposal also includes “converting” the entire 7.25% contribution to a longevity premium at 15 years service. The Guild contends the increase is required, in part, because Guild members are not covered by Social Security. The Guild argues that many of the Comparable jurisdictions contribute to Social Security or MEBT, and they also contribute to a deferred compensation plan. Thus, according to the Guild, when retirement contributions are considered as part of compensation, the compensation gap for Bellingham is even wider than the gap on wages only.

The City proposes maintaining the *status quo* in part because of internal equity – “Guild members already enjoy better deferred compensation contributions than most employee groups and

²³Unrepresented City employees receive a 3% match into a 401(k) instead.

²⁴Presumably this higher match was first established as an “in lieu” of Social Security contribution when the City withdrew from, or elected not to participate in, Social Security for its police and fire employees.

are on equal footing with [Firefighters and other Police groups].” The City also contends that external comparability disfavors the Guild’s proposal – “many Comparables do not offer any form of deferred compensation match and, of those that do, the average is only 3.75%.” Furthermore, the City objects to the Guild’s inclusion of Social Security payments as a comparative factor.

7.3 The Difficulty of Comparing Retirement Benefits

There is no standard arrangement among Washington’s cities regarding Social Security participation, or payments in lieu of Social Security for police officers . This is also true among the Comparables. Some jurisdictions participate in Social Security only (Auburn). Some jurisdictions participate in Social Security, and also provide a deferred compensation match (Kent, and Renton). Some jurisdictions, like Bellingham, do not participate in Social Security, but provide a deferred compensation match (Everett, Olympia, and Yakima). Only Federal Way contributes to a deferred compensation fund, and also participates in the Municipal Employees’ Benefit Trust (“MEBT”). The MEBT was formed as a defined contribution plan for jurisdictions that withdrew from, or elected not to participate in, Social Security. The Federal Way MEBT requires the employer to pay the equivalent Social Security contribution to the MEBT (currently 6.2%), and the employee to match that payment (again, similar to Social Security).

In addition to any Social Security, MEBT, or matching Deferred Compensation, police officers in all Comparable jurisdictions and in Bellingham are part of the State’s LEOFF Retirement System rather than the PERS system which covers the other City employees (except Firefighters which are also covered by LEOFF). An employer’s contribution to LEOFF is currently 5.43% of an employee’s wage.

Comparisons between retirement benefits is made difficult by the above-discussed lack of standardization, and by the differences in the way these benefits are structured. For example:

- Social Security is a defined benefit plan based on a person’s annual earnings, years of contribution, and age when electing to receive benefits. Furthermore, by its nature, lower-earning participants receive a greater percentage of their “career average earnings” than do higher-earning participants²⁵. Additionally, employees also must contribute to Social Security (6.2% of wages).

²⁵In calculating Social Security benefits, monthly wages between \$926 and \$5,583 are credited at only 32%; and monthly wages above \$5,583 are credited at only 15%. On the other hand, wages below \$926 are credited at 90%. The weighting of wages is used to insure a higher percentage of “career average earnings” is paid to lower-paid workers. See Guild Ex. IV.3

- While the employer and employee contributions to the MEBT are the same as for Social Security, the benefits are quite different. The MEBT is a managed defined contribution plan. The City's contribution vest at 20% per year of service (i.e., 5 years to full vesting – or LEOFF retirement age). Also, an employee's contributions are 100% vested immediately. Upon leaving employment, various options exist including lump sum, annuity, or IRA rollover.
- Deferred Compensation plans are somewhat similar to MEBTs in that neither is a defined benefit plan. Deferred Compensation plans are usually voluntary, and the account investments are usually self-directed within a set range of retirement objectives. Some employers offer a deferred compensation "match" as a benefit (i.e., an employer agrees to match an employee's contribution up to a maximum amount or percent of the employee's wage). The funds in a deferred contribution plan are available for withdrawal at any time (10% penalty before age 59½).

Thus, while an employer's cost (i.e., contribution) for Social Security may be the same as a MEBT or a Deferred Compensation "match," the *benefit to an employee* is likely to be considerably different. Full Social Security benefits do not begin until age 67 instead of "separation from service" as is the case for the MEBT, or "anytime" as is the case of a Deferred Compensation plan. Accordingly, comparing "employer cost or contributions" in an effort to compare "employee benefits" may not be an "apples to apples" comparison when one of the factors is Social Security.²⁶

Finally, the Parties add another twist to the mix by converting the City's matching deferred compensation contribution (4.75%) to longevity pay (i.e., wages) after 15 years. This conversion primarily affects two factors relative to comparability. First, the City's LEOFF contribution ("cost") is increased by a small amount (approximately \$20 per month on a \$7,500 base wage). Second, the Guild member's retirement benefit is increased by approximately \$142 per month based on a wage of \$7,500/per year and 20 years of service.²⁷

²⁶ There are also possible negative ramifications for an employee when the employer does not participate in Social Security, such as "Windfall Elimination Provision." The consequences occur after an employee vests in a retirement plan provided by an employer who does not contribute to Social Security. If this occurs, and the employee would also qualify for Social Security benefits, those Social Security benefits are substantially reduced unless the employee also works 30 years for employers contributing to Social Security. See Guild Ex. IV.3.

²⁷ That relationship develops as follows. LEOFF allows participants to retire at full benefits after reaching the age of 53 if they have 20 years of LEOFF-covered employment. The formula for calculating LEOFF's monthly retirement benefit is: $2\% \times \text{service credit years} \times \text{FAS}$. The FAS (Final Average Salary) is the average of the 60 consecutive highest paid service credit months. When the 4.75% deferred compensation contribution is converted, and paid as wages, the FAS for an Officer completing 20 years of service is 4.75% higher than it would have been but for the "conversion" of the 4.75% deferred compensation. On a \$7500 base wage that is a \$356 increase in FAS, which raises the monthly retirement benefit by \$142 based on 20 years of service.

7.4 Analysis, Findings, Determinations, and Award

Contributions for Social Security, MEBT, and Deferred Compensation for Bellingham and the Comparables are shown in Table 7.4(a). The table does not include the employers' 5.43% LEOFF contributions because all the jurisdictions contribute to it, i.e., it is a uniform cost and benefit which does not aid any analysis.

Table 7.4(a) Non-LEOFF Retirement Contributions (% of Wages) Made By Employers

JURISDICTION	SOCIAL SECURITY	MEBT	DEFERRED COMPENSATION	TOTAL
Auburn	6.20%	0.00%	0.00%	6.20%
Everett	0.00%	0.00%	2.50%	2.50%
Federal Way	0.00%	6.20%	2.00%	8.20%
Kent	6.20%	0.00%	3.00%	9.20%
Olympia	0.00%	0.00%	7.50%	7.50%
Renton	6.20%	0.00%	2.00%	8.20%
Yakima	0.00%	0.00%	5.50%	5.50%
MEAN				6.76%
MEDIAN				7.50%
MEAN for Jurisdictions not in Social Security				5.93%
BELLINGHAM	0.00%		4.75%*	4.75%

Source: City Ex. 4.4, & Guild Ex.

*Deferred Contribution is converted to Longevity Pay after 15 years of Service

Although Social Security is typically not included as a factor in computing compensation or in comparing retirement benefits, I find it should be in this case for the simple reason that it is not a uniform cost or benefit. In this interest arbitration, it is certainly a cost to a contributing employer (6.2% of wages) that is not borne by a non-contributing employer. Also, it is clearly a benefit to those employees who will receive Social Security benefits, albeit the resulting financial benefit of an employer's contribution to Social Security may not be as large as that received by an employee who received an equal contribution to an MEBT or a Deferred Compensation plan. Accordingly, contrary to the City's arguments, I find Social Security is an appropriate factor in this case.

Table 7.4(a), includes a calculation for the *Average Total Contributions for Employers Not Contributing to Social Security* because of the difficulty of comparing the defined benefit aspects of

Social Security, to the defined contribution aspects of Deferred Compensation plans and the MEBT plan.

In addition to Table 7.4(a), I have also considered Guild Ex. 19 which includes the Social Security, MEBT, and Deferred Compensation contributions for all cities in Washington. Of the 131 cities, there are 31 that do not participate in Social Security for their police officers. Of those, seven (7) belong to the MEBT and contribute 6.2% of an employee’s wage as required. Of the remaining 24 cities all but one, Hoquiam, contribute some percentage of an Officer’s wages to his/her deferred compensation plan. A summary of the contributions of those non-participating employers can be seen in Table 7.4(b).

Table 7.4(b) Social Security & MEBT Participation; and Deferred Compensation Contributions

Number of Washington Cities		131
Number of Washington Cities Not Participating in Social Security		31
	Highest Total Contribution to MEBT and Deferred Comp.	10.7%
	Lowest Total Contribution to MEBT and Deferred Comp	0%
	Mean Total Contribution to MEBT and Deferred Comp	5.46%
	Median Total Contribution to MEBT and Deferred Comp	6.2%
	Mode Total Contribution to MEBT and Deferred Comp	6.2%
Number of Washington Cities Not Participating in Social Security or MEBT		24
	Highest Contribution to Deferred Comp	10.7%
	Lowest Contribution to Deferred Comp	0%
	Mean Contribution to Deferred Comp	5.12%
	Median Contribution to Deferred Comp	5.75%
	Mode Contribution to Deferred Comp	6.2%

Source: Guild Ex. IV.19

It is not surprising to find the most frequent contribution level by an employer to a deferred compensation plan or MEBT is 6.2%, the same as an employer’s required contribution to Social Security. In most instances both employer and union recognize the contribution is “in lieu of” the Social Security contribution the employer would be required to make, but for the jurisdiction opting out of Social Security.

Having found the average contribution to an “alternate plan” by the Comparables is 5.93% and the median and most frequent contribution to an alternate plan by all non-participating Washington cities is 6.2%, I determine it warranted to increase the City’s matching contribution to Guild members’ deferred contribution plans to an amount approximating the City’s contribution to Social Security for its participating employees.

In making the above finding, I also considered the Guild’s arguments regarding internal parity. While I recognize the City contributes the same 4.75% to the Firefighters and the Police Lieutenants, I do not find those arguments compelling when viewed against the contributions of the Comparables. As to the City’s comparison with its non-interest bargaining groups,²⁸ I find the basis of those comparisons lacking a consideration of Social Security. When Social Security contributions are considered the City contributes 7.7% of wages for the non-interest arbitration bargaining groups, and 9.2% for the unrepresented employees. The City’s contention that Guild members are compensated for the loss of Social Security benefits by their LEOFF pension benefits, falls flat in this “internal parity” comparison because other City employees receive Social Security benefits, PERS benefits, and Deferred Compensation benefits.²⁹

Considering all the above findings and circumstances, I determine that a 1% increase in deferred compensation (5.75% total) is appropriate. While this amount is slightly less than an employer’s Social Security contribution, it reflects the additional costs borne by the City in contributions to LEOFF when the deferred compensation converts to wage at fifteen years of service. It also reflects the additional substantial benefit the Guild member receives from an increased LEOFF pension benefit resulting from that conversion. Accordingly, I award the Guild a 1% increase in deferred compensation contributions.

I also determine this 1% increase in deferred compensation contributions: 1) Is retroactive to January 1, 2018; 2) Does not require an employee match; and 3) Does not convert to longevity pay at 15 years of service. I suggest the following language at the beginning of Appendix A.I. “Effective January 1, 2018, for all Police Guild members the City will contribute to the City’s voluntary deferred compensation program 1% of the employee’s then current base salary.”

²⁸ See City Ex. 4.3

²⁹ I note in its “internal parity” arguments, the City frequently expresses concern over the “cost” of the benefits provided to Guild members. In the case of retirement benefits the City’s “cost” for its other groups (6.2% Social Security, 12.86% PERS, and 1.5% deferred comp) is considerably greater than its “cost” for Guild members (5.43% LEOFF, and 4.75% deferred comp).

8.0 SPECIAL ASSIGNMENT PAY – Non-Patrol Sergeant Premium (Article 6.9 & Appendix B)

1.1 Introduction

Currently under the Parties' CBA, all Patrol Officers are at Salary Grade 29, with steps A through E at 6.5% intervals; Traffic Officers, Detectives, and Crime Scene Investigators are at Salary Grade 30 which has three Steps (A, B, & C) at 3% intervals. Salary Grade 30 Step A is the same as Salary Grade 29 Step E; and Evidence & I.D. Officer and Corporals at Salary Grade 31 which has three Steps (A, B, & C) at 3% intervals. Salary Grade 31 Step A is the same as Salary Grade 30 Step C. Sergeants are at Salary Grade 32 which has three Steps (A, B, & C) at 3% intervals. Salary Grade 32 Step A is almost the same as Salary Grade 31 Step C (just \$7 less than 31 Step C). Thus, under the salary schedule all Sergeants are at Salary Grade 32, but their subordinates can be at Salary Grade 29, 30 or 31. The net effect of such a salary schedule is that the pay differential between a Patrol Sergeant and a Patrol Officer (19%) is greater than the pay differential between a Traffic Sergeant and a Traffic Officer (12%), and so forth.

The Sergeant/Officer pay differential is also diminished when a subordinate receives "Special Assignment Pay" (e.g., Range Officer premium of 1.5%), because in most instances only the subordinate Officer (not the supervising Sergeant) receives the Special Assignment pay. The single exception to this is the SWAT team – SWAT core members receive a 2% Special Assignment premium, and SWAT Sergeants receive a 3% Special Assignment premium.

8.2 Guild's Proposal and Parties' Arguments

The Guild contends the above-described pay structure leads to an inequitable wage compression in some instances. For example, a patrol officer reassigned as a detective receives a 6% increase, while a Sergeant reassigned as a detective sergeant does not receive an increase in wages. The Guild argues the current structure does not provide parity between officers and sergeants as to specialty premiums while many of the Comparables maintain that parity.

The Guild proposes adding a new section ("M") to Appendix B stating: "Sergeants assigned to non-patrol duties shall receive three percent (3%) [in Special Assignment Pay]." According to the Guild, this proposal affects six positions: Major Crimes Detective Sergeant, Family Crimes Detective Sergeant, Narcotics Investigations Sergeant, Traffic Sergeant, Administrative Sergeant, and Evidence and ID Supervisor.

The City opposes the Guild's proposal and argues it is not supported by a market comparison. The City also contends the Guild's internal analysis fails to consider some of the

benefits Non-Patrol Sergeants receive which are unavailable to Patrol Sergeants. For example: 1) Detective Sergeants earn a 2% “on-call” premium, and receive a take-home vehicle; 2) Traffic Sergeants also receive a 2% “on-call” premium, and a take-home motorcycle (if they chose to ride one); and 3) Evidence and ID Sergeants also receive a take-home vehicle.

8.3 Analysis, Findings, and Determinations

I find the City has not had difficulty filling its non-patrol sergeant positions. Deputy Chief Florence Simon testified she has never forced or mandated a Sergeant to accept a non-patrol assignment. According to Deputy Chief Simon, Detective Sergeants typically bid on an assignment, stay in that assignment a year or two, and then bid on another assignment.

Also, I find a review of Table 8.3(a) shows little market support for the Guild’s proposal. Furthermore, I find there are non-monetized benefits received by most of the Guild Sergeants affected by this proposal (e.g., take home vehicles, and “on call” premiums). Finally, I find the underpinnings of the Guild’s arguments relate to the Parties’ Grade and Step provisions which, if necessary, should be addressed in that section of the Parties’ agreement rather than creating a “special pay” for certain Sergeants.

Accordingly, I determine the Guild’s proposal is unwarranted.

Table 8.3(a) Comparables Paying Various Sergeant Premiums

Jurisdiction	Investigations (Detective)	Evidence & ID	Admin (Training)	Anti Crime (ACT)	Traffic	Outreach
Auburn						
Everett						
Federal Way	No Sergeants					
Kent			3.50%			
Olympia	3.30%		3.30%			
Renton						
Yakima	3.00%			3.00%	3.00%	
Bellingham						

Source: Guild Exhibit V.A.8 and City Brief p. 45

9.0 SPECIAL ASSIGNMENT PAY – Instructor Premium (Article 6.9 & Appendix B)

9.1 Introduction

The Parties' CBA provides for Special Assignment Pay in Appendix B (§§A – J), which includes the following: Dog Handler (3.75%+ 3.5 hrs. OT/week), Range Officer/Training (1.5%), OIC Hazardous Devices/Materials (3%), Hazardous Devices Detail (2%), Polygraph Examiner (1%), Canine Master Trainer (6%), Field Training Officer (5%), SWAT (2%), SWAT Sergeant (3%), SWAT Bearcat Drivers (\$50/incident).

Currently, many other officers have special skills or training which allow them to provide necessary training to their fellow officers. Usually the special skill requires some form of certification and continuing education. Additionally, sometimes the special skill requires maintenance or repair of equipment or facilities. Generally, preparation outside of normal work hours is required, but some informal accommodation is usually made.

9.2 Guild's Proposal and Parties' Arguments

The Guild proposes a new section to Appendix B which would add a 1% "Instructor Premium" for five additional specialties: Assistant Range Instructors, Less Lethal Weapon Systems Instructors, Taser Instructors, Defensive Tactics Instructors, and Emergency Vehicle Operator Course (EVOC) Instructors. The Guild asserts that premium pay is usually warranted when an employee is expected to perform additional, or more demanding, work which that employee is able to perform only because of a special skill or training. The Guild acknowledges that "Instructor Pay" is a new development and "not yet a prevailing or a near-universal condition."

The City opposes the Guild's proposal in part because it is not supported by an external comparison. Additionally, the City objects to an "across the board premium" which would apply in some instances to "assistant" instructors, because the proposed premium is not based on any differences in training, or off-duty commitment between the instructors. The City also contends that many of the instructors are SWAT Team members who received the training necessary to instruct as part of their SWAT duties, and for which they already receive premium pay. Additionally, under the Guild's proposal, the premium pay would "stack," e.g., SWAT team members would receive both SWAT team premium pay and Instructor premium pay.

9.3 Analysis, Findings, and Determinations

Various Guild members who would qualify for the proposed premium pay testified as to the additional training, skill, and the work involved for each of the proposed specialty pay classifications. The amount of preparation, work, and training varied from specialty to specialty. Unquestionably, the instructors provide a service to the Department and to the other Officers.

Table 9.3(a) Specialty Areas Qualifying for Premium Pay By Jurisdiction

Jurisdiction	Defensive Tactics	Less Lethal	Taser	Assistant Range	EVOG
Auburn	6%	No	No	No	No
Everett	No	No	No	No	No
Federal Way	No	No	No	No	No
Kent	\$75/mo	No	No	No	\$75/mo
Olympia	1%	1%	1%	No	1%
Renton	No	No	No	No	No
Yakima	No	No	No	No	No
Bellingham	No	No	No	No	No

The question before me is how are such Officers compensated for these activities in the Comparable jurisdictions. Table 9.3(a) shows the level of premium, if any, provided by the Comparables for instructors in the classifications identified by the Guild. Based on the sparsity of the premium pay provisions in the Comparable CBAs for the specialties proposed by the Guild, I determine the Guild's proposal is unwarranted

10.0 HOLIDAYS (Article 24)

10.1 Introduction

Currently the City observes 11 holidays.³⁰ Of course, a 24/7 law enforcement agency cannot close on a holiday. Under the Parties' CBA, Guild members currently receive or are paid for the equivalent of 12 (8 hour) holidays annually. The holiday-time accrues and is "banked" as the

³⁰New Year's Day, MLK Day, President's Day, Memorial Day, Independence Day, Labor Day, Veterans Day, Thanksgiving Day, Day After Thanksgiving, Day Before Christmas, and Christmas Day

holidays occur, except for the floating holiday which is banked on January 1st. The 12 holidays are the 11 City-observed holidays and one floating holiday. Guild members may then take these holidays at any time, or receive the cash equivalent for banked hours upon separation from service. Additionally, any uniformed patrol employee who is assigned to work on one of the following “designated” holidays are compensated at time and one-half pay: New Year’s Day, Labor Day, Thanksgiving Day, Christmas Day, Memorial Day, Independence Day, and Veterans Day. Thus, by working on one of these “designated” holidays, the Officer would receive the equivalent of double time and one-half (time and one-half plus the holiday pay).

By omission, that means any officer assigned to work on a “non-designated” City holiday (i.e., MLK Day, Presidents’ Day, Day After Thanksgiving, and Day Before Christmas) does not receive time and one-half pay. However, by receiving straight time for work on any of these days, the Officer still would receive the equivalent of double time (straight time for the day worked plus the banked holiday-pay).

10.2 Guild’s Proposal and Parties’ Arguments

The Guild proposes adding three additional holidays (MLK Day, Presidents Day, and the Day after Thanksgiving) to those days for which the City pays time and one-half when a uniformed patrol employee is assigned to work. The Guild claims its proposal is supported by analyzing the external Comparables as seen in Guild Exhibit VI.3. In part, the Guild’s analysis focuses on the number of days a police office receives double time for working a holiday. The Guild then credits that jurisdiction with two “Weighted Premium Holidays” (WPH). Using this analysis, the Guild concludes the City has 7 WPH while the average of the Comparables is 9 WPH.

The City contends an analysis of the Comparables does not support the Guild’s proposal. In City Exhibit 8.3, the City charts the number of Holidays eligible for overtime pay but does not distinguish which of those days are compensated with time and one-half or double-time. Using this analysis, the City concludes the average number of holidays for which the Comparables pay overtime is 4.7, while and Bellingham currently pays overtime on 7 holidays.

10.3 Analysis, Findings, and Determinations

As is the case of any 24/7 operation, holidays and holiday pay tends to be treated differently than by a 5 day-a-week enterprise. Like the City, all Comparables provide some sort of “bank” of holiday hours which the police officers may use either on the holiday or on any other day. Obviously,

a police department cannot have everyone taking off on any holiday, so some officers will be required to work on certain holidays even if they would have liked to have that day off. On those days, some cities pay time and one-half, other cities pay double time, and some do not pay any premium. For example, the City of Bellingham pays time and one-half for certain holidays, but does not pay any premium on others. However, the fact that an officer works or does not work does not affect the bank of 96 holiday hours (12 holidays times 8 hours/day) received every year. Thus, a City Patrol Officer assigned to work on MLK Day (a “non-designated” holiday) actually receives double time (straight time for 8 hours, and 8 hours of holiday pay in his/her holiday-pay bank). Similarly, a City Patrol Officer assigned to work Christmas (a “designated” holiday) actually receives double time and one-half (time and one-half for 8 hours, and 8 hours of holiday pay in his/her holiday-pay bank). In a jurisdiction that pays double time for a certain holiday, the officer would actually receive triple time (double time for 8 hours, and 8 hours of holiday pay in his/her holiday-pay bank).

Table 10.3(a) Weighted Holiday Days Paid at 1½ Time + “Banked” Straight Time

Jurisdiction	Holidays Paid at 1½ Time	Holidays Paid at 2X Time	Weighted Value of 2X Days (+20%)	Total Weighted Paid Holidays
Auburn	11.0	0.0	0.0	11.0
Everett	0.0	0.0	0.0	0.0
Federal Way	4.0	1.0	1.2	5.2
Kent	10.0	2.0	2.4	12.4
Marysville	3.0	0.0	0.0	3.0
Olympia	11.0	0.0	0.0	11.0
Renton	0.0	3.0	3.6	3.6
Yakima	0.0	0.0	0.0	0.0
Average w/o Bellingham	4.9	0.8	0.9	5.8
Bellingham	7.0	0.0	0.0	7.0

With the above in mind, I find fault with the methods proposed by both parties. I find the Guild disproportionately weighs a double-time day by crediting a double time day as “twice a time and one-half day.” As discussed above, a double time day on a holiday for which an officer already receives a day’s pay in his/her holiday-pay bank equates to triple time, while a time and one-half day equates

to double-time and one half. The “premium” of a double-time day versus a time and one-half day is really 20% (3 is only 20% larger than 2.5).

As to the City’s method, I find it fails to take into account the additional premium received by an officer compensated at double time as opposed to time and one-half.

I find a truer comparison results with the Guild’s methodology, but using the proper weighing of a double time day to a time and one-half day. Thus, similar to the Guild’s analysis, Table 10.3(a) shows the number of holidays for which a working officer receives either time and one-half or double time. The double time days are then increased by 20% to reflect their weighted value. When Bellingham is compared to the average of the Comparables, Bellingham has more weighted paid holidays (7.0) than the average of the Comparables.

Accordingly, based on my findings and analysis above, I determine the Guild’s proposal is unwarranted.

12.0 VACATIONS (Article 25)

11.1 Introduction

Both Parties agree the current language of Article 25 is outdated and confusing. In July 2017 (before negotiations of the current contract broke down) the Parties agreed to a Memorandum of Understanding (“MOU”) which, in part, replaced “Master Police Officers” with “Corporals.”³¹ As part of the MOU, the Parties agreed on new language relating to *vacation scheduling* to ensure Corporals and Sergeants assigned to the same shift would not be on vacation at the same time. Furthermore, in February 2019, the Parties drafted a Letter of Agreement (“LOA”) wherein they agreed: 1) The MOU will remain in full force; and 2) Both Parties intend to roll the MOU into the successor agreement as an appendix to the CBA until such time as the Parties bargain otherwise.³² Both Parties agree the MOU represents the current practice.

³¹Guild Ex. VIII.2.

³²The February 2019 LOA introduced into evidence (Guild Ex. VII.3) is only signed by the Guild, but it is drafted on City letterhead. The City did not object to the exhibit, so I have assumed the LOA was fully executed by the Parties.

11.2 City's Proposal and Parties' Arguments

The City proposes a rewrite of Article 25 which the City contends incorporates the vacation portion of the MOU. The City argues the new language also matches the current practice. According to the City, its proposal eliminates the confusion of leaving the existing language in the CBA, and having an MOU which is not in the agreement.

The Guild opposes the City's proposal for two reasons. First, the Guild argues the "vacation" language in the MOU was drafted expediently by the City to address the new "Corporal Program," and the language of the MOU is based on a normal workweek instead of the new 10.40 schedule now in effect. The Guild contends it now has some issues with how the City's language is affected by the new schedule, and those issues need to be discussed by the Parties.

Second, the Guild contends the City's proposal adds new language to the MOU, e.g., "how bicycle officers bid for vacation," which was not addressed in the MOU. In short, the Guild argues the MOU was a temporary fix to an emergent issue caused by the pending roll-out of the corporal program. The Guild states it is content to follow the terms of the City's language until the Parties negotiate a permanent solution to vacation bidding issues.

11.3 Analysis, Findings, and Determinations

First, I note the City's rewrite of Article 25 is significantly broader than a mere "incorporation" of the MOU into the CBA. I have no doubt the City's rewrite was a good faith attempt to incorporate the MOU, but it would appear the rewrite addressed issues or conflicts which the Parties did not fully address when the MOU was signed.

I also note the Parties only agreed in writing to incorporate the MOU as an appendix to the CBA which seems to acknowledge a "test period" for examining its implementation into the Parties' agreement. The Guild is apparently content for now to work under the language of the City's proposal, but the Guild has evidenced a desire to discuss issues it believes have arisen under that language. I see no reason to modify the CBA at this point other than to add the MOU to the CBA as an Appendix as the parties have previously agreed in their LOA.

Accordingly, I determine the City's proposal is unwarranted.

12.0 SUMMARY OF DETERMINATIONS & AWARDS

COMPARABLES

I determine the following cities are “comparable jurisdictions” to the City of Bellingham: Auburn, Everett, Federal Way, Kent, Olympia, Renton, and Yakima.

WAGES (Article 4.1 and Appendix A)

I award the Guild a wage increase of 3.25% for 2018 (Retroactive to January 1, 2018).

I award the Guild a wage increase of 3.0% for 2019 (Retroactive to January 1, 2019).

I award the Guild a wage increase of 2.75% for 2020 (Effective January 1, 2020).

HEALTH INSURANCE (Article 14.2 & Appendix F, §1)

I determine the City’s proposal is unwarranted.

HSA / VEBA (Article 14.2 & Appendix F)

I determine the Guild’s proposal is unwarranted

VISION AND DENTAL (Article 14.2 & Appendix F)

I award the Guild an increase in contributions to its Dental and Vision Trust as follows.

The City shall pay monthly (retroactive to 01/01/2019) the following amounts to provide dental benefits: Employee-\$60.16; Employee+1 dep-\$111.32; Employee+2 dep-\$174.07.

The City shall pay (retroactive to 01/01/2019) \$10.00 per member per month to provide vision benefits.

DEFERRED COMPENSATION / LONGEVITY (Article 6.8 & Appendix A)

I award the Guild a 1% increase in deferred compensation contributions, which:

- 1) Is retroactive to January 1, 2018;
- 2) Does not require an employee match; and
- 3) Does not convert to longevity pay at 15 years of service.

SPECIAL ASSIGNMENT PAY – Non-Patrol Sergeant Premium (Article 6.9 & Appendix B)

I determine the Guild’s proposal is unwarranted

SPECIAL ASSIGNMENT PAY – Instructor Premium (Article 6.9 & Appendix B)

I determine the Guild’s proposal is unwarranted

HOLIDAYS (Article 24)

I determine the Guild’s proposal is unwarranted

VACATIONS (Article 25)

I determine the City’s proposal is unwarranted.

Dated this 18th day of July 2019.

WF Reeves

William F. Reeves
Neutral Interest Arbitrator