

Negotiation Strategies For Those Who Live w/ Interest Arbitration

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ENERGY PASSION COMMITMENT SHIRTSLEEVES

INTEREST ARBITRATION OVERVIEW

- Arbitrator Writes Contract Vs. Interpreting Contract
- Available For Police, Fire, Transit & Few Others
- Criteria For Arbitrator Are Contained In Statute

INTEREST ARBITRATION FACTORS

- Constitutional And Statutory Authority
- Stipulations
- Comparable Employers
- Cost Of Living
- Other Factors Traditionally Considered In Determining Wage, Hours And Working Conditions

IMPACTS OF INTEREST ARBITRATION ON BARGAINING

- Reduced Local Control
- Perception Arbitration Is Cure-all
- “Hundred Yard Dash” To Arbitration
- Employer More Lawyers
- Avoidance At All Costs
- Haves Vs. Have Nots
- Increased Bargaining Complexity
- Unhappiness At Result

PREPARING FOR BARGAINING IN INTEREST ARBITRATION ENVIRONMENT

- Consider “BATNA”
- Evaluate Your Concerns And Anticipate Theirs
- Homework
- Review Past Bargaining History
- Review Proposed Comparables
- Include Issues For Trades

INFORMATION REQUESTS

- Be Prepared for Burdensome Information Requests
- Consider Use of Information Requests Directed to Union

CONSTRUCTING COMPARABLES

- Similar Size + Like Employer
- Very Important Factor But Not Only Factor
- KISS
- Size Outer Limit Usually 50% Smaller And 100% Larger
- Assessed Valuation And Geography Most Common Secondary Factors
- What To Compare To (Base Wage, TCC, Net Hourly)

POINTERS DURING BARGAINING

- Share Comparable Analysis
- Avoid Comparable-only Battle
- Question Basis For Union Demand
- Watch Your “Floor” And “Ceiling”
- When To Package Issues
- Watch For Permissive Subjects
- Use Arbitration Awards
- Retroactive Pay Issues
- Prepare Elected Officials

HANDLING DIFFICULT SITUATIONS

- Difficult Union Negotiator
- Cherry Picking
- Convincing Union Of Economic Reality
- Unfavorable Comparables
- No Personal Buy-in on Your Proposal
- Changing Hours of Work
- Promotions
- Disciplinary Proposals
- Health Care Issues

MEDIATION POINTERS

- Either Party Can Get Mediation Before Impasse
- Consider Joint Request For Particular Mediator
- Mediator Has No Power To Compel
- Choose Appropriate Level Of Disclosure With Mediator

SELECTING ARBITRATOR

- 3-member Panel Vs. One Neutral
- Ways To Get Arbitrator Lists
- Do Your Homework On Backgrounds
- Don't Be “Penny Wise And Pound Foolish”

INTEREST ARBITRATION EXHIBITS

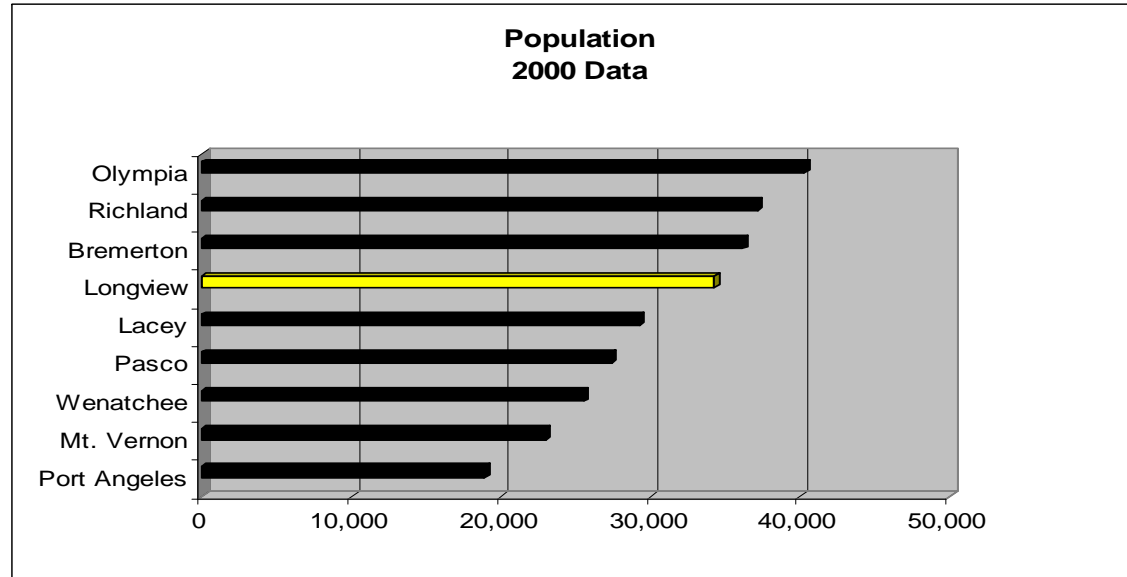
- KISS
- Data Plus Visual
- Well-organized Exhibit Book
- Use Resources On Internet

AREAS FOR INTEREST ARBITRATION EXHIBITS

- Constitutional Limits On Some Retroactivity
- Cost Of Living
- Local Labor Market
- General Economic Climate
- Financial Constraints
- Internal Parity
- Turnover Statistics
- Productivity Changes

City of Longview

City Comparables Population

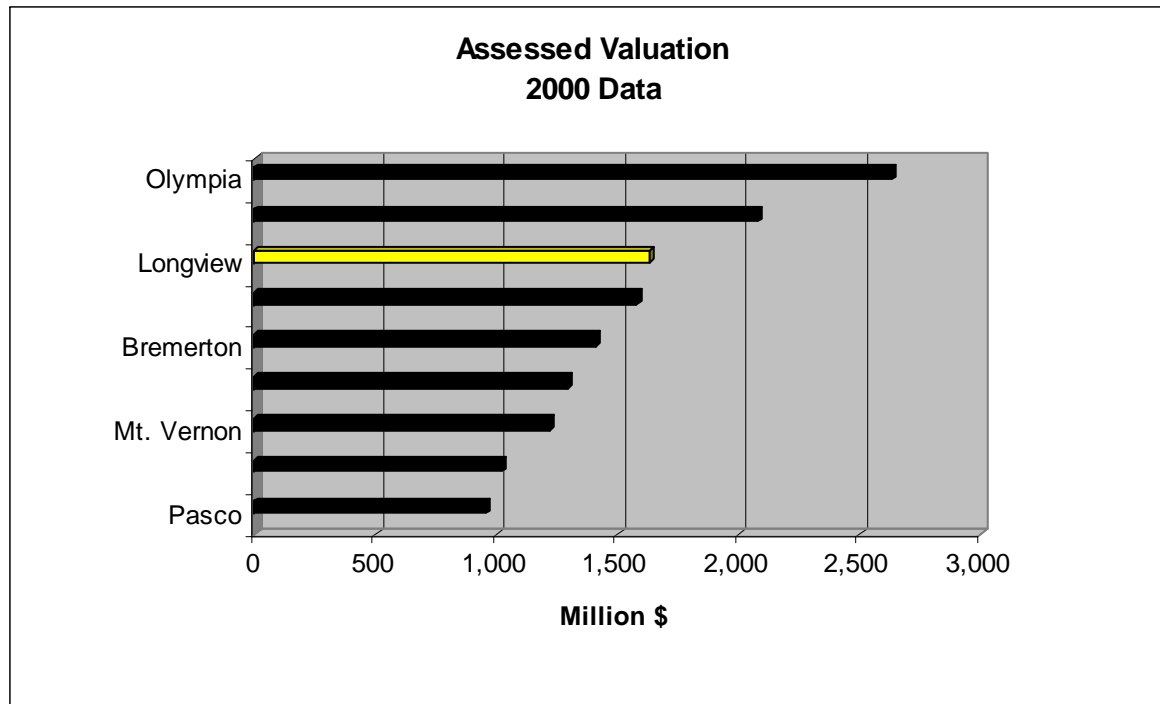


<u>City</u>	<u>2000 Population</u>
Port Angeles	18,930
Mt. Vernon	23,020
Wenatchee	25,530
Pasco	27,370
Lacey	29,240
Longview	34,270
Bremerton	36,180
Richland	37,190
Olympia	40,310

Source: State of Washington Office of Financial Management

CONCLUSION:
Longview ranks fourth of the nine comparables in terms of population.

City of Longview City Comparables Assessed Valuation

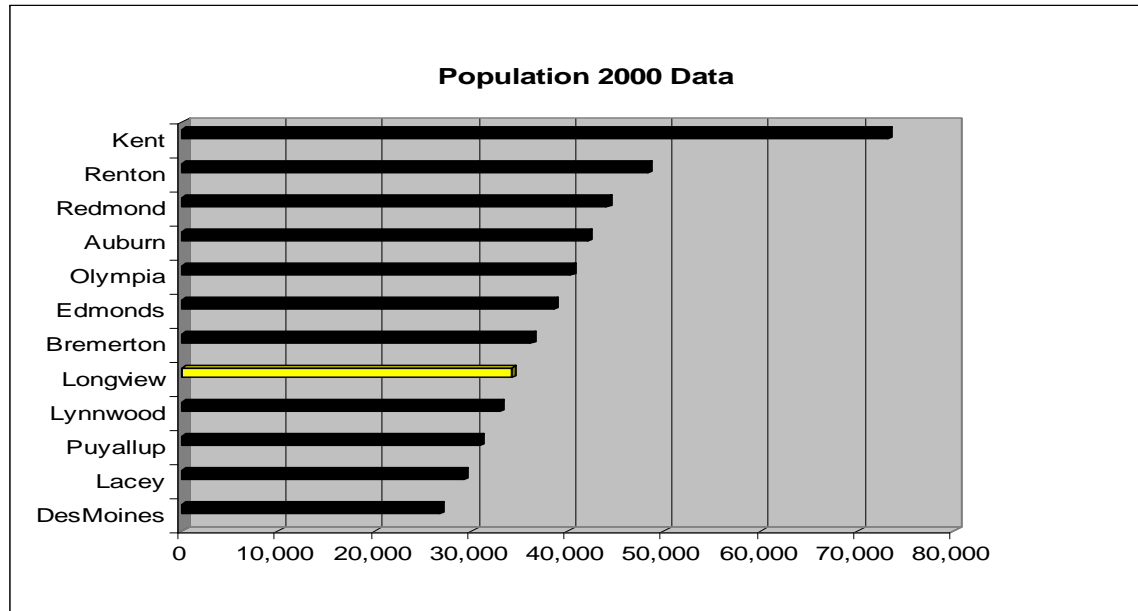


City of Longview Exhibit Number: _____

	AV	Population	
Pasco	951,641,457	27,370	951.641457
Port Angeles	1,018,308,549	18,930	1018.308549
Mt. Vernon	1,218,450,217	23,020	1218.450217
Wenatchee	1,294,719,725	25,530	1294.719725
Bremerton	1,410,350,733	36,160	1410.350733
Lacey	1,578,379,306	29,240	1578.379306
Longview	1,631,516,520	34,270	1631.516520
Richland	2,078,458,921	37,190	2078.458921
Olympia	2,633,929,361	40,310	2633.929361

CONCLUSION:
Longview ranks third of the nine comparables in terms of assessed valuation.

City of Longview Union Comparables Population



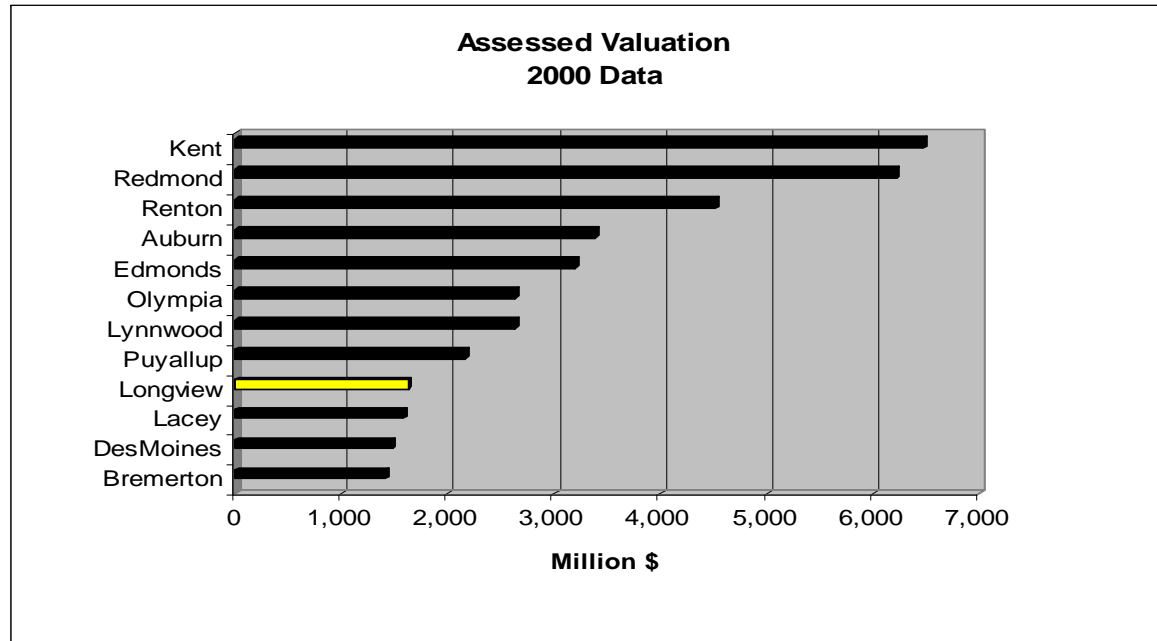
<u>City</u>	<u>2000 Population</u>
Kent	73,140
Renton	48,270
Redmond	44,020
Auburn	42,045
Olympia	40,310
Edmonds	38,600
Bremerton	36,160
Longview	34,270
Lynnwood	32,990
Puyallup	30,940
Lacey	29,240
Des Moines	26,730

Source: State of Washington Office of Financial Management

CONCLUSION:

Longview ranks eighth of the twelve comparables in terms of population.

City of Longview Union Comparables Assessed Valuation

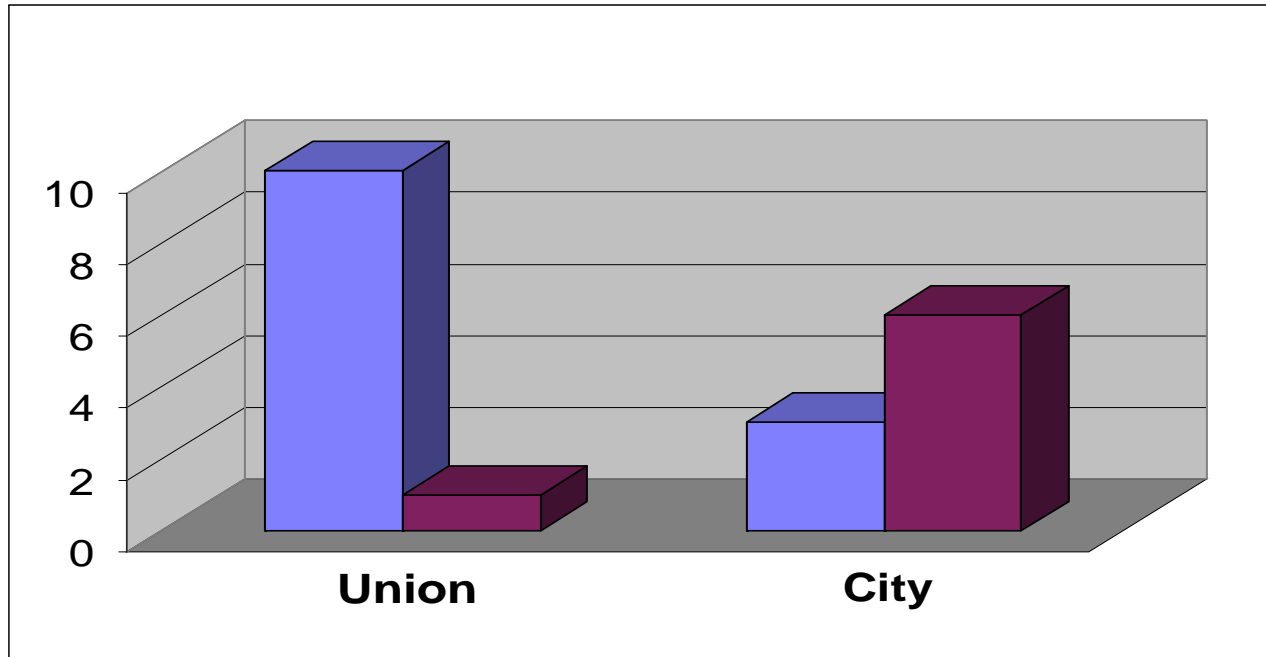


<u>City</u>	<u>2000 Assessed Valuation</u>
Kent	\$6,468,268,324
Redmond	\$6,213,635,958
Renton	\$4,513,567,131
Auburn	\$3,386,501,998
Edmonds	\$3,198,276,181
Olympia	\$2,633,929,361
Lynnwood	\$2,632,186,036
Puyallup	\$2,169,487,352
Longview	\$1,631,516,520
Lacey	\$1,578,379,306
Des Moines	\$1,479,572,614
Bremerton	\$1,410,350,733

Source: Property Tax Statistics 2000 - Washington State Department of Revenue

CONCLUSION:
Longview ranks ninth of the twelve comparables in terms of assessed valuation.

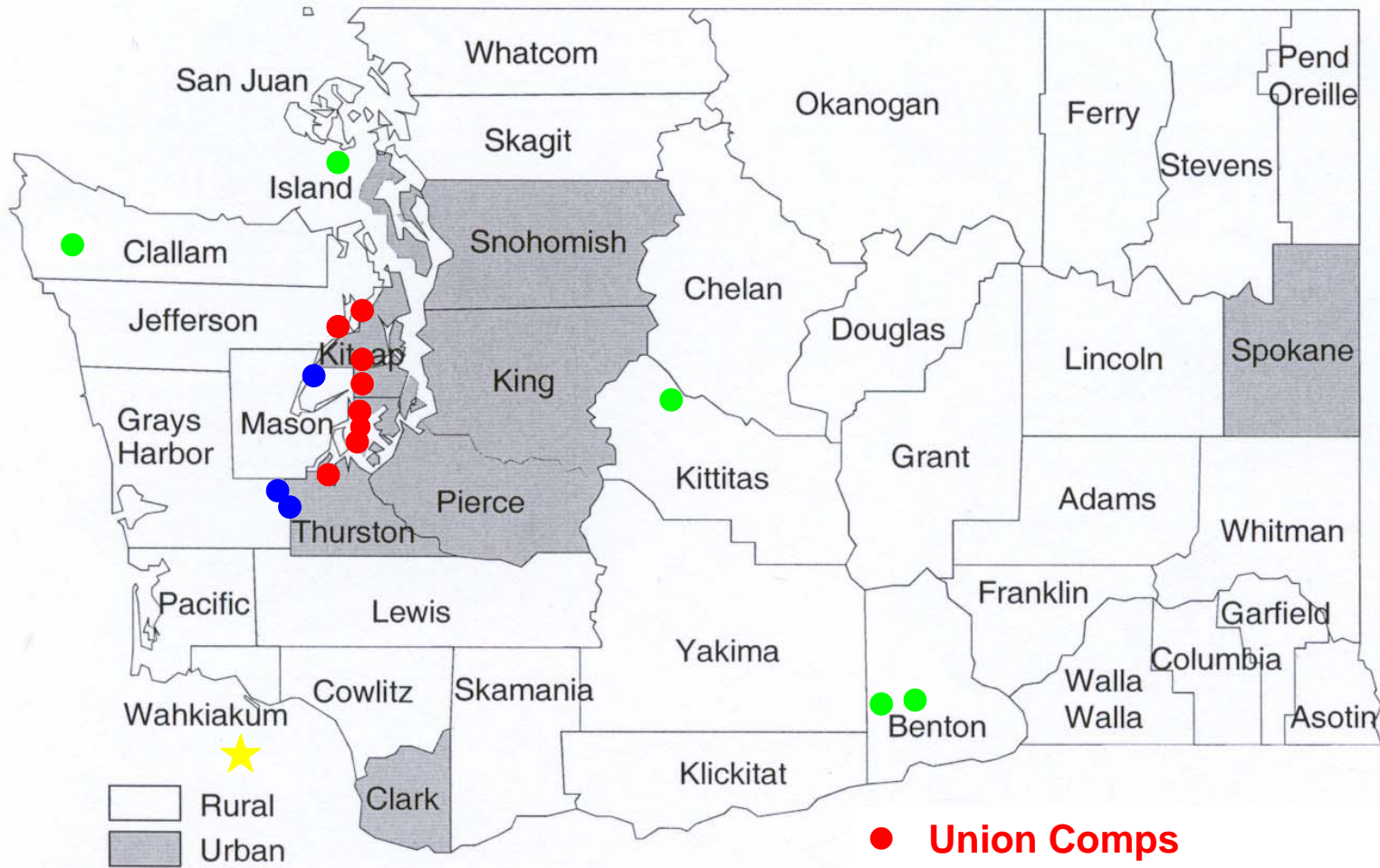
City of Longview Comparables within Central Puget Sound Area



	<u>Union</u>	<u>City</u>
Central Puget Sound	10	3
Non-Urban - Outside Puget Sound	1	6

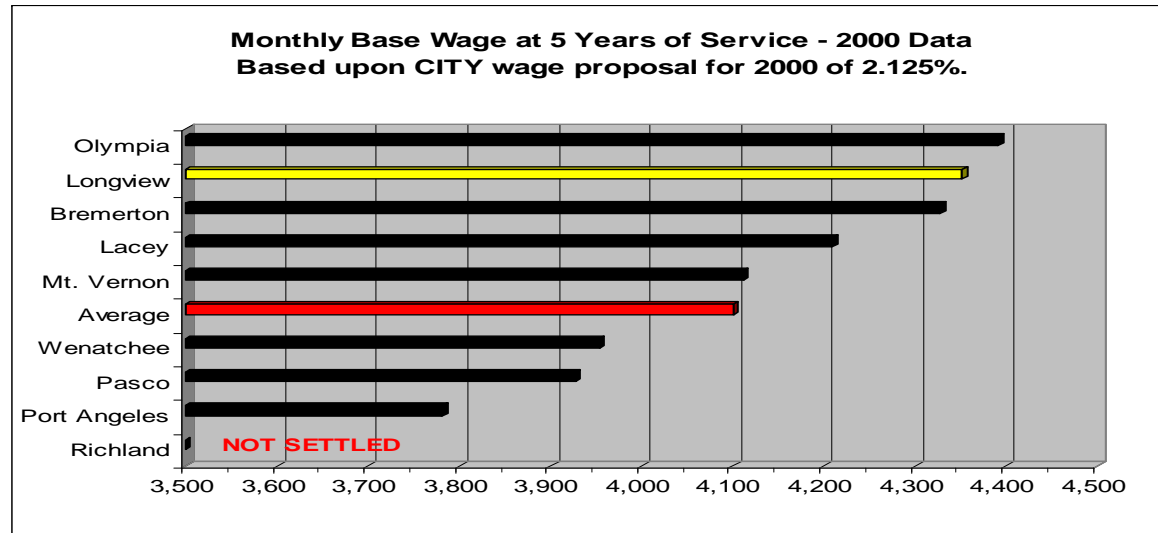
CONCLUSION:

Longview is outside the Central Puget Sound area and 40 miles North of Portland, Oregon. Longview is surrounded by a basically rural environment.



- Union Comps
- Joint Comps
- City Comps
- « Longview

City of Longview City Comparables Base Wage



<u>City</u>	<u>2000 Base Wage</u>
Olympia	4,392
Longview*	4,352
Bremerton	4,328
Lacey	4,209
Mt. Vernon	4,112
Average (Does not include Longview)	4,101
Wenatchee	3,954
Pasco	3,928
Port Angeles	3,782
Richland	Not Settled

*Based upon City wage proposal for 2000 of 2.12

CONCLUSION:

With the City's proposed wage increase of 2.125% Longview would rank second among the City's eight comparables.

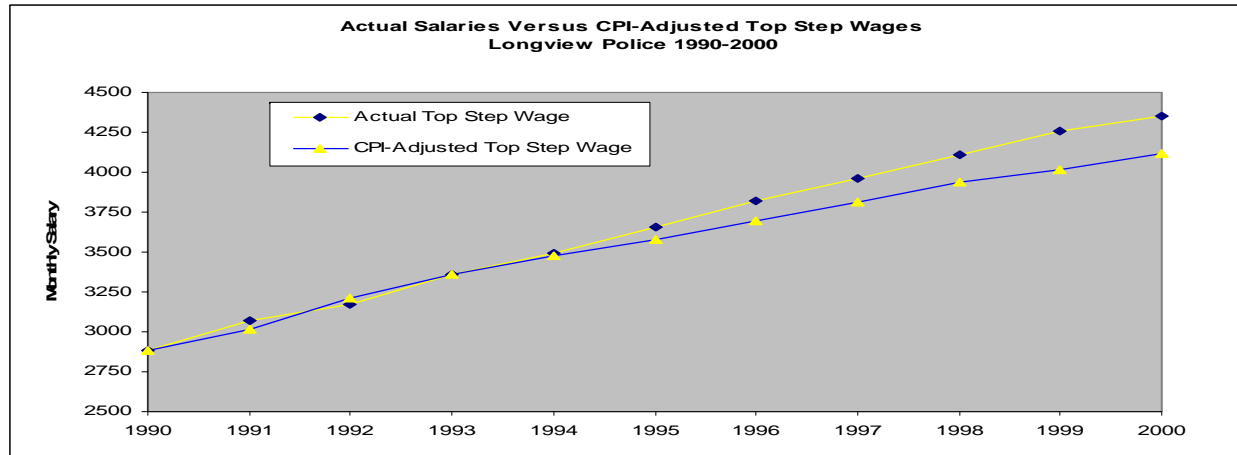
SOURCES OF INFORMATION FOR EXHIBITS

- Fire Commissioners' Survey
- Employment Security Publications
- LGPI Police & Fire Survey
- WSU Real Estate Information
- Local Newspapers

COST OF LIVING COMPONENTS

- Correct Measure Of Current Inflation
- Historical Performance Relative To CPI
- Relative Cost Of Living Differences

City of Longview Actual Versus CPI-Adjusted Top Step Wages For Longview Police



Year	Actual Top Step Wage	Portland CPI-W (June/June) Annual Average	CPI-Adjusted Top Step Wage
1990	2886		2886
1991	3067	4.6%	3019
1992	3171	6.4%	3212
1993	3361	4.6%	3360
1994	3496	3.5%	3477
1995	3655	2.9%	3578
1996	3821	3.3%	3696
1997	3964	3.2%	3814
1998	4106	3.3%	3940
1999	4261	2.0%	4019
2000	4352*	2.5%	4120

*Based upon City wage proposal for 2000 of 2.125%.

CONCLUSION:

Since 1990 the top step wage for patrol officer has increased from \$2886 to \$4352 an increase of 50.8%. Since 1990 had the patrol officer's top step wage increased at the rate of the Portland CPI-W (June/June) Annual Average, the top step wage would have increased from \$2886 to \$4120, an increase of 42.8%. Top step wages for Longview police officers has exceeded the CPI by 8% since 1990.

MEDIAN HOME PRICES
Year End 2000 For All Counties of Comparables

<u>COUNTY</u>	<u>2000*</u>
BENTON (Richland)	\$124,500
CHELAN (Wenatchee)	125,100
CLALLAM (Port Angeles)	125,000
COWLITZ (Longview)	104,000
FRANKLIN (Pasco)	124,500
KING (Des Moines, Auburn, Renton, Redmond)	250,000
KITSAP (Bremerton)	151,500
PIERCE (Tacoma)	153,000
SKAGIT (Mt. Vernon)	152,000
SNOHOMISH (Edmonds, Lynnwood)	197,000
THURSTON (Lacey, Olympia)	141,500
AVERAGE	149,827

FISCAL CONSTRAINTS

- “Absolute” Inability To Pay Vs. “Relative” Inability To Pay
- Have Budget Exhibits Speak To Laypersons, Not CPA’s
- Cost Out Union’s Demands Incrementally And Cumulative

Police Guild Negotiations - Proposals as presented for Arbitration Incremental Increases of New \$ Each Year

City Proposal	Incremental Costs		
	1st. Year	2nd Year	3rd Year
Salaries & Benefits			
2000 - 2.125% Inc.	\$ 65,099		
2001 - 2.89% Increase		\$ 90,414	
2002 - 85% of CPI 4% Est.(3.4%)			\$ 109,444
LTD Coverage			\$ 3,060
Clothing Allowance		\$ 2,550	
Total Annual Incremental Increase	\$ 65,099	\$ 92,964	\$ 112,504
City Premium Costs Already Committed	\$ 66,648	\$ 45,288	\$ 49,817

Guild Proposal	Incremental Costs		
	1st. Year	2nd Year	3rd Year
Salaries & Benefits			
2000 - 4% Inc.	\$ 122,537		
2001 - 4% Increase		\$ 127,439	
2002 - 100% of CPI 4% Est.			\$ 132,537
Longevity	\$ 23,989	\$ 4,278	\$ 4,582
Deferred Compensation	\$ 54,593	\$ 2,184	\$ 2,271
Shift Differential*	\$ 35,040		
Ortho & LTD Coverage			\$ 15,453
Clothing Allowance		\$ 2,550	
Additional Vacation	\$ 31,496	\$ 1,260	\$ 1,310
Kelly Day Sell Back+	\$ 94,487	\$ 23,433	\$ 25,156
Total Annual Incremental Increase	\$ 62,142	\$ 61,144	\$ 181,309
City Premium Costs Already Committed	\$ 66,648	\$ 45,288	\$ 49,817

*Shift Differential = \$1.00 x 12 hrs. x 365 x 8 employees
 + Kelly Day Sellback = 50% 1st year, 60% 2nd year, 70% 3rd Year

Police Guild Negotiations - Proposals as presented for Arbitration Cumulative 3 Year Cost of Proposals

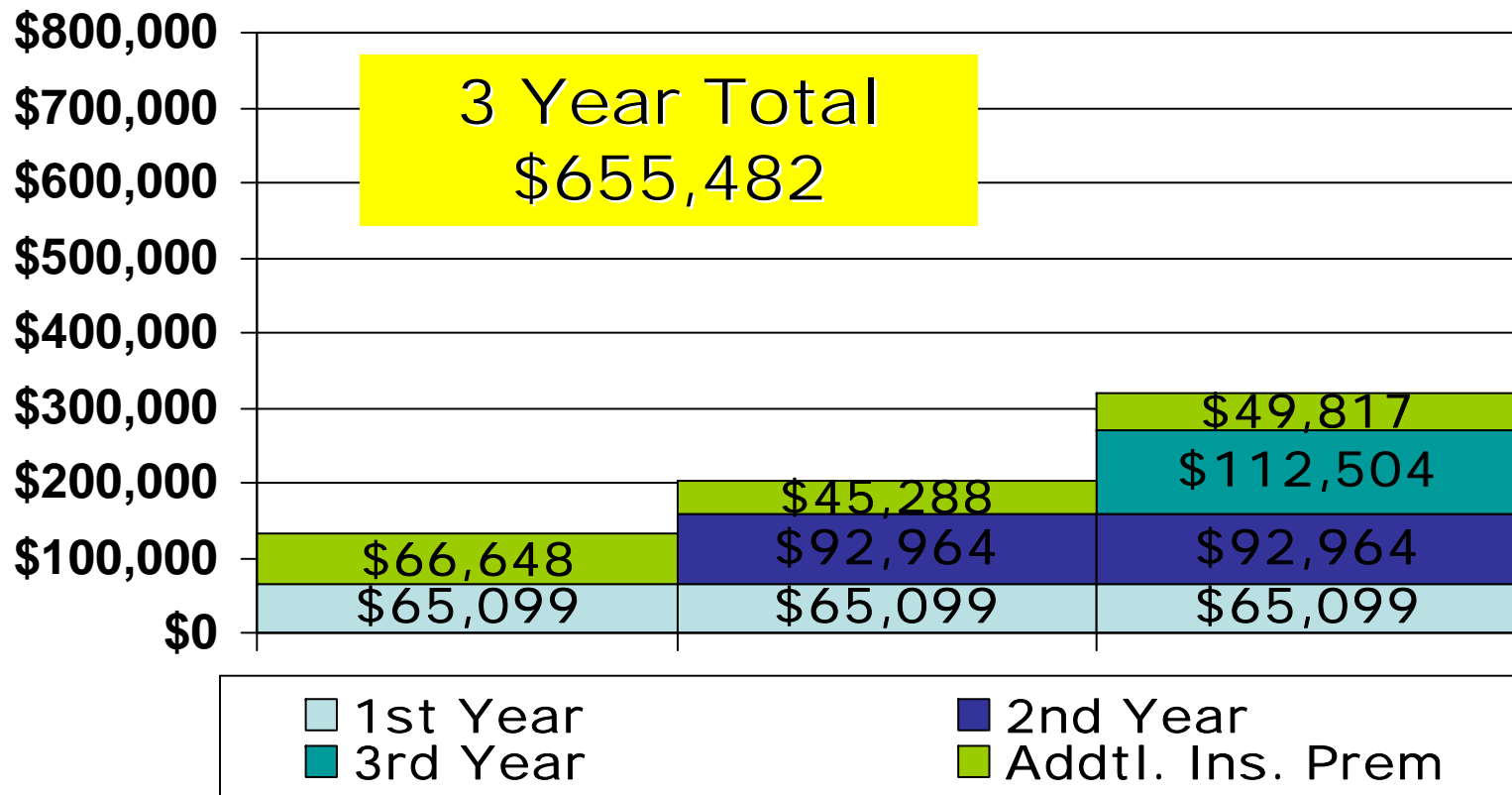
City Proposal	Cumulative Costs			
	1st. Year	2nd Year	3rd Year	Total
Salaries & Benefits				
2000 - 2.125% Inc.	\$ 65,099	\$ 65,099	\$ 65,099	
2001 - 2.89% Increase		\$ 90,414	\$ 90,414	
2002 - 85% of CPI 4% Est.(3.4%)			\$ 109,444	\$ 485,569
LTD Coverage			\$ 3,060	\$ 3,060
Clothing Allowance		\$ 2,550	\$ 2,550	\$ 5,100
Total Cumulative Costs	\$ 65,099	\$ 158,063	\$ 270,567	\$ 493,729
City Premium Costs Already Committed	\$ 66,648	\$ 45,288	\$ 49,817	
			3 Year Total	\$ 655,482

Guild Proposal	Cumulative Costs			
	1st. Year	2nd Year	3rd Year	Total
Salaries & Benefits				
2000 - 4% Inc.	\$ 122,537	\$ 122,537	\$ 122,537	
2001 - 4% Increase		\$ 127,439	\$ 127,439	
2002 - 100% of CPI 4% Est.			\$ 132,537	\$ 755,026
Longevity	\$ 23,989	\$ 28,267	\$ 32,849	\$ 85,105
Deferred Compensation	\$ 54,593	\$ 56,777	\$ 59,048	\$ 170,418
Shift Differential*	\$ 35,040	\$ 35,040	\$ 35,040	\$ 105,120
Ortho & LTD Coverage			\$ 15,453	\$ 15,453
Clothing Allowance		\$ 2,550	\$ 2,550	\$ 5,100
Additional Vacation	\$ 31,496	\$ 32,756	\$ 34,066	\$ 98,318
+Kelly Day Sell Back	\$ 94,487	\$ 117,920	\$ 143,076	\$ 355,483
Total Cumulative Costs	\$ 362,142	\$ 523,286	\$ 704,595	\$ 1,590,023
City Premium Costs Already Committed	\$ 66,648	\$ 45,288	\$ 49,817	
			3 Year Total	\$ 1,751,776

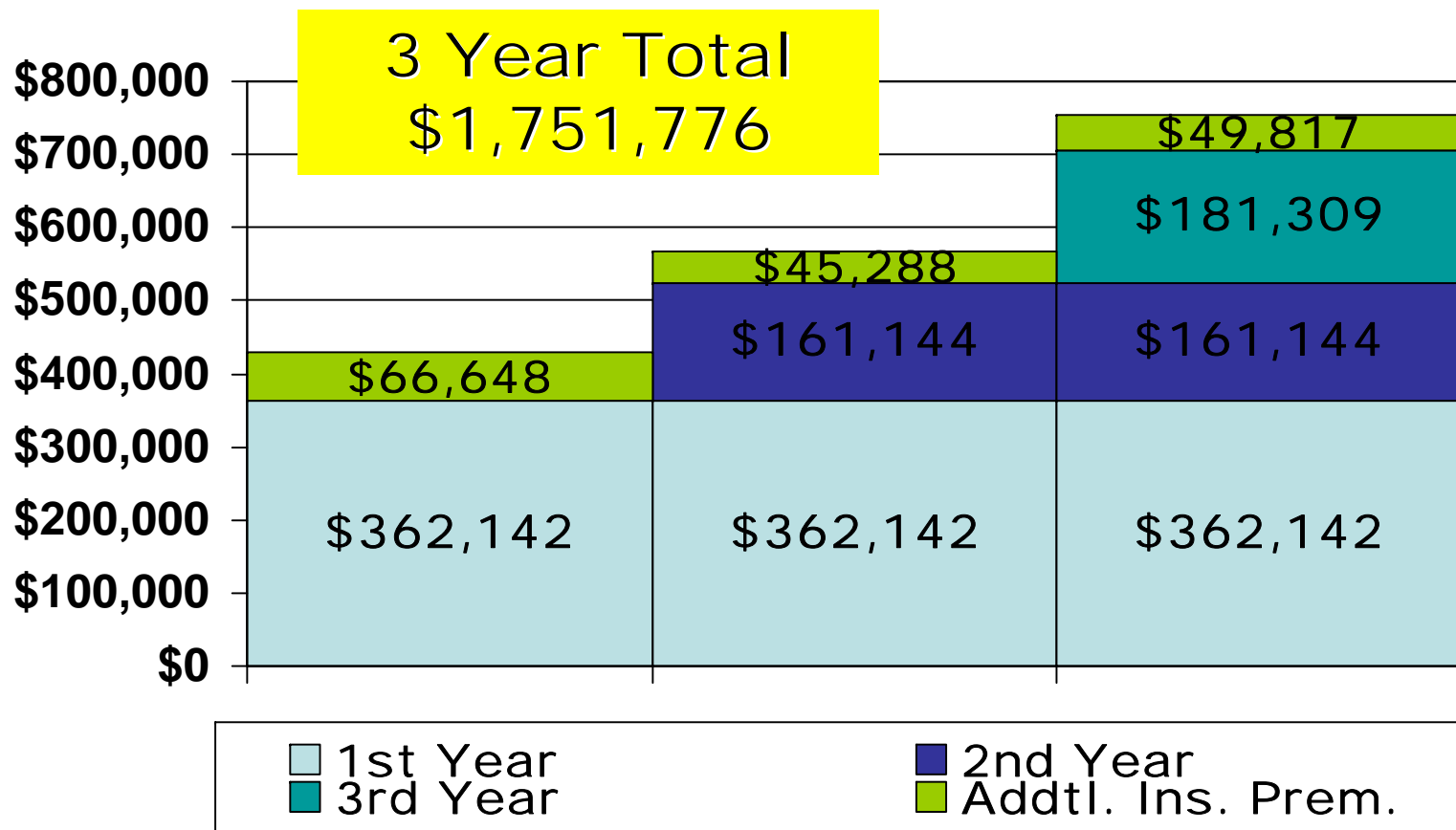
*Shift Differential = \$1.00 x 12 hrs. x 365 x 8 employees

+ Kelly Day Sellback = 50% 1st year, 60% 2nd year, 70% 3rd Year

City Proposal with Roll-up Costs per Year



Union Proposal with Roll-up Costs per Year



LOCAL LABOR MARKET

- Other Police Or Fire Agencies Locally, Even Though Not Comparable
- Other Major Employers In The Local Labor Market

2000 MEDIAN HOUSEHOLD INCOME

<u>COUNTY</u>	<u>2000*</u>
BENTON (Richland)	46,316
CHELAN (Wenatchee)	40,048
CLALLAM (Port Angeles)	32,268
FRANKLIN (Pasco)	32,398
KING (Des Moines, Auburn, Renton, Redmond)	63,217
KITSAP (Bremerton)	45,401
PIERCE (Tacoma)	45,151
SKAGIT (Mt. Vernon)	41,585
SNOHOMISH (Edmonds, Lynnwood)	54,253
THURSTON (Lacey, Olympia)	44,934
AVERAGE	41,657
COWLITZ (Longview)	38,235
DIFFERENCE	(8.9%)

* King County Median Household Income is 65.3% greater than Cowlitz

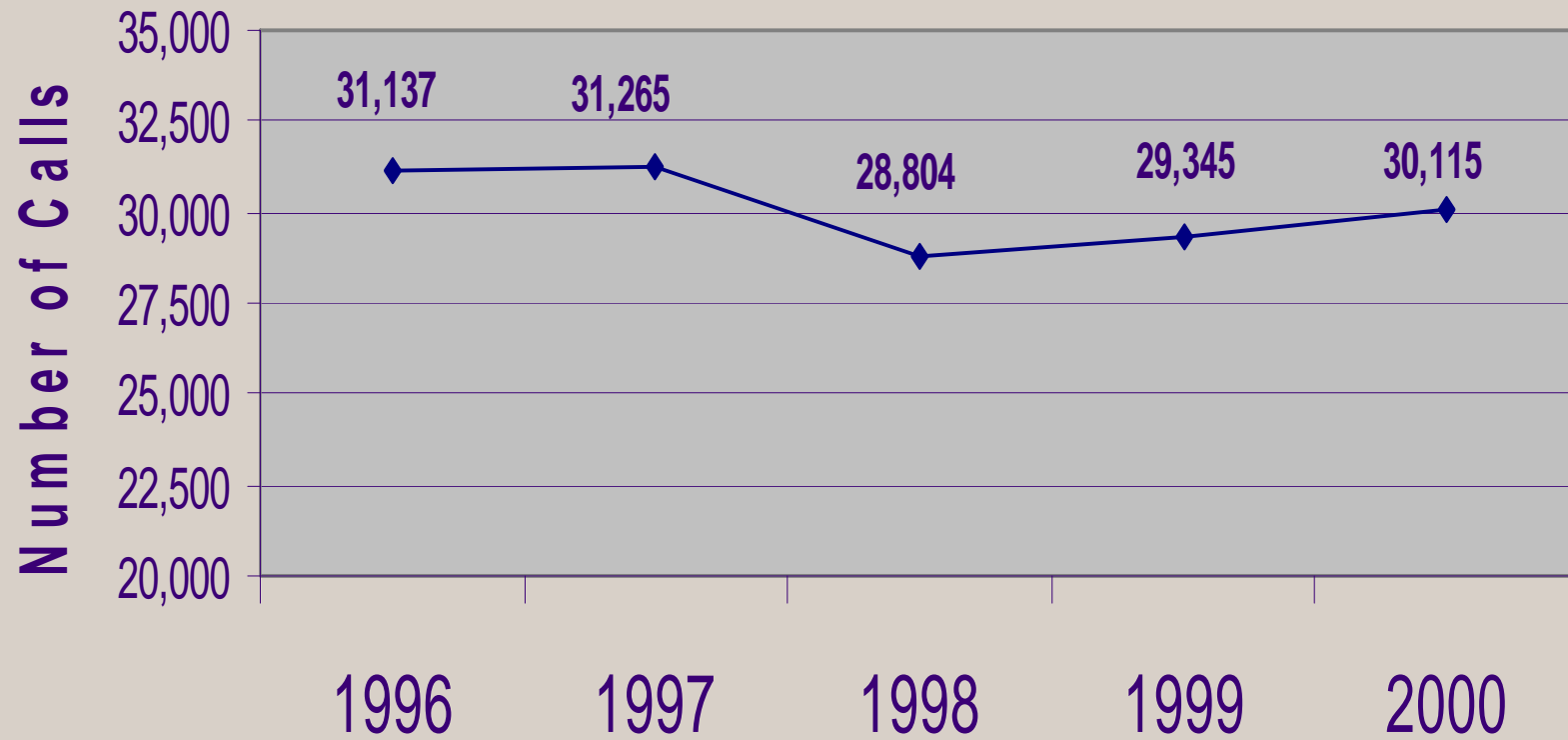
INTERNAL PARITY

- Compare History Of Raises With Other Bargaining Units And Non-represented Employees
- Strongest Comparison Is Between Police And Fire
- Factor Given Much Less Weight Than External Comparables

PRODUCTIVITY AND TURNOVER STATISTICS

- Present Trends Involving Calls For Service
- Analyze Nature Of Calls (E.g., Small Percentage Of High Risk Calls)
- Present Low Turnover And Absence Of Resignations Over Pay

Longview Police Calls for Service



HEARING POINTERS

- Have Well-organized Exhibit Book
- Arrange In Advance Method Of Delivery
- All Testimony Vs. Hybrid Presentation
- Exhibits Combine Numbers Plus Visuals
- Moving Party Bears Burden Of Proof To Change Status Quo

POST-HEARING BRIEFS

- Never Waive Right
- Pulls Together Loose Ends And Tells Coherent Story
- Transcript Of Hearing Makes Briefing Easier