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LABOR & PERSONNEL DIVISION

IN THE MATTER OF

STATE OF WASHINGTON

AND

FERRY AGENTS, SPERVISORS AND PROJECT ADMINISTRATORS ASSOCIATION (FASPAA)

PERC Case No.: 26651-I-14-0655

Date Issued: September 25, 2014

INTEREST ARBITRATION OPINION AND AWARD

OF

ALAN R. KREBS

Appearances:

STATE OF WASHINGTON	**Kara Larsen**
FASPAA	**Jacob Black**

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OPINION OF THE ARBITRATOR

PROCEDURAL MATTERS

In accordance with RCW 47.64.200, an interest arbitration hearing involving certain employees of Washington State Department of Transportation, Ferries Division was held on August 11 and 12 in Seattle, Washington. In order to resolve their dispute, the parties agreed to present the matter to a single arbitrator, Alan R. Krebs. State of Washington was represented by Kara Larsen, Assistant Attorney General. Ferry Agents, Supervisors and Project Administrators Association (FASPAA) was represented by Jacob Black of the law firm Roblee, Detwiler & Black. At the hearing, witnesses testified under oath and the parties presented documentary evidence. Oral arguments were made at the conclusion of the hearing. A court reporter was present, and, subsequent to the hearing, a copy of the transcript was provided to the Arbitrator.

APPLICABLE STATUTORY PROVISIONS

When the State of Washington and its ferry employees represented by a certified bargaining representative are unable to reach agreement on new contract terms by means of negotiations and mediation, RCW 47.64.300 calls for interest arbitration to resolve their dispute.

RCW 47.64.320 sets forth certain criteria which must be considered in deciding the controversy:

* * *

> (3) In making its determination, the arbitrator or arbitration panel shall be mindful of the legislative purpose under RCW 47.64.005 and 47.64.006 and as additional standards or guidelines to aid it in reaching a decision, shall take into consideration the following factors:
>
> (a) The financial ability of the department to pay for the compensation and fringe benefit provisions of a collective bargaining agreement;
>
> (b) Past collective bargaining contracts between the parties including the bargaining that led up to the contracts.
>
> (c) The constitutional and statutory authority of the employer;
>
> (d) Stipulations of the parties;
>
> (e) The results of the salary survey as required in RCW 47.64.170(8);
>
> (f) Comparison of wages, hours, employee benefits, and conditions of employment of the involved ferry employees with those of public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia doing directly comparable but not necessarily identical work, giving consideration to factors peculiar to the area and the classifications involved;
>
> (g) Changes in any of the foregoing circumstances during the pendency of the proceedings;
>
> (h) The limitations on ferry toll increases and operating subsidies as may be imposed by the legislature;
>
> (i) The ability of the state to retain ferry employees;

> (j) The overall compensation presently received by the ferry employees, including direct wage compensation, vacations, holidays and other paid excused time, pensions, insurance benefits, and all other direct or indirect monetary benefits received; and
>
> (k) Other factors that are normally or traditionally taken into consideration in the determination of matters that are subject to bargaining under this chapter.
>
> (4) This section applies to any matter before the respective mediator, arbitrator or arbitration panel.
>
> * * *

The statute does not provide guidance as to how much weight should be given to any of these standards or guidelines, but rather leaves that determination to the reasonable discretion of the interest arbitrator. The statute requires the interest arbitrator to be mindful of the legislative purpose set forth in RCW 47.64.005 and 47.64.006. RCW 47.64.005 provides:

> The state of Washington, as a public policy, declares that sound labor relations are essential to the development of a ferry system which will best serve the interests of the people of the state.

RCW 47.64.006 provides:

> The legislature declares that it is the public policy of the state of Washington to: (1) Provide continuous operation of the Washington state ferry system at reasonable cost to users; (2) efficiently provide levels of ferry service consistent with trends and forecasts of ferry usage; (3) promote harmonious and cooperative relationships between the ferry system and its employees by permitting ferry employees to organize and bargain collectively; (4) protect the citizens of this state by assuring effective and orderly operation of the ferry system in providing for their health, safety and welfare; (5) prohibit and prevent all strikes and work stoppages by ferry employees; (6) protect the rights of ferry employees with respect to employee organizations; and (7) promote just and fair compensation, benefits, and working conditions for ferry system employees as compared with public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia in directly comparable but not necessarily identical positions.

Arbitrators are generally mindful that interest arbitration is an extension of the bargaining process. They recognize those contract provisions upon which the parties could agree and decide the remaining issues in a manner which would approximate the result the parties would likely have reached in good faith negotiations considering the statutory criteria. A party proposing new contract language has the burden of proving that there should be a change in the status quo.

ISSUES

On July 30, 2014, the Executive Director of the State of Washington Public Employment Relations Commission certified that the parties were at impasse on five specified provisions in negotiations for their successor collective bargaining agreement, and therefore, they should proceed to interest arbitration on those issues. The parties have since resolved one of those issues, leaving the following for resolution by the Interest Arbitrator:

Article 24	Vacation Leave
Article 31	Travel Pay
Article 33	Standard Dress
Appendix A	Wages

The previous agreement has a duration from July 1, 2013 through June 30, 2015. The parties agree that their new agreement shall also have a duration of two years.

NATURE OF THE EMPLOYER AND BARGAINING UNIT

The Washington State Ferry System operates passenger and vehicle ferries in Puget Sound. FASPAA represents a bargaining unit of about fifty Terminal Supervisors, of which about 40 are full time and 10 are on call. Of the 40 full time Terminal Supervisors, there are 4 full time relief employees who mostly fill in for other Terminal Supervisors who are on vacation,

one relief employee who has a six month a year assignment, and five employees who are on administrative assignments. In addition, about ten employees fill in as Terminal Supervisors on an on call basis. When not filling in as Terminal Supervisors, these ten employees perform duties in the Employer's IBU bargaining unit. They pay dues to both unions. The average seniority with the Ferry System for full time Terminal Supervisors is over 24 years. Including the on call employees in addition to the full time Terminal Supervisors, the average seniority drops to over 22 years.

Terminal Supervisors supervise the day-to-day operations of the terminal to which they are assigned. This includes directing, training and evaluating employees in the Inland Boatmen's Union bargaining unit, such as ticket sellers, traffic attendants, and plank attendants. Among other responsibilities, the Terminal Supervisors are responsible for maintaining security of ticket stocks and revenues, ordering supplies for the terminals, and coordinating maintenance and construction at the terminals.

COMPARABLE EMPLOYERS

RCW 47.64.320(f) requires the interest arbitrator to "consider a comparison of wages, hours, employee benefits, and conditions of employment . . . with those of public and private sector employees in states along the west coast of the United States, including Alaska, and in British Columbia doing comparable but not necessarily identical work..." RCW 47.64.320(e) provides that the interest arbitrator must also consider "[t]he results of the salary survey as required in RCW 47.64.170(8)." RCW 47.64.170(8) requires the State's Office of Financial Management to contract with a human resources consulting firm to conduct a "salary survey, for use in collective bargaining and arbitration..." Accordingly, the State contracted with the Hay Group to conduct a salary survey for its ferry employees. The Hay Group contracted with

Kamaron Durocher to conduct that survey. Ms. Durocher has since been employed directly by the State in a human resources position. Ms. Durocher testified that she sent compensation surveys to a number of west coast maritime employers, and received responses from three which had employees similar to the Terminal Supervisors at issue here. Those three are British Columbia Ferry Services, Golden Gate Bridge, Highway and Transportation District, and State of Alaska. The Union did not offer alternative comparables, but rather appears to agree to the usage of the three comparable employers selected by Ms. Durocher. Accordingly, consideration shall be given to the compensation and benefits provided by these comparables to their employees who are similar to the Ferry System's Terminal Supervisors.

TURNOVER

RCW 47.64.320(i) requires the arbitrator to consider the State's ability to retain employees. Doug Schlief, the Ferry System's Senior Shoreside Manager, testified that for the last several years, the only reason that Terminal Supervisors have left the Ferry System was for retirement.

ABILITY TO PAY

RCW 47.64.320(a) requires consideration of the State's financial ability to pay for compensation and benefit provisions of a collective bargaining agreement. Related to this is RCW 47.64.320(h), which requires consideration of legislative limitations on fare increases and operating subsidies.

Dwayne Hansen works as the Budget Assistant to the Governor in the State's Office of Financial Management. Mr. Hansen testified that the State is coming out of a recession, with the

slowest recovery in his memory. He testified that it took 69 months, until December 2013, for Washington State to recover to pre-recession employment levels. The Union submitted an "Economic & Revenue Update" published by the Washington State Economic and Revenue Forecast Council in July 2014, which indicated that in Washington, employment is growing at a moderate pace, with personal income growing at a 5.8% rate in the first quarter of 2014, and Revenue Act collections growing 3.9 percent year over year. According to figures published on line by the State Office of Financial Management, inflation adjusted average wages in Washington increased in 2012 to an all time high, which is about six percent higher than it was in 2008, when the recession began. Mr. Hansen testified that State revenues have grown and the forecast is for continued growth. He testified that ferry ridership is also growing and that fares generate about 70 percent of the Ferry System budget. Ferry fares were raised in October 2013 by 2 percent for passengers and by 3 percent for vehicles. In May 2014, they were raised by 2 percent for passengers and by 2.5 percent for vehicles. Additional funding for the Ferry System comes from the Transportation budget. He testified that the largest contributor to the general Transportation budget is the State gas tax, which funds 75 percent of it. The gas tax collected by the state is a fixed 37.5 cents per gallon. Mr. Hansen testified that this tax does not grow with inflation or with the price of gas. He testified that revenue from this source is expected to decline as a result of more fuel-efficient engines, increasing numbers of electric cars, and climate change pressures to reduce reliance on fossil fuels.

Mr. Hansen testified that the legislature provides funding and revenue sources for the State's budgets. The transportation budget is separate from the general fund budget, which funds education and general services for the State, and from the capital budget, which funds non-transportation building construction. He testified that the Ferry System's capital budget is about

$379 million and its operating budget is about $483.5 million, with $289.3 million of that devoted to salaries and benefits. Mr. Hansen testified that he is unaware of the general fund budget being used for transportation expenditures during the past 10 years. He testified that a large percentage of the transportation budget is devoted to road preservation and capital projects requiring the repayment of bonds, such as for roads and new ferries. He testified that as a result of a court decision the State is obligated to spend about $2.4 billion over a 17-year period to repair culverts. He testified that the State's contribution to pension costs have just increased from 10.07 percent of wages to 11.18 percent and there will be about $20 million in expenditures for computer upgrades during 2015-2017. Mr. Hansen testified that the Transportation operating budget would have an estimated balance of about $17 million at the end of the 2013-2015 biennium. His preliminary estimate for purposes of the Governor's budget development, which he indicated was not a forecast, was that the Transportation operating budget would have a deficit of about $63 million, based on projected revenues and expenditures at the end of the 2015-2017 biennium. Mr. Hansen testified that developing a budget has to be made in the context of finite resources, and decisions have to be made.

OTHER FACTORS

RCW 47.64.320(k) provides as additional criteria to be considered, such other factors that are traditionally considered in the determination of matters that are subject to bargaining. Among such other factors are the change in the cost of living and internal equity with other employee groups working for the same employer.

Cost of Living

Other statutes providing for interest arbitration often include the change in the cost of living as one of the designated criteria to be considered by the interest arbitrator. Employees generally expect, and strive to ensure, that their compensation will at least not erode by failing to keep up with the increase in the cost of living. The Union presented evidence that the Consumer Price Index (CPI-U) for the Seattle-Tacoma-Bremerton area has risen by the following amounts:

2006 – 3.7%
2007 – 3.9%
2008 – 4.2%
2009 – 0.6%
2010 – 0.3%
2011 – 2.7%
2012 – 2.5%
2013 – 1.2%

In 2008, this Interest Arbitrator awarded this bargaining unit wage increases of 3 percent in each of the following two years, taking into account the rise in the cost of living during the prior several years. However, the timing of that award coincided with the onset of the great recession, which severely affected State revenues. As a result, the State Office of Financial Management, in accordance with its statutory authority, determined that the State could not afford the awarded increases and they were never implemented. The bargaining unit received no wage increases in 2009 and 2010. In July 2011, the Terminal Supervisors received a 3 percent wage reduction. That wage reduction remained in effect for two years. In July 2013, the 3 percent wage reduction was restored and, in addition, the Terminal Supervisors bargained for a 1 percent wage increase then and 1 percent in July 2014.

Internal Equity

As your Arbitrator has held in other interest arbitration proceedings, the settlements reached by an employer with its other bargaining units are significant. While those settlements are affected by the particular situation of each bargaining unit, still there is an understandable desire by the employer to achieve consistency. From a union's standpoint, it wants to do at least as well for its membership as the employer's other unions have already done. At the bargaining table, the settlements reached by the employer with the other unions are likely to be brought up by one side or the other.

Dennis Duff is a Terminal Supervisor and serves as President, Executive Director, and Chief Negotiator for FASPAA. Mr. Duff testified that after FASPAA agreed to 1 percent wage increases for 2013 and 2014, the State provided 2.5 percent increases for each of those years to its IBU bargaining unit. Mr. Duff further testified that the State's contract with the Masters, Mates and Pilots covering the operations watch supervisors provided for about a 32 percent increase over a two year period between 2013 and 2015. The evidence presented does not clearly indicate the percentage wage increases received by other bargaining units during the last few years.

WAGES

The State proposes a 3 percent across the board wage increase for the biennium. While it has offered 3 percent the first year and 0 percent the second year, it indicates that it has no problem with the 3 percent being divided differently, such as a 1.5 percent increase each year. The State argues that the most important factor to be considered is its ability to pay. It observes

that it must, by statute, have a balanced budget. The State claims that its economic situation and revenues are improving, but only slightly. It asserts that its finances are negatively affected by a court decision requiring it to spend millions to repair culverts and also by a fixed gasoline sales tax, which may provide declining revenues for transportation. The State points to the testimony of Mr. Hansen that the Office of Financial Management projects that there will be deficits in the Transportation budget for the next several biennia, and his observation that they cannot end up that way. The State asserts that it offered 3 percent because that is all the Office of Financial Management authorized it to put on the table.

The Union seeks a pay increase of 14 percent for the biennium, with a 7 percent increase each year. The Union argues that while it does not expect to make back at once all that its members have lost economically during the recession, the State's offer is not consistent with the current state of the economy or the budget. It notes that the Ferry System is largely self funded from fares, and those fares and ridership have been increasing. The Union observes that there is no budget as of now, and that Mr. Hansen's budget report was prospective and speculative. The Union asserts that this region has recovered well from the recession, and the Terminal Supervisors have not realized any benefit from it. The Union maintains that its requested pay increase takes into account how far behind its members have fallen behind the increase in the cost of living, and the fact that they have increased duties. The Union further asserts that its members are behind the comparators in compensation and in recent years have not kept up with pay increases received by some other Ferry System bargaining units.

The governing statute requires consideration of the compensation provided by comparable West Coast employers to similar employees. Three such similar employers were identified at hearing. For purposes of comparison, I have utilized the hourly wage of the top step

position for the terminal supervisors, specified in the collective bargaining agreements of each of the three comparators, since the full time Terminal Supervisors involved in these proceedings are generally senior employees, with an average seniority of over 24 years:

State of Alaska	$57.95 (eff. 7/1/14)
B.C. Ferry Serv.	$28.48 (eff. 4/1/10)
Golden Gate Dist.	$44.53 (eff.7/1/13)
Average	$43.65
Wash. St. Ferry Syst.	$36.95 (eff. 7/1/14)

The wages for Washington State Ferry System Terminal Supervisors are about 18 percent behind the average top step wages received by similar positions in the comparable jurisdictions. They rank third out of four and are far behind both the Alaska and California comparables.

The statute also requires consideration of the results of the salary survey conducted on behalf of the Ferry System. Ms. Durocher, who authored the Hay Group Compensation Survey for the Ferry System, found that the Terminal Supervisors employed by the three comparators, were paid an "average (actual) base pay rate" of $33.14 an hour, which was 9.4 percent less than the hourly wage paid to the full time Washington State Ferry System Terminal Supervisors, but received hourly benefits worth $11.12 an hour, compared to the bargaining unit at issue here, which received benefits valued at $8.11 an hour. Combining wages and benefits, the Hay Group study concluded that the Terminal Supervisors here received compensation that was 1 percent higher than the average of the comparables. Ms. Durocher testified that she did not have the data underlying her conclusions with her at the hearing, but that she had calculated the average wages among the comparables by using a weighted average, which gave weight to comparable

employers in proportion to the number of comparable employees they employed. She testified that with regard to benefits received by employees of the comparables, she utilized a simple average of the three, rather than a weighted average. Mr. Duff testified that during negotiations, the State's negotiators never referenced the Hay Group Compensation Survey.

Kim Grinrod is a Policy and Compensation Specialist for the State's Office of Financial Management. Ms. Grinrod testified that she calculated the costs of the proposals, and she determined that the Union's proposed 14 percent wage increase over the biennium would cost $797,190. She testified that the State's proposed 3 percent increase would cost $222,576.

Based on the statutory criteria, your Arbitrator determines that wage increases of three percent for each year of the biennium shall be awarded. These increases are significantly higher than the increases in the cost of living during the past several years. However, over the past six or seven years this bargaining unit has lost considerable purchasing power, as wage freezes, wage reductions, and a few small wage increases have been implemented. It is recognized that the State must make difficult budgetary choices, in the context of its obligation to fund education and other needs, such as increased pension contributions and the costly culvert court decision. Also recognized is the limitation on transportation funding caused by the fixed gasoline sales tax. However, it is significant that 70 percent of the Ferry System budget is paid for by fares, and that revenue source has been growing as fare rates and passenger counts have risen. It is undisputed that State revenues overall have been rising. The State's economic climate has significantly improved in the recent past, with property values and household incomes rising significantly. It has not been sufficiently demonstrated that the State cannot afford to provide the wage increases awarded here to this relatively small bargaining unit.

Wage increases are also justified by comparison with the compensation received by similar employees among the comparables. With the awarded increases, the compensation levels of this bargaining unit will remain far behind the average wages received by top step Terminal Supervisors employed by the comparables. More weight has been given to the wage levels derived from the collective bargaining agreements of the three comparable jurisdictions, which were submitted into evidence, than from the compensation comparisons published in the Hay Group Compensation Survey. First, the data underlying the conclusions of that survey were not submitted into evidence. Moreover, with only three comparables, the "weighted average" relied upon in that survey may have distorted the results by giving too much weight to a single comparator, though based on the absence of underlying data, it is not possible to discern the situation or precisely how the average wages in that study were arrived at. Also, the Hay Group Compensation Survey did not take into account the very senior nature of this bargaining unit, which, in the opinion of this Arbitrator, made a top step salary comparison more significant than the "weighted average" utilized in that wage survey.

In each of the past two years, this bargaining unit received a 1 percent wage increase, while the much more numerous IBU bargaining unit employees who they supervised, received increases of 2.5 percent each year. No explanation was provided for these substantially different wage increases, other than that the Governor approved the IBU increase.

Finally, in determining the appropriate wage increase, consideration has been given to the improvement in vacation accrual benefits, which is awarded as part of this Decision and which serves to increase overall compensation. That benefit was represented to be the Union's number one priority in the underlying negotiations. The overall compensation increase awarded here does not bring this bargaining unit all the way back to the compensation level, adjusted for

inflation, that it had prior to the severe recession. Providing such a large increase all at once would unduly stress the State budget, and would be an unrealistic result in collective bargaining. It is also significant that even with the financial difficulties this State confronted because of the recession and its effect on employee compensation, turnover in this bargaining unit has been minimal in recent years. The wage increase awarded here is, in the Arbitrator's opinion, affordable for the State, and provides fair and just compensation, considering the statutory criteria, such as compensation comparisons with the comparators, the ability to retain employees, and other traditionally relied upon factors, including increases in the cost of living and internal equity.

VACATION LEAVE

The Union proposes an improved vacation accrual rate for employees hired prior to June 30, 2011. The current Agreement contains a reduced vacation accrual schedule for employees hired on or after that date. No change has been proposed for that vacation accrual schedule. The State opposes any change to either vacation accrual schedule. Current vacation accrual language for employees hired prior to June 30, 2011 reads:

> **24.03 Vacation Leave Accrual Rate Schedule**
>
> A. Employees Hired Prior to June 30, 2011
>
> The table below sets out the vacation leave accrual for Employees hired prior to June 30, 2011.

Months or Years of Service	Hours per Total Months or per Year
Six months	Forty-Eight (48)
Seven months	Fifty-Six (56)
Eight months	Sixty-four (64)
Nine months	Seventy-two (72)
Ten months	Eighty (80)
Eleven months	Eighty-eight (88)
Twelve months	Ninety-six (96)
Two years	One hundred four (104)

Three years	One hundred twenty (120)
Four years	One hundred thirty-six (136)
Five years	One hundred sixty (160)
Fifteen years	One hundred sixty-eight (168)
Sixteen years	One hundred seventy-six (176)
Twenty years	One hundred eighty four (184)
Twenty-one years or more	One hundred ninety-two (192)

The Union proposes that this schedule be modified to read as follows:

Months or Years of Service	**Days per total Months or per Year**
6 months	6 working days
7 months	7 working days
8 months	8 working days
9 months	9 working days
10 months	10 working days
11 months	11 working days
12 months	12 working days
2 years	13 working days
3 years	15 working days
4 years	17 working days
5 years	20 working days
7 years	21 working days
9 years	22 working days
11 years	23 working days
13 years	24 working days
14 years	25 working days
16 years	26 working days
18 years	28 working days
20 years	29 working days
22 years	30 working days
24 years	31 working days
26 years	32 working days
28 years	33 working days
30 years	34 working days

The Union contends that the improved vacation accrual schedule is justified for a number of reasons. These include internal equity, a comparison with the vacation schedules of the comparators, the recently increased work load caused by a new reservation system and more frequently required cash counts, and by the recent take away of a longstanding sick leave cash out benefit. The State contends that the Union does not have a good reason for needing an

improved vacation accrual schedule. It argues that the Union's "me too" argument is unfair because each bargaining table has its own give and take, and in any event, only three of the eleven bargaining units have the higher vacation accrual that the Union seeks. The State asserts that no consideration should be given to the change in the sick leave buy back benefit because that was determined to be a benefit that was contrary to law. The State maintains that increasing the Terminal Supervisor's vacation accrual would impose operational difficulties.

Ms. Grindrod testified that she calculated the cost associated with the additional time that Terminal Supervisors would be gone if the Union's proposed vacation accrual schedule would be implemented. She placed that cost at $136,045 for the biennium. Senior Shoreside Manager Schlief testified that he needs the Terminal Managers to be at the work site to oversee boarding and to prepare schedules. He testified that the on call employees who would need to fill in for absent Terminal Supervisors do not have the same experience.

Terminal Supervisor and Union President Duff testified that there are 4.5 full time relief Terminal Supervisors and 10 on call employees who fill in as needed. Mr. Duff testified that the experienced relief employees could accommodate its proposed increased vacation accruals because the limitation on the number of Terminal Supervisors who could take scheduled vacations at the same time, means that there is always a full time relief employee available. Mr. Duff testified that the on call employees who fill in as Terminal Supervisors, as needed, are members of both FASPAA and the IBU, and already have the increased vacation accrual that the Union seeks, since that benefit is in the IBU contract. Mr. Duff testified that interest arbitrators have awarded the vacation accrual schedule that the Union now seeks, to the IBU bargaining unit, to two bargaining units represented by Marine Engineers' Beneficial Association (MEBA), and to the International Organization of Masters, Mates & Pilots (MM&P) bargaining unit. The

Union relies on an interest arbitration decision by Arbitrator Michael Cavanaugh in which the increased vacation accrual schedule was awarded to the two bargaining units represented by MEBA, based on internal comparability and also by the statutory salary and benefits survey. Arbitrator Cavanaugh noted in his decision that following an interest arbitration award which granted the increased vacation accrual schedule to MM&P, that union allowed the State to buy back this benefit in exchange for a 5 percent wage increase and one-time payments to employees of between $4,000 and $10,000, depending on seniority. Marine Engineers Beneficial Association and Washington State Ferries, (Cavanaugh, 2012), p.13. The Hay Group Compensation survey found that among the comparator employers, Terminal Supervisors received the following vacation accrual benefits:

Years	Range (days)	Average
1	10-15	12.5
5	15-18	16.5
10	15-24	19.5
15	20-28	24.0
20	20-31	25.5
25	25-36	30.5

Considering the statutory criteria, your Arbitrator awards the increased vacation accrual rate for Terminal Supervisors hired prior to June 30, 2011, which has been requested by the Union. This higher accrual rate is consistent with the accrual rate received by the IBU bargaining unit. This is particularly significant because the Terminal Supervisors work along side and supervise the IBU members. Moreover, ten of the IBU members are also FASPAA members who serve as on call Terminal Supervisors. These ten bargaining unit members already receive the higher accrual rate when working as on call Terminal Supervisors, based on the IBU contract. Other interest arbitrators have awarded the higher vacation accrual rate, sought by the Union here, not only to the IBU, but also to the Ferry System's other major maritime bargaining

units, represented by MEBA and MM&P, though MM&P negotiated away that benefit in exchange for significant monetary concessions. Moreover, the awarded vacation accrual schedule is closer to the average of the comparators than is the current schedule, particularly for the very senior employees who predominate in this bargaining unit.

The State's argument that it cannot spare more time off for the Terminal Supervisors because of their special skills and experience, is not persuasive. Currently, their absences are covered by relief and on call employees. There was no evidence of any specific situations where this coverage has caused a problem.

There is also insufficient evidence that the State could not afford to provide the increased vacation accrual rate to its Terminal Supervisors. It already provides it to much larger bargaining units. Moreover, the cost of this benefit will go down over time as this bargaining unit experiences retirements and are replaced by employees covered by the alternative vacation accrual schedule.

TRAVEL PAY

The Union proposed that a $100 per day stipend be paid to any employee travelling more than 125 miles round trip from their home port. Mr. Duff testified that the Union is seeking this stipend for safety reasons. He testified that employees work a ten hour day and travelling 125 miles can make it a 13 or 14 hour day. He testified that the stipend would provide money for a hotel. Mr. Duff testified that in practice, the situation would only arise when Terminal Supervisors at the Anacortes terminal who are on vacation needed to be replaced by relief employees.

The State opposes this proposal as an unjustified additional cost. Mr. Schlief testified that during previous contract negotiations the parties had agreed to replace travel pay for relief employees with 17.5 percent additional pay for serving in a relief role. He testified that this pay premium was intended to replace the previous travel pay and also to recognize the special skill set those relief employees had.

No travel stipend shall be awarded. There is no evidence that the Union's proposal is supported by reference to the comparable employers. It appears that relief employees are fairly compensated for their travel time by the 17.5 percent pay premium that they receive.

CLOTHING ALLOWANCE

The Terminal Supervisors are required to dress in business attire. The Union proposes that each Terminal Supervisor receive $100 per month as a clothing allowance. Mr. Duff testified that Terminal Supervisors frequently have to go out in inclement weather causing his clothes and shoes to be soaked. Also, he testified, he often has to move barrels, resulting in grease staining his pants, shirt, and tie. He testified that a clothing allowance is justified by the wear and tear and the cleaning costs. The State argues that a clothing allowance is not justified, because no single-use clothing is involved. It maintains that the business dress requirement is no different than many other management jobs where business attire is expected and no clothing allowance is provided. The State estimated the cost of the clothing allowance proposal at $103,344.

No clothing allowance shall be awarded. No evidence was presented that any of the comparables provide a clothing allowance to their terminal supervisors. Terminal Supervisors do not wear a uniform and the clothes they wear to work can be utilized outside of work. The

evidence presented is insufficient to establish that their work routinely causes their attire to require dry cleaning. Persons in authority, such as the Terminal Supervisors, often are expected to wear business attire, without any clothing allowance. The statutory criteria do not support the payment of a clothing allowance to the Terminal Supervisors.

AWARD OF THE INTEREST ARBITRATOR

It is the award of your Interest Arbitrator that the Collective Bargaining Agreement between the State of Washington and the Ferry Agents, Supervisors, and Project Administrators Association, shall be modified as follows:

I. Effective July 1, 2015, each classification represented by the Union shall be increased by 3 percent.

II. Effective July 1, 2016, each classification represented by the Union shall be increased by 3 percent.

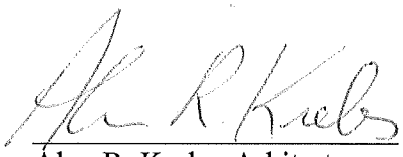
III. Effective July 1, 2015, the vacation accrual schedule shall be modified in accordance with the Union's proposal.

IV. There shall be no new stipend for employees travelling more than 125 miles round trip from their home port.

V. There shall be no new clothing allowance for employees.

Sammamish, Washington

Dated: September 25, 2014



Alan R. Krebs, Arbitrator