

**BEFORE THE ARBITRATION BOARD**

In the Matter of the Interest )  
Arbitration Between )  
 )  
City of Camas, Fire Department )  
 )  
the Employer ) **ARBITRATOR'S**  
 ) **AWARD**  
 )  
and )  
 )  
International Association of Fire Fighters, )  
Local 2444 )  
 )  
the Union )  
 )  
\_\_\_\_\_ )  
 )

PERC No. 16303-I-02-0380

**Appearances:**

**For the City:**

Larry Hannah, Esq.  
Perkins Coie  
One Bellevue Center, Ste. 1800  
411 - 108th Ave. NW  
Bellevue, WA 98004

**For the Union:**

David Snyder, Esq.  
Attorney at Law  
522 S.W. Fifth Ave., Ste. 1275  
Portland, OR 97204

**Neutral Arbitrator:**

Jane Wilkinson, Attorney and Arbitrator  
PMB 211  
3 Monroe Parkway, Ste. P  
Lake Oswego, OR 97034

Date of Award: January 22, 2003

## WITNESS LIST

### **For the Union:**

Kevin Bergstrom, Firefighter and President, Local 2444

### **For the Employer:**

Lloyd Halverson, City Administrator  
David Artz, Fire Chief  
Howard Strickler, Consultant  
Joan Durgin, Finance Director  
Sandra G. Brown, Manager of Human Resources

## EXHIBIT LIST

### **Union Exhibits:**

#### RCW 41.56 and WAC 39 1-55 Impasse Resolution Rules

1. IAFF 2444 Wage Proposal
2. IAFF 2444 Insurance Proposal
3. IAFF 2444—City of Camas Collective Bargaining Agreement 1999-2001
4. IAFF 2444 Comparables October 30, 2001
5. City of Camas Comparables and Wage and Benefit Analysis October 30, 2001
6. City of Camas Comparables and Wage and Benefit Analysis November 19, 2001
7. PERC Certification of Issues for Interest Arbitration
8. Snyder March 6, 2002 Letter re Resolved Issues
9. Strickler March 6, 2002 Letter re Resolved Issues
10. Snyder August 22, 2002 Letter re Resolved Certified Issues
11. Strickler October 30, 2002 E-mail re Resolved Certified Issues

#### Comparability

12. IAFF 2444 Service Area Population, Assessed Valuation and Assessed Valuation Per Capita
13. Camas Population and Assessed Valuation
14. Documentation of Comparables Population, Assessed Valuation and Insurance
15. Councilman Anderson Transport Agencies Comparisons, Summer 2001
16. City of Camas Fire Department Evaluation Emergency Services Consulting Group July 2000 (excerpt)
17. Washington State Data Book Economic Indicators
18. Median Household Income/Home Price Per County
19. Household Income and Home Price Data
20. 2002 Washington Taxes Per Capita Table

#### Wage and Benefit Analyses

- 20A. Comparables Collective Bargaining Agreements (Separate Binder)
  - Aberdeen
  - Bremerton
  - Clark FD #6
  - Cowlitz Fire and Rescue #2

Gig Harbor  
Kitsap #7  
Lacey (Thurston County 3)  
Olympia  
Pierce #21  
Puyallup  
University Place (Pierce County 3)

21. Johnson & Associates Report (excerpt)
22. Camas Fire Department Seniority List Updated October 15, 2002
23. IAFF 2444 Years of Seniority as of January 1, 2003
24. IAFF 2444 10th Year Net Hourly Wage Analysis
25. Camas' 10th Year Net Hourly Wage Existing Rank Order
26. IAFF 2444 Top Step Net Hourly Wage Analysis
27. IAFF 2444 Top Step Wage Analysis
28. 10th Year Net Hourly Wage Analysis of the City's Comparables
29. 10th Year Net Hourly Wage Analysis of the Common Comparables
30. Camas' Top Step Wage Rank With IAFF Proposal, City Proposal and Average
31. Comparables' Compensation Increases 2002, 2003, and 2004
32. IAFF 2444 Current Annual Payroll and Salary Costs of Parties' Proposals

#### Internal Parity

33. Camas Police Guild—City of Camas 2001 Collective Bargaining Agreement
34. Camas Police Guild—City of Camas 2002-04 Collective Bargaining Agreement

#### Local Labor Market

35. IAFF 452—City of Vancouver Collective Bargaining Agreement 2001—2002
36. IAFF 43—City of Portland Collective Bargaining Agreement 1999-2002
37. City of Portland Fire Fighter Internet Job Information
38. IAFF 43—Portland Fire Fighters Living in Washington
39. Camas Fire Fighters Departed for Greener Pastures List
40. Bennett, Weyrauch, and Box Correspondence
41. City of Vancouver Fire Fighters Civil Service Lists
42. New Employee 2001 Cost Estimates
43. Camas Applicants
44. Vancouver Applicants
45. Portland Applicants

#### Changes in the Cost of Living Index

46. Portland CPI-U 1982—2002
47. Portland CPI-U Increases July—July
48. Latest CPI Data

#### Insurance

49. IAFF 2444 Cost of Insurance Proposal
50. Camas 2002-2003 Insurance Premiums
51. Comparables Summary Table of Insurance Data

#### **Witness and Exhibit Lists**

### Miscellaneous

52. City of Camas Miscellaneous Statistical Data—City of Camas, Washington

### 2001 Comprehensive Annual Financial Report (Excerpt)

53. City of Camas Principal Taxpayers—City of Camas, Washington

### 2001 Comprehensive Annual Financial Report (Excerpt)

54. 2002 Camas Fire Department Budget

55. Draft 2003 Camas Fire Department Budget

56. City of Camas, 1996 Abernathy Interest Arbitration Award

57. City of Camas 2001

### Comprehensive Annual Financial Report Letter of Transmittal June 17, 2002

58. 2002 City of Camas single family permits to date

59. 2002 Budget Message—Mayor Dean Dossett

60. 2000 Year-End Report (showing call responses in service areas)

61. 2001 Year-End Report

62. City of Camas Comprehensive Annual Financial Report (excerpt), Year-ended December 31, 2001

63. City of Camas Comprehensive Annual Financial Report (excerpt), Year-ended December 31, 2000

64. City of Camas, Washington, 2003 Budget Summary

65. Counties, cities still can skirt 1% tax limit, Seattle Times article

66. RCW 84.55.0101

### **Employer Exhibits:**

#### Notebook I

Tabs:

A PERC's certification for interest arbitration, March 22, 2002

B. Introduction to City of Camas, Washington

C. Financial Condition of City of Camas

D. Selection of Comparable Employers

E. General Wage Analysis

1. Excerpt, *City of Bellevue and Bellevue Fire Fighters, Local 1604* (Interest Arbitration Award, J. Champagne, Arb., 1982)

2. Excerpt, *City of Camas and IAFF Local 2444*, (Interest Arbitration Award, J. Abernathy, Arb., 1996)

3. Excerpt, *City of Everett and Everett Police Officers Association* (Interest Arbitration Award, G. Axon, Arb., 1997)

4. Excerpt, *City of Vancouver and Vancouver Police Officers Guild* (Interest Arbitration Award, M. Beck, Arb., 1997)

5. Excerpt, *City of Pasco and Pasco Police Association* (Interest Arbitration Award, A. Krebs, Arb., 1990)

6. Excerpt, *City of Pasco and Pasco Police Association* (Interest Arbitration Award, A. Krebs, Arb., 1990)

7. Excerpt, *City of Pasco and Pasco Police Association* (Interest Arbitration Award, A. Krebs, Arb., 1990)

9. Excerpt, *City of Pasco and Pasco Police Association* (Interest Arbitration Award, A. Krebs, Arb., 1990)
10. Excerpt, *City of Kelso and Kelso Police Officers Association* (Interest Arbitration Award, H. Lankford, Arb., 2001)
11. 2002 Data, comparison of wages, Camas versus City comparators
12. Consumer Price Indexes, Pacific Cities and U.S. City Average, 2002 (includes Portland)
13. Management Pay Plan, 2002
- F. Position of the City of Camas, Medical Insurance Premiums Issue with information from Kaiser Permanente, attached
14. AWC Employee Benefit Trust, Regence Medical Plans, graph of increases
15. *City of Bellevue and Bellevue Fire Fighters, Local 1604* (Interest Arbitration Award, H. Block, Arb., 1982)
16. Comparator premium share chart
17. Cost of medical insurance for 2001, 2002 and 2003, showing employee share under the Employer's proposal (about \$20 per mo. for a single employee to \$57/mo. for full family)

Notebook II (Supplemental Materials)

Tabs G through U contain the collective bargaining agreements of the various entities that the City has considered as comparators, along with the City of Camas's collective bargaining agreements with AFSCME, its police officers and OPEIU Local 11.

Notebook III (Methodologies)

Chapter from Johnson and Associates, Wage and Classification Study, 1999

## **I. PROCEEDINGS**

This dispute, between the City of Camas, Fire Department and the International Association of Fire Fighters, Local 2444, concerns certain terms of a labor agreement to take effect on January 1, 2002 between the Employer and a bargaining unit of its fire fighters. The parties reached an impasse in their negotiations on three issues. Pursuant to RCW 41.56.450, those issues were certified for interest arbitration by the Public Employment Relations Commission (PERC) and submitted to neutral Arbitrator Jane R. Wilkinson for resolution. Evidentiary hearings were held in Camas, Washington, on November 19, 2002. Each party had the opportunity to present evidence, examine and cross-examine witnesses and argue its case. The Arbitrator received the parties' post-hearing briefs (e-mailed) on December 23, 2002, which shall be deemed the closing date of hearing.

## **II. STATUTORY AUTHORITY AND CRITERIA**

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

- (a) ... (ii) beginning on July 1, 1997, law enforcement officers as defined in RCW 41.26.030 employed by the governing body of any city or town with a population of {- }two thousand five hundred or more and law enforcement officers employed by the governing body of any county with a population of {- }ten thousand or more; (b) correctional employees who are uniformed and nonuniformed, commissioned and noncommissioned security personnel employed in a jail as defined in RCW 70.48.020(5), by a county with a population of seventy thousand or more, and who are trained for and charged with the responsibility of controlling and maintaining custody of inmates in the jail and safeguarding inmates from other inmates; (c) general authority Washington peace officers as defined in RCW 10.93.020 employed by a port district in a county with a population of one million or more; (d) security forces established under RCW 43.52.520; (e) fire fighters as that term is defined in RCW 41.26.030; (f) employees of a port district in a county with a population of one million or more whose duties include crash fire rescue or other fire fighting duties; (g) employees

of fire departments of public employers who dispatch exclusively either fire or emergency medical services, or both; or (h) employees in the several classes of advanced life support technicians, as defined in RCW 18.71.200, who are employed by a public employer.

RCW 41.56.465 specifies that interest arbitrators must apply the following criteria when determining the terms of a new collective bargaining agreement for firefighters:

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

- (a) The constitutional and statutory authority of the employer;
- (b) Stipulations of the parties;

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(c)(ii) For employees listed in RCW 41.56.030(7)(e) through (h),<sup>1</sup> comparison of the wages, hours, and conditions of employment of personnel involved in the proceedings with the wages, hours, and conditions of employment of like personnel of public fire departments of similar size on the west coast of the United States. However, when an adequate number of comparable employers exist within the state of Washington, other west coast employers may not be considered;

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

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

(f) Such other factors, not confined to the factors under (a) through (e) of this subsection, that are normally or traditionally taken into consideration in the determination of wages, hours, and conditions of employment. For those employees listed in RCW 41.56.030(7)(a) who are employed by the governing body of a city or town with a population of less than fifteen thousand, or a county with a population of less than seventy thousand, consideration must also be given to regional differences in the cost of living.<sup>2</sup>

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<sup>1</sup> RCW 41.56.030(7)(e) through (h) states in relevant part that:  
"Uniformed personnel" means:  
.... (e) fire fighters as that term is defined in RCW 41.26.030; (f) employees of a port district in a county with a population of one million or more whose duties include crash fire rescue or other fire fighting duties; (g) employees of fire departments of public employers who dispatch exclusively either fire or emergency medical services, or both; or (h) employees in the several classes of advanced life support technicians, as defined in RCW 18.71.200, who are employed by a public employer.

<sup>2</sup> Employees listed in RCW 41.56.030(7)(a) are law enforcement officers in jurisdictions of a specified size.

The Legislative purpose, referenced as a criterion in the above quoted statute and found at RCW 41.56.430, states:

**Uniformed personnel -- Legislative declaration.**

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.

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

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

In resolving the issues in this dispute, whether or not fully articulated herein, the Arbitrator has been mindful of the Legislative criteria set forth above and has given consideration to all of the evidence and arguments presented by the parties relative to these criteria. The undersigned Arbitrator also recognizes that interest arbitration is an extension of the collective bargaining process. The arbitration should endeavor to approximate the result that reasonable parties themselves would likely have reached in good faith negotiations. *E.g.*, *Kitsap County Fire Protection District No. 7* (IAFF Local 2876), PERC No. 15012-1-00-333 (Krebs, 2000); *City of Centralia* (IAFF Local 451), PERC No. 11866-I-95-253 (Lumbley, 1997)

**III. BACKGROUND INFORMATION**

The City of Camas, Washington, has a population of approximately 13,500 and its fire department provides fire suppression and EMS services within the City's limits. The Camas Fire Department also provides Advanced Life Support (ALS) ambulance transport services for the City of Washougal, Clark County Fire District #1, and Clark County Fire District #9. The ALS ambulance transport services are provided to these jurisdictions through inter-local

agreements whereby EMS (emergency medical services) tax levy revenues are paid to the City. The service population for the fire department's emergency medical services is about 44,800. Fire suppression service is not provided to this larger EMS service population area, except under mutual aid agreements. The assessed valuation of property within the City of Camas is about \$2.15 billion; the valuation of the property of the fire department's entire service area for emergency medical is about \$3.53 billion. Georgia-Pacific and Wafertech, which have large manufacturing facilities within Camas's city limits, contribute significantly to the City's tax base.

The Union represents a bargaining unit of 33 members, classified as Fire Fighters (8) Paramedics (16), Captains (6), Paramedic Captains (1), and Deputy Fire Marshals (2). In addition to these 33 bargaining unit members, the City utilizes about seven volunteers. The parties' last contract expired on December 31, 2001. The parties negotiated, but were unable to reach agreement on a successor contract, which they agreed would have a term of three years (January 1, 2002 through December 31, 2004).

The Executive Director of the Public Employment Relations Commission certified fourteen issues to interest arbitration, but the parties subsequently settled all but two of those issues, those pertaining to wages and to medical insurance premiums. The resulting arbitration hearing was confined to testimony and exhibits on those remaining two issues.

#### **IV. PARTIES' PROPOSALS ON WAGES**

##### **A. Employer's Proposal**

Effective January 1, 2002, Fire Fighters and Captains in the bargaining unit will receive an across the board wage increase of 2.5% and Paramedics will receive an across the board wage increase of 3.5% as provided for in Exhibit "A" to this contract.

Effective January 1, 2003, employees in the bargaining unit will receive an across the board wage increase of 2.5%.

Effective January 1, 2004, employees in the bargaining unit will receive an across the board wage increase of 2%.

## **B. Union's Proposal:**

Effective January 1, 2002, employees will receive the following wage adjustments based upon comparability, the City's compensation goals, the local labor market, increases in the cost of living, and other statutory factors:

|                                  |     |
|----------------------------------|-----|
| Firefighter                      | 13% |
| Firefighter/Paramedic            | 17% |
| Fire Captain and Deputy Marshals | 10% |

Effective January 1, 2003, all employees will receive a cost of living increase equal to 100% of the 2002 CPI-U for the Portland Salem Metropolitan Area as reported by the Bureau of Labor Statistics for the period July—July.

Effective January 1, 2004, all employees will receive a cost of living increase equal to 100% of the 2003 CPI-U for the Portland Salem Metropolitan Area as reported by the Bureau of Labor Statistics for the period July—July.

## **V. PARTIES' ARGUMENTS ON WAGES**

### ***Arguments of the Employer on Wages:***

#### **Comparators:**

A. Comparables should not be used inappropriately and their selection should consider the unique characteristics of the Camas Fire Department.

1. The statutory comparables factor is ill defined, subject to results-oriented manipulation, and as noted by the Arbitrator, is elusive in this case because of the hybrid nature of the Camas Fire Department. Comparability should not be the sole determinative factor.
2. The unique character of Camas is shown by a city population of 13,540, but a service area population of 44,000; fire services are only within the city; for the broader service area the department provides advanced life support (ALS) and a transporting ambulance service; and paramedics comprise over half the bargaining unit. There are few other jurisdictions bearing these characteristics.
3. The City refined the 11 comparators used in negotiations to seven at hearing, as follows:
  - a. Because of the hybrid nature of the Camas Fire Department's services, the City used a population range of 13,540 (the City's size) on the low end, to 44,000 (the service area population) on the high end.
  - b. The City also considered the call volume, eliminating Walla Walla, with a disproportionate volume, and particularly considered the number of uniformed firefighters, eliminating the three fire departments that were much larger than Camas (Olympia, with 79 uniformed personnel; Thurston #3, with 57; and

Bremerton, with 54 -- the call volume consideration also would have eliminated these three).

- c. Pasco, although east of the Cascades, was retained because it is a hybrid department, and its population, number of uniformed personnel, and call volume are remarkably similar to Camas. .
- d. Assessed valuation provided little assistance because of the anomalous character of Camas, with its relatively large assessed valuation due to the presence of the Georgia-Pacific paper, Wafer Tech and other industrial properties within city limits. The large assessed valuation would suggest comparison with much larger fire departments, something that would be inappropriate.

| <b>Eleven Used in Negotiations</b>                  | <b>Final Seven</b>                            |
|---|---|
| Aberdeen* ( <i>only paramedics employed</i> )       | Aberdeen* ( <i>only paramedics employed</i> ) |
| Anacortes*  | Anacortes*                                    |
| Bremerton   | Cowlitz County No.2                           |
| Cowlitz County No.2                                 | Pasco*  |
| Olympia   | Pierce County No.3 (Univ. Pl.)                |
| Pasco*  | Port Angeles                                  |
| Pierce County No.3 (Univ. Pl.)                      | Tumwater*                                     |
| Port Angeles  |   |
| Thurston County No.3 (Lacey)*                       |   |
| Tumwater*   |   |
| Walla Walla   |   |
| <i>*Outside city limits, ambulance service only</i> |   |

B. The Union’s selection methods contains a number of flaws:

1. The Union ignores the statutory mandate to compare “public fire departments of similar size.”
2. The Union bases its selection on the EMS service area population of 44,000, ignoring that the service area population for both fire and EMS is 13,500; thus the Union ignores the hybrid nature of the City’s services.
3. The Union compounds its error by embracing a population range extending to *double* the EMS service area population of 44,000, which results in its embracing relatively huge agencies such as Thurston Fire Dist. No. 3 (69,000), Kitsap Fire Dist. No. 7 (77,900), Pierce Fire Dist. No. 21 (55,000), and Clark Fire Dist. No. 6 (60,000). U. Exh. 12. The *average* population of the Union’s comparators (46,399) actually exceeds Camas' outer-limits number of 44,400.
4. The Union unjustifiably uses Pierce County comparators, despite their being located in the higher wage Seattle/Puget Sound metropolitan area.
5. The Union’s list includes seven fire districts, a disproportionate number; fire districts are, by statute and purpose, single function entities not in the business of having to balance the allocation of resources to other municipal functions such as roads maintenance, parks, water, law enforcement, etc.

6. The Union's list includes only one hybrid department--Aberdeen, (that is, a department providing both fire and EMS services within city limits and EMS services to outlying areas). In contrast, the City's list includes four such hybrids (Aberdeen, Anacortes, Pasco, and Tumwater).
  7. Puyallup is not a bona fide transporting department and should not be included; it provides no BLS support and only occasional ALS support. According to the Union, it only has the *goal* of becoming a fully transporting agency.
  8. Clark Fire Dist. No. 6, included by the Union, is not a transporting agency.
- C. The City used a net hourly pay approach based on cash compensation and a 17-year benchmark for captains (the average tenure of captains in the bargaining unit); and 10 years for firefighters and paramedics.
- D. Results: The City's 2002 offer would put firefighters 1.01% above the median and slightly below the average; paramedics would be 1.57% above the median and slightly above the average; captains would be 7.65% above the median and 5.68% above the average.

### **Changes in the Cost of Living**

- A. The City contends that the statutory cost of living criterion lends strong support to the City's position.
1. Over the past decade, the firefighters' wages have outpaced increases in the CPI. Depending on the classification, wages have outpaced the CPI by 6.9% to 16.2% over five years, and by 10.6% to 25.4% over 11 years.
  2. The Union presented no evidence refuting the above data; moreover, it disregards the conventional wisdom that the CPI overstates the cost of living and it failed to introduce any evidence showing that 100% CPI increases are the rule or even a common award in interest arbitrations.
- B. The Portland CPI had July-to-July change for 2001 to 2002 of only 1.25%.
- C. The City asserts that the cost of living, as expressed in wage levels, places the Portland area below the Seattle area (which includes Pierce County), home of the Union's favorite "comparables"). According to the Bureau of Labor Statistics, the median hourly wage of a firefighter in the Seattle area is \$23.16, compared to \$21.27 in the Portland area. Correspondingly, average annual pay in the Seattle area is \$41,953, versus \$35,830 in the Portland area. *Id.*

### **Other Statutory Considerations**

- A. "Other" statutory factors support the City's position:
1. Internal equity is a major concern of the City because of the potential for "me too" demands from other bargaining units.
    - a. In 2002 the top-step police officer makes \$4,529 per month. The top-step firefighter, with the 13% Union-proposed increase, would receive a monthly wage

of \$4,923, or a sudden advantage over police to the tune of \$400 per month and 8.7%.

- b. Within the fire department, a 17% increase--or any large increase--for paramedics and paramedic captains would create compression between fire department chiefs and the personnel they supervise. If the management positions in the fire department were increased to preserve the current pay differentials with subordinates, the Fire Chief would surpass the other department heads, at \$8,146 per month.
2. The Camas Fire Department has the *second lowest* per capita call volume ratio of any of the 12 departments advanced by the parties as comparators; the Union made no claim of workload to justify a wage increase.
  3. The City maintains that employee retention has been excellent and the department has no difficulty attracting a large number of good candidates for vacant positions.
    - a. Tenure in the department ranges from just over 27 years to just under one year, with an average of just under 10 years.
    - b. In the past 10 years, only four bargaining unit employees have left the Department for employment with another department.
    - c. The Union pitched the sudden allure of the Vancouver Fire Department, a much larger department--in excess of 150 personnel--offering more positions of officer rank and hence more promotional positions.
    - d. The evidence on potential departures to Vancouver was largely sketchy and second-hand. There seem to be two candidates with conditional job offers and one without. Two have been motivated by family connections and one by promotional opportunities. As the Arbitrator noted at hearing, some migration to larger departments is fully expected and is the norm, and one also should note that smaller community departments also have an allure.
- B. According to the City, various Union contentions are misplaced.
1. The leading flaw in the Union's approach, the City contends, is its use of a *single criterion*: comparisons to other fire departments; Unions know that, no matter how *unfavorable* the resulting set of comparables as selected by an arbitrator, there still will not be a *reduction* in wages based on the comparables.
  2. The United States and global economics are in the midst of a sustained downturn and Camas is economically challenged, caught up in a relative downturn of revenues compared to expenses. This context reinforces the need for fiscal prudence.
  5. There is no statutory or case precedent for using the 65th percentile as a wage target.

## Arguments of the Union on Wages:

### Comparators:

- A. The Union contends that the screening band is appropriately -50%, +100%.
1. Arbitrators Gaunt, Beck, Snow and Krebs have supported this band; Arbitrator Krebs cautioned against the “slavish” use of a plus or minus 50% screen.
  2. Because when size increases, the number of cities decreases, the broader band is appropriate in order to achieve balance.
  3. These selection criteria yielded the following list of comparators:
    - Aberdeen
    - Bremerton
    - Clark County No. 6
    - Cowlitz County No. 2
    - Pierce County No. 5 (Gig Harbor)
    - Kitsap County No. 7
    - Thurston County No. 3 (Lacey)
    - Olympia
    - Pierce County No. 21
    - Puyallup
    - Pierce County No. 3 (Univ. Pl.)
  4. Even with a factor of two screen, seven of these comparators have a service area population less than Camas. Only Clark County Fire District No. 6 (60,000), Kitsap Fire Dist. No. 7 (77,900), Lacey/Thurston County Fire District No. 3 (69,000) and Pierce County Fire District No. 21 (55,000) have a service area population greater than Camas. With the exception of Kitsap Fire District No. 7 and Lacey/Thurston County No. 3, each of these employers would also fall within the limits of a plus or minus 50% population screen.
- B. The Union’s position is that service area population is the relevant population indicator.
1. The City did not dispute that the bulk of the work performed by bargaining unit members is EMS work, rather than fire suppression.
  2. According to the City’s position statement, in 2001, there were 2,256 EMS calls (90%) compared with 256 fire responses. City Exh. I, Tab D at 4. Ninety percent of the calls were EMS.
  3. The service area population clearly is the EMS area with a population of 44,842.
  4. The City’s position is unsupported, according to the Union: The City contends that the Department’s actual service area needs to be tempered by consideration of the City’s population, and it does so by utilizing a screen of 30.7% to 100%, although these figures are lacking in explanation and precedent.
  5. The Union urges the Arbitrator to bear in mind that:
    - a. More than one-half (59%) of the EMS calls were responses *outside* the City of Camas; (only 935 of the total 2,277 EMS calls were within the City of Camas. Union Exh. 61. This is 41%. Adding the remaining calls, only 1,191 total calls were from within the City limits. Providing EMS service outside the city is a major part of the bargaining unit’s workload.

- b. Out of a department of 38 total employees, the Emergency Rescue Fund paid 14+ positions.
    - c. Arbitrators have rejected attempts to artificially manipulate an employer's service population.
  - C. The Union maintains that assessed valuation has been a uniformly important consideration to interest arbitrators.
    - 1. Strict application of a factor of two bands to the criterion of assessed valuation would have eliminated three comparators as too small: Aberdeen (\$702 Million or 20%), Bremerton (\$1.5 Billion or 43%) and Cowlitz Fire and Rescue Fire Dist. No. 2 (\$1.6 Billion or 45%). Nevertheless, the Union includes them as comparators, and the City included these on its comparator list during bargaining in late 2001.
    - 2. The Union argues that the City's desire to ignore assessed valuation because of the service anomaly of Camas is unjustified:
      - a. Assessed valuation is a useful measure of an employer's ability to pay a competitive wage.
      - b. 57% of the Emergency Rescue Fund revenue is derived from a "voter approved EMS tax levy." City Ex. I Tab B at 1.
      - c. \$2.15 billion of Camas' \$3.53 billion total assessed valuation—60%—lies within the City itself. Union Ex. 13.
      - d. The fact that the City has two large taxpayers (Wafertech and Georgia Pacific, whose assessed valuation alone is more than \$110 million greater than that of the entire City of Aberdeen, Union Ex. 53 and 12) is not a reason to ignore this indicator.
  - D. According to the Union, geographic proximity is important but limited in usefulness here.
    - 1. The Union's comparator list includes one in-county comparator (Clark County Fire District Fire District No. 6) and one south of the Puget Sound region (Cowlitz Fire and Rescue Fire District No. 2). Neither party has found a sufficient number of nearby comparators.
    - 2. Interest arbitrators only reluctantly cross the Cascade Curtain; economic data confirms this reluctance. The City offers no sustainable reason for including Pasco.
    - 3. While jurisdictions in King County can be appropriately excluded, it is not appropriate to exclude Pierce, Kitsap and Thurston County employers. Median household and per capita income in Clark County is higher than those three counties. Median home price is lower than Kitsap and Pierce, but higher than Thurston County.
  - E. Generally, only transport agencies should be used as comparators per Arbitrator Abernathy's 1998 award, which also emphasized the importance of a local labor market. Therefore, the union urges that an exception be made for Clark County Fire District No. 6.

- F. Historical comparators used by the City support the Union’s list and the City has no offered valid reasons for excluding comparators that do not support its position; furthermore, the Union’s position has been consistent throughout negotiations and into arbitration.
- G. Department size and call load are not normally considered by arbitrators; if considered in this case, the number of bargaining unit personnel is more relevant than department size and call load ratios are rendered problematic because of the use of volunteers.

**Results of Comparator Analysis**

- A. According to Local 2444, a comparator analysis based on the Union’s comparators shows the following lag (using a ten years’ service benchmark).

|                              | <b>Union Proposal</b> | <b>65th Percentile</b> | <b>Average</b> |
|------------------------------|-----------------------|------------------------|----------------|
| <b>Firefighter</b>           | 13%                   | 15.02%                 | 12.84%         |
| <b>Firefighter/Paramedic</b> | 17%                   | 19.06%                 | 16.86%         |
| <b>Captain</b>               | 10%                   | 11.87%                 | 7.98%          |

**Other Statutory Considerations**

- A. The Union contends that the cost of living consideration is proper, but the modest increases in the cost of living clearly do not require a modest increase in wages:
- B. Other factors traditionally considered by arbitrators support the Union’s position.
  - 1. Local labor market considerations have an influence on a jurisdiction’s wages and tie in with the retention of employees. Arbitrator Lankford, for instance, rejected Longview as a comparator to Kelso based on size, but nevertheless stated that Longview “certainly must be considered as an ‘other factor’ under subsection (f) of the statute.” *City of Kelso and Kelso Police Officers Association* (Lankford, 2001).
  - 2. Turnover in Camas has been significant, the Union contends.
    - a. Camas has lost four fire fighters to Vancouver since 1996; three of those departed in the past three years.
    - b. This turnover is continuing: Two union members have received offers from the Vancouver Fire Department and a volunteer began in Portland in November 2002; two bargaining unit members and a management employee, the Fire Marshal, are on Vancouver’s Civil Service hiring list.
    - c. Turnover is expensive: Chief Artz estimated the “minimum initial cost” of training a firefighter at \$19,450 and of training a paramedic at \$33,000.
    - d. Turnover impairs the delivery of services and is demoralizing; although Chief Artz ascribed several departures to “family reasons,” it is significant that no firefighters leave Vancouver employment to join the Camas Fire Department.
  - 3. Arbitrators recognize internal parity as an “other factor” (but not an overriding one) under the statute and the Arbitrator should consider that the City gave its police officers a 4% increase in 2002, 3% in 2003, and 3% in 2004, well above what it offered its

firefighters. An increase's effect on management salaries is not properly the concern of the interest arbitrator.

4. The City's financial condition does not bar the increase the Union seeks; the City has never asserted an inability to pay and in fact the Union's proposal is well within the City's ability to pay.

## **VI. DISCUSSION AND AWARD ON WAGES**

### **A. Selection of Comparators**

#### **1. Selection of Comparables, in General**

As the City cautions, I am mindful that a comparator analysis is only one of the statutory considerations. I am mindful also that comparability is the consideration given the most weight by arbitrators. The task of selecting appropriate comparators is frustrating; the task is compounded because the statute does not target the subject jurisdiction's wages at any particular position vis-à-vis its comparators (e.g., to the average, median, top or bottom).<sup>3</sup> Nevertheless, the comparator analysis has an appealing logic, both in terms of achieving a just end result as well as an objectively quantifiable one.

Selecting appropriate comparators is usually difficult; perhaps the easy ones do not end up in arbitration. Ideally, the comparator jurisdictions will perform an identical function, will have a population and assessed valuation within a reasonable range of the subject's, and will lie within the subject's local labor market so as to obviate the need to consider geographical differences in wages and cost of living.

The fact that the City provides two services (fire and EMS) within its limits and one service (EMS) to a large county area makes the population and assessed valuation

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<sup>3</sup> Arbitrator Axon observed:

[I]t is a fact that on any list of comparators one jurisdiction will have to be ranked first and another last. ... [T]he important fact is to maintain a wage and benefit package that is competitive and not so distanced from the comparators as to be considered substandard.

*Spokane County*, PERC No. 14916-I-99-329 (Axon, 2000).

considerations problematical (and the source of the difference between the parties' analyses). This circumstance forces this Arbitrator to consider other measuring devices for the selection of comparators. I emphasize that my doing so is driven by the unusual character of the Camas Fire Department; this approach is not appropriate for all cases. I find that the size of a jurisdiction's fire department (whether measured by uniformed personnel or number of bargaining unit members) is the most useful indicator in this case. I relied on department size in the last Washington interest arbitration award that I issued (*Spokane International Airport and IAFF Local 1789* (2002)) because the airport lacked an appreciable resident population and had no assessed valuation. In that case, I noted that the statute, RCW 41.56.465 (1)(c)(ii), requires comparison of the wages "of like personnel of public fire departments of similar size." By considering department size in two cases in succession, I am not suggesting this is an appropriate consideration in every case. In fact, I have not considered department size in any prior Washington cases and I am not aware of other arbitrators who have. I agree with the Union's contention that the statutory phrase "of like personnel of public fire departments of similar size" admits of the interpretation traditionally given by interest arbitrators, that is, "size" is primarily determined with reference to the jurisdiction's resident population and assessed valuation. There are so many arbitration awards that have considered only population and assessed valuation as a measure of size that no citation is needed. These awards have spanned many decades without any correction from the Legislature or the courts. Thus, I emphasize that it is both usual and appropriate to confine one's inquiry to the population and assessed valuation indicators (with consideration also given to geographic proximity), as is seen from many interest arbitration adjudications.

The Camas Fire Department, however, is not like most fire departments. It provides fire suppression services only within the City of Camas, with a resident population of 13,500. It also provides EMS services within the City of Camas. But, it provides EMS services to a large area outside of the City, so that the entire EMS service area population is about 44,800. Its EMS

service (both in and out of the City) includes ALS (advanced life support) and transport. The service area for its EMS service is over three times the size of the service area for its fire suppression service, a fact that creates an obvious problem when selecting comparators.

I suggested one alternative approach to the parties at hearing: use a population and assessed valuation figure based on some sort of weighted average between in-city service and outside EMS service. The parties' response was not encouraging: neither party undertook or advocated a weighted-average analysis in its post-hearing brief. The City apparently proposed this method to Arbitrator John Abernathy in 1996 and the arbitrator rejected it. (Arbitrator Abernathy, however, eschewed the use of comparators altogether, something this Arbitrator is unwilling to do). Given both parties' response, Arbitrator Abernathy's view, and the somewhat complicated nature of such an undertaking, I will not pursue this approach.

The other approach I suggested received a warmer (but not wildly enthusiastic) reception from the parties, that approach being the comparison of department size (either based on the number of uniformed firefighters or the size of the bargaining unit). The parties provided the Arbitrator with the necessary data and considered it in their arguments, but the Union urged the Arbitrator not to overly rely on this criterion, while the City urged the Arbitrator to avoid placing too much weight on comparator considerations altogether. Nevertheless, given the peculiar configuration of the services delivered by the City, I find that department size is the most appropriate indicator of "similar size" in this dispute. As noted in the *Spokane International Airport* dispute, *supra*, there is a correlation between the number of uniformed or bargaining unit personnel employed by a jurisdiction and wages. Simply put, larger fire departments (in terms of uniformed personnel) tend to pay higher wages. In addition, the fact that Camas delivers EMS services outside of its limits indisputably affects the size of its department. Were it to deliver services only within the City's limits, its fire department would be considerably smaller. Thus, there obviously is a correlation between the number of personnel employed and service delivery. I recognize that using department size as a primary comparator screen is not a perfect

method. There may be efficiencies or economies of scale differentially achieved by the proposed comparators. Some jurisdictions make more use of volunteers than others, although that does not appear to be a factor in this case. Nevertheless, I favor this approach because I find the approaches proposed by both parties to be faulty. The City proposes using jurisdictions no larger than its service area of 44,800, which the Union persuasively contends is an artificial limit that probably is too limiting. The Union, on the other hand, proposes selecting comparators based on a population band of half to double Camas's service area. This population band is one that is not frequently employed by arbitrators and in my opinion, is justified only when the more traditional 50% to 150% band is inadequate. The following table shows the recent decisions that have mentioned the bandwidth:

| <b>Case Name</b>  | <b>Bandwidth</b>   |
|---|--|
| <i>City of Sea-Tac</i> , PERC No. 15951-I-01-370 (Krebs, 2002)                | 66%-150%   |
| <i>King Cty Fire Dist. 44</i> , PERC No. 15764-I-01-360 (Wilkinson, 2002)     | 50-150%  |
| <i>City of Longview</i> , PERC No. 15438-1-00-350 (Nelson, 2001)              | 50-150%  |
| <i>City of Mountlake Terrace</i> , PERC Case No. 15590-1-01-354 (Croll, 2001) | 50-150%  |
| <i>Kitsap County Fire Protection District No. 7</i> (Krebs, 2000)             | 60-166%  |
| <i>City of Bothell</i> , (Krebs (2000)  | 70-140%  |
| <i>Thurston County</i> (Axon, 1999)   | 40-160% used because 50-150% yielded only four comps           |
| <i>Mason County</i> (Beck, 1999)  | 50-150%  |
| <i>City of Milton</i> (Abernathy, 1998)                                       | Rejected 200%, noted 15 award average was about -42% to 55%    |
| <i>City of Centralia</i> PERC No. 11866-I-95-253 (Lumbley, 1997)              | 75-150%  |
| <i>City of Vancouver</i> , AAA 75 L 390 00218 96 (Beck, 1997)                 | 50-150%  |
| <i>City of Kennewick</i> , AAA 75 300 00225 96 (Krebs, 1997)                  | 70-130%  |
| <i>City of Pullman</i> , PERC No. 12399-I-96-296 (Gaunt, 1997)                | Upper limit of just under 200% used because of lack of options |
| <i>City of Bellevue</i> (Gaunt 1988)  | Upper limit of 200% may be appropriate                         |
| <i>City of Seattle</i> , PERC No. 4369-I-8298 (Beck 1983)                     | 200% according to Arb. Gaunt in <i>City of Bellevue</i> (1988) |
| <i>City of Seattle</i> , PERC No. 5059-I-84-114 (Krebs, 1984)                 | <i>Ibid.</i>   |
| <i>City of Renton</i> , 71 LA 271 (Snow, 1978)                                | <i>Ibid.</i>   |

The 50% to 150% screen is the prevalent one, with arbitrators narrowing or broadening that screen as circumstances require. With the exception of Arbitrator Gaunt's award in City of Pullman, where the arbitrator employed a 200% screen out of necessity, I found no cases

employing that bandwidth since 1988. The Union's approach also is defective because it fails to make any adjustment for the hybrid nature of Camas's service delivery.

The Employer advances an argument favoring the number of calls per employee and total call volume as suitable screens or indicators for the selection of comparators. I am unaware of any arbitral precedent using call volume ratios as a primary or even secondary screen and the Employer did not cite any such cases.<sup>4</sup> The use of call volume is not something that can be readily inferred from the language of RCW 41.56.465, and the Employer did not present persuasive evidence or argument as to why call volume is a particularly suitable indicator of "like personnel of public fire departments of similar size." Call volume ratios may show an employer's efficiency and may indicate workload, but there maybe other circumstances that affect call volume figures, such as the use of volunteers, mutual aid agreements, reporting methodology, and peculiar circumstances that prevent a department from becoming more efficient.<sup>5</sup> I note that the call volume figures the City presented varied considerably among the comparable jurisdictions under consideration, and I am not certain why. For example, Tumwater also is a hybrid department with service areas populations similar to Camas's. It has a city population of 13,000 and a total EMS service population of 50,000, versus 13,500 and 44,800, respectively, for Camas. Tumwater's call volume is considerably higher (65% higher) than Camas's, but it employs 26 uniformed personnel, compared with 36 for Camas. Thus, the call volume ratio for Tumwater is between 2 1/2 to three times that of Camas (197 per uniformed

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<sup>4</sup> Arbitrators have generally refused to introduce novel criteria into their selection, at least as part of the statistical screening process. For example, Arbitrator Axon refused to consider relatively "dangerous working conditions," stating that "the compensation issue is a basic wage dispute" which should not be overly complicated. *Snohomish County Department of Corrections*, PERC No. 11976-I-95-260 (Axon, 1996).

<sup>5</sup> In this Arbitrator's recent *Spokane International Airport* (2002) interest arbitration award, the employer also urged me to consider call volume. The Airport's case for overall call volume was logical: The primary mission of the firefighters at the Spokane Airport is to respond to an aircraft emergency. Fortunately, such emergencies have not occurred in Spokane. Thus, aside from routine inspections, training and EMS assistance to the occasional sick passenger or employee, the workload of the airport firefighter is not very high. Although I found the Employer's argument to be a reasonable one, I ultimately elected not to significantly weigh workload because it unduly complicated a case already presenting difficult choices and because of the unique airport requirements. The FAA itself mandates a certain level of firefighter presence, whether or not there is something for them to do.

employee, compared with 72 for Camas). The call volume ratio *and* total call volume for Tumwater suggests its unsuitability as a comparator, even though it is one of the few putative comparators with the same hybrid service configuration as Camas's, serving populations that are nearly the same size. Although the size of its department is smaller, it nevertheless passes the 50%-150% department size screen. Therefore, as the record stands, I am not persuaded that call volume data should be given weight.

The Employer also objects to the use or over-use of fire districts as comparators because they are funded from a single dedicated source, whereas cities with fire departments must allocate their funds among their various competing services. I know of only one Washington fire department award that refused to consider fire districts: *City of Centralia*, PERC No. 11866-I-95-253 (Lumbley, 1997). Eliminating fire districts from consideration in this case is not a realistic option. It would eliminate around half the viable comparators for a reason that is no better than one could advance for eliminating the other half.

Finally, the Union contends that bargaining unit wages should be targeted at the 65th percentile of its comparators because in 1999, a wage consultant employed this figure in a compensation study using relatively small cities as comparators. See Exh. U-21. The Union's 65th percentile target lacks any kind of statutory basis and is without precedent. It will not be the objective adopted with this award.

## **2. The Arbitrator's Selection of Comparables**

I carefully reviewed both parties' proposed comparators and I found that no comparator was as "like" Camas as one would prefer. The three comparators the parties proposed in common (Aberdeen, Cowlitz County No. 2, and Pierce County No. 21 (University Place)) are suitable because they are acceptable to both sides and are demographically appropriate; they will be included on the Arbitrator's comparator list. To select the remaining comparators, I used a -50% to 150% screen on department size. The Union urged the use of bargaining unit size, while the City preferred the number of uniformed employees in the department. The number of

uniformed employees appeared to be a more inclusive number, and I opted to use it. There were some discrepancies between the numbers the parties provided, but none sufficient to make a difference. When a jurisdiction's size is shown with a range of numbers on the table below, one figure is the Union's and the other is the City's. After utilizing the department/unit size screen, I reviewed each comparator individually to see whether something about it warranted its exclusion from or addition to the comparator list, despite having passed or failed the department size screens. The results of the department size screen are shown on the following table.

| <i>Jurisdiction<sup>6</sup></i>              | <i>Uniformed Size</i> |
|--|-----------------------|
| Aberdeen                                     | 35                    |
| Anacortes                                    | 18-19                 |
| Bremerton                                    | 53-54                 |
| Clark County No. 6                           | 52-54                 |
| Cowlitz County Fire/Rescue No. 2             | 27                    |
| <del>Kitsap County Fire District No. 7</del> | <del>61</del>         |
| Olympia                                      | <b>78</b>             |
| Pasco  | 42-44                 |
| Pierce County No. 21                         | 37                    |
| Pierce County No. 3 (Univ. PI)               | 33-34                 |
| <del>Pierce County No. 5 (Gig Harbor)</del>  | <del>60</del>         |
| Port Angeles                                 | 20                    |
| Puyallup                                     | <b>58</b>             |
| Thurston County No. 3 (Lacey)                | 54                    |
| Tumwater                                     | 26                    |
| Camas  | 36                    |
| <i>Minus 50% Camas</i>                       | 18                    |
| <i>Plus 50% Camas</i>                        | 54                    |

*The boldface strikethroughs show the jurisdictions failing the -50/+50% screen*

The above table shows that Kitsap County No. 7, Olympia, Pierce County No. 5 (Gig Harbor) and Puyallup failed the department size screen and fell from the list, although, as

<sup>6</sup> Walla Walla was not included in the Arbitrator's analysis because she understood the City to abandon that jurisdiction as a comparator.

explained next, I reconsidered Olympia. I also took a close look at those jurisdictions to which a party voiced an objection. The particulars on these individual reviews are as follows:

**Exclusion of Olympia.** Olympia presented a close question: It failed the department size screen because it employs a large number of firefighters, but otherwise, it would seem to be a comparable preferable to Pierce County No. 21. Olympia is located closer to Clark County and it serves a smaller population; its assessed valuation is higher, although still appropriate because falls between the assessed valuation of the City of Camas's and its broader service areas. In order to maintain balance (see the discussion of the Puget Sound issue, below), I determined it would be appropriate to include Olympia or Pierce No. 21, but not both. The wages at Pierce No. 3 are slightly higher than Olympia's. Because Pierce No. 3 passed the department size screen and Olympia did not, I opted to go with Pierce No. 21. The choice of Olympia instead would not have affected the end result.

**Inclusion of Clark County No. 6.** The Employer strongly objects to Clark County No. 6 as a comparator. Although that jurisdiction services a large population area, I elected to include it because it passed the department size screens and it is the only local labor market comparator available. As the Union ably pointed out in its post-hearing brief, many arbitrators have attached significance to geographically proximate comparators. *E.g., City of Kelso* (Lankford, 2001); *Walla Walla County* (Greer, 2000); *Mason County Beck*, 1999); *City of Bothell*, (Krebs, 2000); *City of Mount Vernon*, PERC No. 10183-I-92-218 (Axon, 1993) *City of Bellevue*, PERC No. 14037-I-98-309 (Beck, 1999); *Kitsap County*, PERC No. 13831-I-98-299 (Buchanan, 1999); *City of Bremerton*, PERC No. 12924-I-97-279 (Axon, 1998); *City of Kennewick*, AAA 75 300 00225 96 (Krebs, 1997); *Jefferson Transit*, PERC No. 11148-I-94-239 (Axon, 1994). In addition, the assessed valuation of the area serviced by Clark County No. 6 is below that of Camas's service area but above that of the City of Camas itself.

**Central Puget Sound Comparators.** The Employer strenuously objects to central Puget Sound area comparators (although it proposed Pierce County No. 21), citing the high cost

of living and high wages in the Seattle area. As the Union points out, the Employer's argument assumes that the economic conditions in Seattle and King County apply to the other areas surrounding Puget Sound. The Employer did not present evidence to support this assumption, and the information available to this Arbitrator shows that economic indicators are uneven in this region. It is true that wages, the cost of living, median income, median home prices and similar indicators are higher in jurisdictions bordering Puget Sound than in rural areas. But, when compared with Clark County, these measures are much closer, after Seattle and King County is excluded. For example, Clark County median home prices and its annual average earnings per job are similar to Pierce County's. Median household income in Clark County is almost nine percent higher than in Pierce County.<sup>7</sup> Bremerton, in Kitsap County, has an assessed valuation considerably lower than Camas's assessed valuation (\$1.51 billion for Bremerton, \$2.15 billion for Camas), and its fire department serves a population area that falls between the City of Camas itself and its broader service area. Given these indicators, there is no reason for the categorical exclusion of Central Puget Sound jurisdictions.

On the other hand, comparator wage data, as well as Bureau of Labor Statistics (BLS) wage data,<sup>8</sup> suggest that the closer one gets to Seattle, the higher the firefighter wages, and the difference become significant. This information suggests a different wage market for firefighters in the Central Puget Sound area; as a consequence, I prefer that these jurisdictions not have an overwhelming presence on a list of comparables.

**The "Cascade Curtain."** The Union strongly objects to crossing the "Cascade Curtain" and bringing in Pasco, despite its size and functional similarity to Camas. Few interest arbitrations have occurred where the east-west divide has not been a source of contention. A

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<sup>7</sup> Source: The Washington State Office of Financial Management's web page on the 2000 census, currently online at <http://www.ofm.wa.gov/census2000/index.htm>, and with spreadsheet data at [http://www.ofm.wa.gov/-census2000/sf3/stcopl/medinc\\_c.xls](http://www.ofm.wa.gov/-census2000/sf3/stcopl/medinc_c.xls).

<sup>8</sup> The BLS web site is at: <http://www.bls.gov>. Information on wages by area and occupation can be accessed at <http://www.bls.gov/bls/blswage.htm>. The BLS maintains firefighter wage data separately for Tacoma, Olympia and Bremerton.

review of those many cases shows that arbitrators will consider cross-Cascade comparators when it is appropriate.

Because of the economic dissimilarities with Camas (Pasco's assessed valuation is 60% of Camas's, despite having a population that is 2 1/2 times larger; median household and per capita income in Camas is nearly double that of Pasco)<sup>9</sup>, I seriously considered eliminating Pasco as a comparator. On the other hand, I noted that a number of the proposed comparators are dissimilar in certain important respects. If I eliminated all those that contained a significant flaw, there would be few left. Accordingly, Pasco stays.

There were problems, however, in the record with Pasco's wage analysis. The City presented no analysis, and the Union presented three (Exh. U-5, 6 and 28) with the first two (Exh. U-5 and 6) purporting to be copies of analyses previously performed by the City. I elected to start with the Union's independent analysis (Exh. U-28) and compared it with the Pasco Firefighters' collective bargaining agreement. There were two errors: one in the base wage of firefighters at ten years (the Union had the pay too high) and the other in the number of holiday hours. The Union listed that number as "0;" it should have been 132, a figure that works to the benefit of the Union. Finally, noting testimony at Tr. 249 that Pasco has not settled its contract for the year 2002, but that the firefighters "probably" will accept the city's 4% offer, I "aged" the figures for Pasco by 4%. (The year 2002 is the reference year for the comparators).

The number of comparators I have selected is relatively large, but not without precedent.<sup>10</sup> Accordingly, I have selected the following as comparators.

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<sup>9</sup> *Ibid.*

<sup>10</sup> These awards also used a sizeable number of comparators:

*Port of Seattle*, PERC 15432-1-00-348 (McCaffree, 2001) (ten jurisdictions selected); *City of Burlington*, PERC No. 14894-1-99-328 (Axon, 2000) (ten appropriate, 15 too many); *Walla Walla County* (Greer, 2000) (12 comparators); *City of Aberdeen*, PERC No. 14678-199-322 (Axon, 2000) (approximately nine chosen); *City of Bellevue*, PERC No. 14037-1-98-309 (Beck, 1999) (11 comparators used); *Kitsap County Fire Protection District No. 7 (IAFF Local 2876)*, PERC No. 15012-1-00-333 (Krebs, 2000) (nine comparators); *Cowlitz County*, (Lehleitner, 1996) (arbitrator used 15 comparators).

### Arbitrators' Final Comparator List

|                      |                                |
|----------------------|--------------------------------|
| Aberdeen             | Pierce County No. 3 (Univ. PI) |
| Anacortes            | Pierce County No. 21           |
| Bremerton            | Port Angeles                   |
| Clark County No. 6   | Thurston County No. 3 (Lacey)  |
| Cowlitz County No. 2 | Tumwater                       |
| Pasco                |                                |

Although flaws for comparison purposes can be identified for each jurisdiction, taken collectively, they achieve an appropriate balance, in my opinion.

### B. Wage Comparison With Comparable Jurisdictions

The following table shows how Camas fares compared to the median and average of its comparators for the ranks of Firefighter, Paramedic and Captain.<sup>11</sup>

|                               | Firefighter                          | Paramedic   | Captain      |
|-------------------------------|--------------------------------------|-------------|--------------|
| <b><i>Jurisdiction</i></b>    | <b><i>--- Net Hourly Pay ---</i></b> |             |              |
| Aberdeen                      | \$ 24.03                             | \$ 25.17    | \$ 26.44     |
| Anacortes (no firefighters)   |                                      | \$ 24.07    | \$ 26.78     |
| Bremerton                     | \$ 27.13                             | \$ 29.07    | \$ 31.21     |
| Clark Cty No. 6               | \$ 25.94                             | \$ 27.22    | \$ 30.45     |
| Cowlitz Cty No. 2             | \$ 22.73                             | \$ 24.55    | \$ 26.37     |
| Pasco                         | \$ 19.81                             | \$ 25.18    | \$ 27.83     |
| Pierce Cty No. 21             | \$ 26.78                             | \$ 29.62    | \$ 33.59     |
| Pierce Cty No. 3 (Univ. PI)   | \$ 28.91                             | \$ 31.53    | \$ 32.19     |
| Port Angeles                  | \$ 23.18                             | \$ 24.38    | \$ 26.16     |
| Thurston Cty No. 3 (Lacey)    | \$ 25.70                             | \$ 28.27    | \$ 30.84     |
| Tumwater                      | \$ 23.35                             | \$ 25.69    | \$ 28.07     |
| <b>Camas</b>                  | \$ 23.51                             | \$ 24.70    | \$ 28.61     |
| <i>Comparator Average</i>     | \$ 24.76                             | \$ 26.80    | \$ 29.08     |
| <b>Camas lag from average</b> | <b>5.3%</b>                          | <b>8.5%</b> | <b>1.7%</b>  |
| <i>Comparator Median</i>      | \$ 24.87                             | \$ 25.69    | \$ 28.07     |
| <b>Camas lag from median</b>  | <b>5.8%</b>                          | <b>4.0%</b> | <b>-1.9%</b> |

This table shows a significant pay lag for Firefighters and Paramedics (although not nearly as significant as the Union asserts). The pay lag for Captains is not significant. Although

<sup>11</sup> The parties' exhibits generally agreed on net hourly pay calculations. The Union's post-hearing brief, however, included a helpful appendix identifying and reconciling the discrepancies.

slightly below the average, even without an increase, Camas's Captain's pay is above the median.

### 3. Changes in the Cost of Living

The Union does not dispute the Employer's assertion that over the past decade, bargaining unit wages have outpaced increases in the consumer price index (CPI). According to the Employer's brief, the various bargaining unit classifications have seen the following increases relative to changes in the consumer price index:

- Firefighter: 6.9% better in wages than the CPI change over five years; 10.6% better in wages over 11 years.
- Paramedic: 7.9% better in wages than the CPI changes over five years; 17.1% better in wages over 11 years.
- Fire Captain and Deputy Fire Marshal: 14.9% better in wages than the CPI changes over five years; 18.6% better in wages over 11 years.
- Paramedic Captain: 16.2% better in wages than the CPI changes over five years; 25.4% better in wages over 11 years.

The Employer contends that 100% CPI increases are not all that common in interest arbitration awards and it notes the "conventional wisdom" that the CPI overstates actual changes in the cost of living. The Employer did not present evidence, however, that the CPI actually overstates the cost of living, and this proposition is at least debatable. I recently addressed this subject in *King County Fire District 44 (2002)*, stating:

[Arbitrators] also defer sometimes to the parties' past practice of using 100% of the CPI, as compared to a lesser figure, such as 90%. The lesser figure took on some popularity in the face of criticism that the CPI tended to overstate actual changes in the cost of living. Recent methodology adjustments and further analysis indicate that this is less apt to be true, and arbitration awards from the past few years indicate a possible trend towards 100% CPI increases:<sup>12</sup>

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<sup>12</sup> Since issuing the King County Fire District 44 award early in 2002, three other Washington arbitrators have addressed the CPI issue. Arbitrator Sandra Gangle in *City of Poulsbo, PERC No. 16226-1-02-377 (Gangle, 2002)*, opted for a 90% CPI escalator because: 1) the CPI figure reflects a significant medical component, which was largely paid by the employer in Poulsbo; 2) the other bargaining unit represented by the union (public works employees) received a 90% CPI increase by mutual agreement; and 3) the 90% CPI figure was supported by a comparator analysis. In *City of Sea-Tac (IAFF Local 2929), PERC No. 15951-I-01-370 (Krebs, 2002)*, the arbitrator also based his award on a 90% CPI increase because the employer agreed to cover 100% of the increase of health insurance for bargaining unit members and their families, which amounted to increases much greater than the cost of living. In *City of Wenatchee, PERC No. 16058-I-01-374 (Axon, 2002)*, however, Arbitrator Axon awarded an increase based on 100% of the CPI.

### CPI Increases in Recent Arbitration Awards

| Case Name   | % CPI Applied |
|---|---------------|
| <i>Spokane County (Spokane County Deputy Sheriff's Association), (Beck, 2001)</i>                             | 100%          |
| <i>City of Longview (Longview Police Guild), PERC No. 15438-1-00-350 (Nelson, 2001)</i>                       | 100%          |
| <i>City of Mountlake Terrace (Mountlake Terrace Police Guild), PERC Case No. 15590-1-01-354 (Croll, 2001)</i> | 90%           |
| <i>City of Kelso (Kelso Police Officers Association) (Lankford, 2001)</i>                                     | 80%           |
| <i>Kitsap County Fire Protection District No. 7 (IAFF Local 2876), PERC No. 15012-1-00-333 (Krebs, 2000)</i>  | 100%          |
| <i>City of Aberdeen (Aberdeen Police Assn.), PERC No. 14678-199-322 (Axon, 2000)</i>                          | 100%?         |
| <i>City of Bellevue (IAFF Local 1604), PERC No. 14037-1-98-309 (Beck, 1999)</i>                               | 100%          |

My award also noted Arbitrator Beck's comment in *Spokane County*, (Beck, 2001), where he rejected a 90% formula, explaining:

I have rejected the Employer's contention that in setting wages based on the CPI, I should use a 90% figure. In making this decision, I note that the BLS has established a new formula in calculating the basic components of the CPI as of January 1999 in order to correct the prior method which the BLS determined created upward biases in the CPI. (footnote: See Municipal Research and Service Center, May 25, 2001 update, <http://www.mrsc.org/finance/cpipage.htm>.)

As to whether or not to discount the CPI in this case, I have decided against it for three reasons: 1) I have opted to preserve the medical cost sharing found in the parties' prior Collective Bargaining Agreement; therefore, I cannot automatically assume that employee medical benefits more than make up for the 10% CPI discount; 2) the Employer, which advocates the discount, did not present evidence as to why it is appropriate; and 3) the inflation rate is so low that the amount at issue is not particularly significant (and this may explain why the Employer did not vigorously pursue this issue with supporting evidence). Thus, any CPI-based increase awarded will be based on 100% of that index.

## **D. Other Considerations**

Of the remaining considerations customarily taken into account by interest arbitrators, the parties have asked the Arbitrator to consider turnover, internal parity and the state of the economy.

### **1. Turnover**

The parties vigorously debate the significance of the Camas Fire Department's turnover data. The City points out that average tenure is about ten years, and over the past decade, only four bargaining unit members have taken jobs elsewhere. This level of turnover is not significant, the City maintains. While the much larger Vancouver Fire Department and the Portland Fire Department, with their higher pay and better promotional opportunity, will inevitably allure some of Camas's firefighters, as the Arbitrator noted at hearing, some migration to larger departments is fully expected and is the norm. Smaller community departments also have their appeal. Unless the turnover is highly significant, it is an insufficient basis for a pay adjustment.

The Union disagrees with the City's argument, and notes that of the four firefighters who left the Camas Fire Department since 1996, three left during the past three years, thus showing a sudden accelerated increase. This turnover is continuing, the Union maintains, and it presented evidence that two bargaining unit members are accepting offers from the Vancouver Fire Department. In addition, two bargaining unit members and the Fire Marshal are on Vancouver's Civil Service hiring list. Finally, a volunteer began working for the Portland Fire Department in November 2002. The Union noted that the cost of training a new firefighter is \$19,450 and the cost of training a new paramedic is \$33,000, making turnover an expensive proposition for the City.

The City contends that turnover data should be discounted because at least two firefighters went to Vancouver because of a family history of working with that department. Another firefighter was motivated to leave because of Vancouver's better promotional

opportunities. The Union counters this information by pointing out that no firefighter has left the Vancouver Fire Department to join the Camas Fire Department.

Other things being equal (e.g., geography, psychic satisfaction, etc.), high turnover should indicate that wages are below what is needed to keep good people on the job. The problem is determining what constitutes “high turnover.” I have arbitrated police and fire interest disputes in four Western states, and have never encountered a jurisdiction that has much turnover at all. This appears to be the experience of other arbitrators since I have not found any cases where an arbitrator identified turnover as a significant factor supporting a wage increase. Based on my limited world view, I am inclined to believe the turnover in Camas is a little on the high side. Although the departure of four employees in ten years is not significant, the fact that three of the four left during the past three years is cause for concern. Moreover, the departure of two more bargaining unit members appears imminent. I do not consider the reasons for an employee’s departure in favor of another fire department to be pertinent, especially when based on hearsay, as it was in this case. Rather, it is the overall numbers that tell the story. Although I have no doubt that the City has plenty of qualified applicants for the positions vacated (especially in the current economic climate), I also note the evidence concerning the high cost of turnover. I am reluctant to give too much credence to the turnover data because its evaluation is subjective; nevertheless, it tends to confirm my comparator analysis showing that Camas’s firefighters are somewhat underpaid.

## **2. Internal Parity**

Both parties made arguments addressing internal parity.

The Employer’s concern was with salary compression between bargaining unit members and management if the bargaining unit is awarded its wage demand. It also was concerned that a large increase would increase like demands from other bargaining units. For example, a 13% firefighter increase would cause firefighter wages exceed police wages by 8.7%.

Although I can appreciate the Employer's concern, absent an employer's showing of financial difficulty, the effect that an increase will have on other bargaining unit's perception of their relative worth is something arbitrators find impractical to consider.

The Union points out that the City gave its police officers a 4% increase in 2002, 3% in 2003, and 3% in 2004, well above what it offered its firefighters. The implication is that the Arbitrator should not hesitate to award at least as much to its firefighters as well. I agree with the point the Union makes, so long as those increases are justified by a comparator analysis and other statutory criteria.

### **3. State of the Economy**

The Employer reminded the Arbitrator of the currently poor economy due to an ongoing recession. This point is of particular concern to the Arbitrator. Even if the Employer were to agree that the kind of wage increase sought by its firefighters was justified, I seriously doubt it would agree to that kind of increase, although it might agree to began phasing in some sort of catch-up measures. Collective bargaining is both an economic and a political process; certainly City officials are mindful that they are located in an area with the highest unemployment rate in the entire nation. According to BLS data, as of November 2002, Oregon had the highest unemployment rate in the country (7.1%); Washington's was fifth highest at 6.6%. The unemployment rate shown for the Portland-Vancouver PMSA was 7%, while the rates for Seattle-Bellevue-Everett PMSA, the Spokane MSA, the Bremerton PMSA, and the Olympia PMSA were lower: 6.2%, 6%, 5.8% and 5.4% respectively. This suggests that Clark County is not an anomaly in the Portland-Vancouver PMSA. I do not think that a double-digit increase would be well received in the community in this climate, considering the very low rate of inflation. A consideration relating to the state of the economy is a valid one, being a logical extension of the notion that interest arbitration awards should replicate the end result of the collective bargaining process. For this reason, I will temper slightly the increase indicated by

the comparator analysis by phasing it in over the first two years of the parties' Collective Bargaining Agreement.

After considering all of the above factors, as well as any other statutory factors not specifically addressed herein, the Arbitrator concludes that the City's wage increase offer is inadequate, but the Union's demands are excessive. An appropriate increase for bargaining unit members is as follows:

| <b>Year</b> | <b>--- Position ---</b> |                  |                |
|-------------|-------------------------|------------------|----------------|
|             | <b>Firefighter</b>      | <b>Paramedic</b> | <b>Captain</b> |
| <b>2002</b> | 4%                      | 4%               | CPI            |
| <b>2003</b> | CPI plus 1.5%           | CPI plus 2.5%    | CPI            |
| <b>2004</b> | 2%                      | 2%               | 2%             |

As between selecting the average or the median as the target, good arguments support either one; therefore I selected points between. For Firefighters, this point indicated a 5.5% wage increase. The data supports a 6.5% increase for Paramedics; it also indicates that Captains are adequately paid at their current level. To reiterate, because of the economic climate, I will order the increases for Firefighters and Paramedics to be phased in over the first two years of the Collective Bargaining Agreement. Thus, in allocating the increases for Firefighters and Paramedics, I will award 4% paid retroactively for 2002. For 2003, I will award the remaining 1.5% for Firefighters and 2.5% for Paramedics, plus a increase equal to 100% of the change in the Portland-Salem CPI-U. Captains will receive an increase equal to 100% of the CPI-U for the first two years of the contract. In 2004, in keeping with the City's preference for a firm figure for budgeting purposes, all bargaining unit members will receive a 2% increase. (Given that the CPI-U Portland has actually declined since July 2002, it is unlikely that July 2002 - July 2003 CPI-U will exceed 2%).

After the 2003 increases take effect, and assuming the comparators receive CPI-based increases, Camas's ranking vis-à-vis those jurisdictions will be as follows:<sup>13</sup>

| Estimated 2003 Pay and Rankings<br>Firefighter, 10 years |                                |                 |
|--|--------------------------------|-----------------|
| 1  | Pierce Cty No. 3 (Univ. Pl)    | \$ 29.29        |
| 2  | Bremerton                      | \$ 27.48        |
| 3  | Pierce Cty No. 21              | \$ 27.13        |
| 4  | Clark Cty No. 6                | \$ 26.28        |
| 5  | Thurston Cty No. 3 (Lacey)     | \$ 26.03        |
| <b>6</b>   | <b>Camas</b>                   | <b>\$ 25.14</b> |
| 7  | Aberdeen                       | \$ 24.34        |
| 8  | Tumwater                       | \$ 23.65        |
| 9  | Port Angeles                   | \$ 23.48        |
| 10   | Cowlitz Cty No. 2              | \$ 23.03        |
| 11   | Pasco                          | \$ 20.07        |
| 12   | (no firefighters in Anacortes) |                 |
|  | <i>Average of comparators</i>  | \$ 25.07        |

| Estimated 2003 Pay and Rankings<br>Paramedic, 11 years |                               |                 |
|--|-------------------------------|-----------------|
| 1  | Pierce Cty No. 3 (Univ. Pl)   | \$ 31.94        |
| 2  | Pierce Cty No. 21             | \$ 30.01        |
| 3  | Bremerton                     | \$ 29.45        |
| 4  | Thurston Cty No. 3 (Lacey)    | \$ 28.64        |
| 5  | Clark Cty No. 6               | \$ 27.57        |
| <b>6</b>   | <b>Camas</b>                  | <b>\$ 26.66</b> |
| 7  | Tumwater                      | \$ 26.02        |
| 8  | Pasco                         | \$ 25.51        |
| 9  | Aberdeen                      | \$ 25.50        |
| 10   | Cowlitz Cty No. 2             | \$ 24.87        |
| 11   | Port Angeles                  | \$ 24.70        |
| 12   | Anacortes                     | \$ 24.38        |
|  | <i>Average of comparators</i> | \$ 27.14        |

| Estimated 2003 Pay and Rankings<br>Captain, 10 years |                               |                 |
|--|-------------------------------|-----------------|
| 1  | Pierce Cty No. 21             | \$ 34.03        |
| 2  | Pierce Cty No. 3 (Univ. Pl)   | \$ 32.61        |
| 3  | Bremerton                     | \$ 31.62        |
| 4  | Thurston Cty No. 3 (Lacey)    | \$ 31.24        |
| 5  | Clark Cty No. 6               | \$ 30.85        |
| <b>6</b>   | <b>Camas</b>                  | <b>\$ 29.77</b> |
| 7  | Tumwater                      | \$ 28.43        |
| 8  | Pasco                         | \$ 28.19        |
| 9  | Anacortes                     | \$ 27.13        |
| 10   | Aberdeen                      | \$ 26.78        |
| 11   | Cowlitz Cty No. 2             | \$ 26.71        |
| 12   | Port Angeles                  | \$ 26.50        |
|  | <i>Average of comparators</i> | \$ 29.46        |

I believe that the resulting ranking of Camas, at sixth out of twelve jurisdictions, is appropriate. I note that with the exception of Tumwater, the jurisdictions that pay more are 1-5 jurisdictions,

<sup>13</sup> To obtain the 2003 Camas firefighters' and paramedics' hourly rates I first increased the 2001 hourly rate by 4% to produce the 2002 hourly rate. I then added the CPI-U inflator (1.3%) to the increase awarded for 2003 to obtain the multiplier for the 2003 wage. E.g., Paramedics earned \$24.70 hourly in 2001, which increased by 4%, becomes \$25.69. To obtain the 2003 wage, this was increased by the sum of 1.3% (the inflator) and 2.5% (the awarded increase. Comparator wages for 2003 were obtained by inflating 2002 wages by 1.3%.

and four of those are in the generally higher paying (for firefighters) Puget Sound area. Firefighters' and Captains' pay will be slightly over the average of the comparators, while Paramedics' pay will be below the average but at the median, and still well with the range of reason.

## VII. PARTIES' PROPOSALS ON MEDICAL INSURANCE

### A. Employer's Proposal on Medical Insurance

**(A) Medical Plan Year 2002 — AWC** — The employer will pay up to one hundred five percent (105%) of the monthly 2001 AWC Plan B premiums for the employees and dependents based upon the amount the employer is currently paying for each family unit. The employee will pay the next 8% of any increase and the employer and the employee will split equally any increase over one-hundred thirteen percent (113%).

**Kaiser** — The employer will pay up to one-hundred percent (100%) of the monthly Kaiser Foundation HMO plan 10A10XE<sup>14</sup> premium for employee and dependents based upon the amount the employer is currently paying for each family unit.

**(B) Medical Plan Year 2003 — AWC** — The employer will pay up to one hundred five percent (105%) of the monthly 2002 AWC Plan B premiums for the employees and dependents based upon the amount the employer is currently paying for each family unit. The employee will pay the next 8% of any increase and the employer and the employee will split equally any increase over one-hundred thirteen percent (113%).

**Kaiser** - The Employer will pay one hundred percent (100%) of the monthly 2003 Kaiser HMO plan 10A10XE premiums for employees and dependents based upon the amount the Employer is currently paying for each family unit.

**(C) Medical Plan Year 2004 — AWC** — The employer will pay up to one hundred five percent (105%) of the monthly 2003 AWC Plan B premiums for the employees and dependents based upon the amount the employer is currently paying for each family unit. The employee will pay the next 8% of any increase and the employer and the employee will split equally any increase over one-hundred thirteen percent (113%).

**Kaiser** — The Employer will pay one-hundred percent (100%) of the monthly 2004 Kaiser HMO plan 10A10XE premiums for employees and dependents based upon the amount the Employer is currently paying for each family unit.

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<sup>14</sup> The current contract language reflects the \$5 co-pay plan, 5A5XE.

The Employer shall inform the Union of new premium rates as soon as possible.

LEOFF I employees will remain on Washington Physicians Plan A but LEOFF I spouses and dependents will have to be enrolled pursuant to the plans and conditions set forth above.

## **B. Union's Proposal on Medical Insurance**

**Medical Plan Year 2002 AWC:** The Employer will pay one hundred percent (100%) of the monthly premiums necessary to provide employee and dependent coverage under the existing AWC Plan B.

Kaiser: The Employer will pay one hundred percent (100%) of the monthly Kaiser Foundation HMO plan 5A5XE premium for employee and dependents based upon the amount the employer is currently paying for each family unit.

LEOFF I employees will remain on Washington Physicians Plan A but LEOFF I spouses and dependents will have to be enrolled pursuant to the plans and conditions set forth above.

**Medical Plan Year 2003 AWC:** Effective January 1, 2003, in light of prevailing practices among comparable Washington employers, the Employer will pay one hundred percent (100%) of the monthly premiums necessary to provide employee coverage under the existing AWC Plan B.

The Employer will pay one hundred five percent (105%) of the monthly 2002 AWC Plan B premiums for dependents based upon the amount the Employer is currently paying for dependents in each family unit. The employee will pay the next eight percent 8% of any increase in the premium for dependent coverage and the Employer and Employee will split equally any increase over one hundred thirteen percent (113%).

Kaiser: The Employer will pay one hundred percent (100%) of the monthly Kaiser Foundation HMO plan 5A5XE premium for employee and dependents based upon the amount the employer is currently paying for each family unit.

LEOFF I employees will remain on Washington Physicians Plan A but LEOFF I spouses and dependents will have to be enrolled pursuant to the plans and conditions set forth above.

**Medical Plan Year 2004 AWC:** The Employer will pay one hundred percent (100%) of the monthly premiums necessary to provide employee coverage under the existing AWC Plan B.

The Employer will pay one hundred five percent (105%) of the monthly 2003 AWC Plan B premiums for dependents based upon the amount the Employer is currently paying for dependents in each family unit. The employee will pay the next eight percent 8% of any increase in the premium for dependent coverage and the Employer and Employee will split equally any increase over one hundred thirteen percent (113%).

Kaiser: The Employer will pay one hundred percent (100%) of the monthly Kaiser Foundation HMO plan 5A5XE premium for employee and dependents based upon the amount the employer is currently paying for each family unit.

LEOFF I employees will remain on Washington Physicians Plan A but LEOFF I spouses and dependents will have to be enrolled pursuant to the plans and conditions set forth above.

The Employer shall inform the Union of new premium rates for dependents as soon as possible.

## VIII. PARTIES' ARGUMENTS ON MEDICAL INSURANCE

### ***Employer's Argument on Medical Insurance:***

- A. The record compellingly calls for maintenance of the status quo on medical insurance, which essentially is the City's proposal.
  1. Thereunder, the premium-sharing framework for the AWC Plan B resets each ensuing year. This framework has the City absorbing the first 5% of the annual increase, the employee picking up the next 8%, and the City and employee splitting equally any increase beyond that. For the Kaiser plan, in which apparently only three employees participate, the City pays 100%. These arrangements have been in place since 1999.
  2. The status quo is favored, absent a compelling reason for its alteration; the Union has made no such showing.
  3. Cost-containment in the world of skyrocketing health care costs, internal equity and trends and references to other jurisdictions strongly militate in favor of the status quo.
- B. The Union would sweeten the status quo by abolishing premium sharing altogether for 2002; in 2003 and 2004, the Union would abolish premium sharing on the AWC Plan B as to employee costs and would limit premium sharing to dependent coverage. Also, the Union resists adjustment of the Kaiser co-pay to \$10. .
- C. Cost Containment is needed when premiums escalate as they are now
  1. AWC Plan B plan - 5% for the year 2001, 20.9% for 2002, and a projected 12% for 2003.
  2. The Arbitrator noted in *King County Fire District 44*, (2002) that there is a trend toward more unionized employees sharing in the costs.
  3. In line with the trends, four of the seven City comparables have premium sharing on family coverage, ranging from \$41 to \$76 per month. Two of the seven have premium sharing on employee-only coverage, ranging from \$41 to \$60. The Union's own composite table also shows premium sharing in many departments.

- D. The City proposes a minor modification to the Kaiser co-pay (\$5 to \$10) based on Kaiser's own demand; the alternative, reimbursement, would be an administrative nuisance and would run counter to the objective of co-payments.
- E. Premium sharing deductions that were inadvertently not made prior to September 2002 should be awarded to the City; the Union has offered to compelling reason to the contrary.
  - 1. Due to administrative inadvertence on the part of City staff, discovered in September 2002, the City neglected this year to maintain the status quo (premium sharing) on the AWC Plan B. That is, the City erroneously has paid in full for all premiums, rather than apply the 5%-8%-13% sequence for premium sharing. The City's contract proposals since bargaining started in the fall of 2001 have consistently called for maintenance of the 1999-2001 status quo and, without objection from the Union, the City's contract proposal in this proceeding embraces that status quo.
  - 2. The award of the City's position for all three years can be implemented through a simple offset against the wage increase for 2002, which will be retroactive to January 1, 2002. The offset amounts are modest, \$21.42 per month for employee-only coverage and \$61.36 for full family coverage. Retroactivity for medical insurance is just as logical as retroactivity for a wage increase. Going forward, the employee-only cost is \$19.98 per month and \$57.24 for full family coverage.

***Union's Argument on Medical Insurance:***

- A. Local 2444 proposes to provide for fully paid AWC Plan B medical insurance for the employee, with the current provision for dividing increases in premiums between the City and the employee applying to coverage for dependents.
- B. Under the current 1999—2001 contract, after the eleven months in which the employer paid 100% of the AWC Plan B premium, the increase in premiums in the second and third year is divided as follows: the City pays the first 5% increase, the employees the next 8% increase, and any increase over 13% is split between the City and the employee.
- C. Each of the 11 comparators proposed by Local 2444 pays 100% of the employee's medical insurance premiums, as do two of the City's comparators (Port Angeles and Tumwater).
- D. The City argues that consideration of internal parity should persuade the arbitrator to deny Local 2444's proposal to bring this contract provision into line with the overwhelming majority of *both* parties' comparators. In its next breath, the City urges that the arbitrator increase the Kaiser co-pay from \$5 per visit to \$10. The City's 2002-2004 collective bargaining agreement with the Camas Police Officers Association provides for the \$5 co-pay plan. No weight should be given the City's internal parity argument given this cynical approach.

## **IX. DISCUSSION AND AWARD ON MEDICAL INSURANCE**

In the parties' 1999-2001 Collective Bargaining Agreement, the parties agreed to the following sharing of increases in health care insurance premiums: The City pays the first 5% increase, the employee the next 8% increase, and any increase over 13% is split between the City and the employee. Thus, premium sharing represents the status quo, which the City seeks to preserve. Labor consultant Howard Strickler testified that the City inadvertently and mistakenly paid 100 percent of employees' premiums between January and September 2002. He explained that in 2001, the premium increase was five percent, so that the employees' premium contribution did not kick in. Premiums apparently went up more than 5% in 2002, but the City neglected to deduct the employees' share from their paychecks. Premiums will be up about 15.5% in 2003, Strickler testified. Tr. 190-91. The City now seeks reimbursement for the employees' share of the 2002 premium through an offset to a retroactive wage payment. The City also seeks one minor modification of the insurance language, which is to increase the Kaiser per visit co-pay from \$5 to \$10, something that Kaiser is urging employers to do and which other City employees (except police) are doing.

The Union proposes to partially undo what it agreed to do in the 1999-2001 Collective Bargaining Agreement, citing comparator evidence in support of its position. It would eliminate premium sharing for employees, but maintain it for dependent coverage. The Union opposes the increased Kaiser co-pay, arguing that the internal equity argument made by the City does not hold water because the 2002-2004 police labor agreement does not include this increased co-pay. Although the Union apparently opposes the reimbursement of the premium share that bargaining unit members would otherwise have paid during the first three quarters of 2002, it did not submit an argument on this issue.

I will not change the premium sharing arrangement that the parties agreed to in 1999. Arbitrators are loathe to undo a recent change to a contract unless they receive substantial evidence that the language did not accomplish its objective or produced unintended mischief.

Moreover, as I stated in *King County Fire District 44, supra*, there may be a trend towards premium sharing as a way of managing skyrocketing health care costs. Therefore, I am not persuaded that the 1999-2001 language should be modified in the way that the Union seeks.

As to the Kaiser co-pay, it is a modest change. If the police holdout is the only reason to deny the change, then the City is faced with a perpetual “who will go first” proposition. I will award the City’s proposal.

The City’s request for an award that allows the City to recoup the employees’ share of the 2002 premiums that it inadvertently paid is a reasonable one. If I were ordering premium sharing for the first time, I would not make the award retroactive. *See, King County Fire District 44, supra*. However, premium sharing was the status quo ante and thus was part of the parties’ continuing obligation to one another. The law is on the side of the City. Although bargaining unit members might find the deduction painful, surely they would agree with this rationale if the tables were turned, that is, if the City had deducted too much from their paychecks in 2002, and now was refusing to give it back.

## X. FINAL AWARD

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

### A. Wages:

Effective January 1, 2002, bargaining unit employees will receive the following wage adjustments:

|                                 |               |
|---------------------------------|---------------|
| Firefighter                     | 4%            |
| Firefighter/Paramedic           | 4%            |
| Fire Captain and Deputy Marshal | 100% of CPI-U |

Effective January 1, 2003, bargaining unit employees will receive the following wage adjustments:

|                                 |                         |
|---------------------------------|-------------------------|
| Firefighter                     | 1.5% plus 100% of CPI-U |
| Firefighter/Paramedic           | 2.5% plus 100% of CPI-U |
| Fire Captain and Deputy Marshal | 100% of CPI-U           |

Effective January 1, 2004, all bargaining unit employees will receive a cost of living increase of 2%.

--Cost of living increases of "100% of the CPI-U" means that the increase will be equal to 100% of the increase in the CPI-U for the Portland Salem Metropolitan Area as reported by the Bureau of Labor Statistics for the immediately preceding July -- July period.

## **B. Medical Insurance Premiums:**

The parties' 2002 – 2004 Collective Bargaining Agreement will include the language set forth below on medical insurance premiums. The language is the same as that found in the parties' 1999 - 2001 agreement, except the Kaiser plan is changed from plan 5A5XE to plan 10A10XE, with the result being that the per visit co-pay will increase from \$5 to \$10.

**(A) Medical Plan Year 2002 — AWC —** The employer will pay up to one hundred five percent (105%) of the monthly 2001 AWC Plan B premiums for the employees and dependents based upon the amount the employer is currently paying for each family unit. The employee will pay the next 8% of any increase and the employer and the employee will split equally any increase over one-hundred thirteen percent (113%).

**Kaiser —** The employer will pay up to one-hundred percent (100%) of the monthly Kaiser Foundation HMO plan 10A10XE premium for employee and dependents based upon the amount the employer is currently paying for each family unit.

**(B) Medical Plan Year 2003 — AWC —** The employer will pay up to one hundred five percent (105%) of the monthly 2002 AWC Plan B premiums for the employees and dependents based upon the amount the employer is currently paying for each family unit. The employee will pay the next 8% of any increase and the employer and the employee will split equally any increase over one-hundred thirteen percent (113%).

**Kaiser -** The Employer will pay one hundred percent (100%) of the monthly 2003 Kaiser HMO plan 10A10XE premiums for employees and dependents based upon the amount the Employer is currently paying for each family unit.

**(C) Medical Plan Year 2004 — AWC —** The employer will pay up to one hundred five percent (105%) of the monthly 2003 AWC Plan B premiums for the employees and dependents based upon the amount the employer is currently paying for each family unit. The employee will pay the next 8% of any increase and the employer and the employee will split equally any increase over one-hundred thirteen percent (113%).

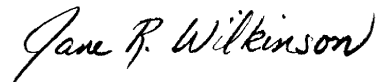
**Kaiser —** The Employer will pay one-hundred percent (100%) of the monthly 2004 Kaiser HMO plan 10A10XE premiums for employees and dependents based upon the amount the Employer is currently paying for each family unit.

The Employer shall inform the Union of new premium rates as soon as possible.

LEOFF I employees will remain on Washington Physicians Plan A but LEOFF I spouses and dependents will have to be enrolled pursuant to the plans and conditions set forth above.

The parties are hereby directed to amend their Collective Bargaining Agreement for the years 2002 through 2004 accordingly. The parties are further directed to share equally in the fees and expenses of the Arbitrator.

Date: January 22, 2003

A handwritten signature in cursive script that reads "Jane R. Wilkinson".

Jane R. Wilkinson  
Labor Arbitrator