

**PUBLIC EMPLOYMENT RELATIONS COMMISSION**  
**BEFORE ARBITRATOR AUDREY B. EIDE, ESQ.**

In the Matter of the Interest Arbitration  
Between

STATE OF WASHINGTON DEPARTMENT  
OF TRANSPORTATION, FERRIES  
DIVISION,

Employer,

and

PACIFIC NW REGIONAL COUNCIL OF  
CARPENTERS,

Union.

PERC No. 135411-I-22

ARBITRATOR'S DISCUSSION  
AND AWARD

2023-2025 Collective Bargaining  
Agreement

Under RCW 47.64.300 the State of Washington Department of Transportation, Ferries Division (WSF) and the Pacific NW Regional Council of Carpenters (PNWRCC) submitted impasse issues that resulted from their 2023-2025 Collective Bargaining Agreement (CBA) negotiations to the Public Employment Relations Commission (PERC). July 29, 2022, PERC certified Article 6- Hours of Work and Rates of Pay, Article 11-Lockouts, Strikes, and Slowdowns Prohibited and Appendix A- Straight Time Hourly Wage Rates to Interest Arbitration. This matter came on for hearing before me August 1, 2, and 3, 2022, remote via Zoom. WSF was represented by Assistant Attorney Generals Elizabeth Delay Brown and Margaret C. McLean. PNWRCC was represented by Jenifer J. Anisman, Associate Attorney of Shanley, Attorneys at Law, APC. The proceedings were recorded and transcribed by Nicole A. Buldis of Buell Realtime Recording.

Each party had the opportunity to make opening statements, present evidence, to call and cross examine witnesses and argue their case. Closing arguments were presented orally on August 3 after both parties rested their case. The hearing was closed after the presentation of oral closing arguments. The evidence presented at the hearing and the arguments of the parties have been carefully considered.

## **GOVERNING WASHINGTON STATUTES**

### **RCW 47.64.005: Declaration of policy.**

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

### **RCW 47.64.006: Public policy.**

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 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 or work stoppages by ferry 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 British Columbia in directly comparable but not necessarily identical positions.

### **RCW 47.64.320: Parties not bound by arbitration-Arbitration factors.**

(1) The mediator, arbitrator, or arbitration panel may consider only matters that are subject to bargaining under this chapter, except that health care benefits are not subject to interest arbitration.

(2) The decision of an arbitrator or arbitration panel is not binding on the legislature and, if the legislature does not approve the funds necessary to implement provisions pertaining to compensation and fringe benefit provisions of an arbitrated collective bargaining agreement, is not binding on the state, the department of transportation, or the ferry employee organization.

(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.

**RCW 47.64.170 (8) and (9): Collective Bargaining Procedures.**

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(8) The office of fiscal management shall conduct a salary survey, for use in collective bargaining and arbitration.

(9) Except as provided in subsection (11) of this section:

(a) The governor shall submit a request either for funds necessary to implement the collective bargaining agreements including, but not limited to, the compensation and fringe benefit provisions or for legislation necessary to implement the agreement, or both. Requests for funds necessary to implement the collective bargaining agreements shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of the office of financial management by October 1<sup>st</sup> before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as feasible financially for the state.

(b) The governor shall submit a request either for funds necessary to implement the arbitration awards or for legislation necessary to implement the arbitration awards, or both. Requests for funds necessary to implement the arbitration awards shall not be submitted to the legislature by the governor unless such requests:

(i) Have been submitted to the director of financial management by October 1<sup>st</sup> before the legislative session at which the requests are to be considered; and

(ii) Have been certified by the director of the office of financial management as being feasible financially for the state.

(c) The legislature shall approve or reject the submission of the request for funds necessary to implement the collective bargaining agreements or arbitration awards as a whole for each agreement or award. The legislature shall not consider a request for funds to implement a collective bargaining agreement or arbitration award unless the request is transmitted to the legislature as part of the governor's budget document submitted under RCW 43.88.030 and 43.88.060. If the legislature rejects or fails to act on the submission, either party may reopen all or part of the agreement and award or the exclusive bargaining representative may seek to implement the procedures provided for in RCW 47.64.210 and 47.64.300.

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**RCW 47.64.140 Strikes, work stoppages, and lockouts prohibited.**

(1) It is unlawful for any ferry system employee or any employee organization, directly or indirectly, to induce, instigate, encourage, authorize, ratify, or participate in a strike or work stoppage against the ferry system.

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(4) The right of ferry system employees to engage in strike or work slowdown or stoppage is not granted and nothing in this chapter may be construed to grant such a right.

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**DISCUSSION**

**Background:** PNWRCC is the exclusive bargaining representative of the bargaining unit in the case at hand. This unit forms the Eagle Harbor Maintenance Division located at Eagle Harbor on Bainbridge Island. The unit consists of about 22 employees who fill positions in the classifications of Journeyperson, Leadperson, Foreperson, Health & Safety Supervisor, Planner, Vessel General Foreperson, Terminal General Foreperson, and Helper. The Eagle Harbor Maintenance Division is responsible for maintenance to preserve the ferry vessels, terminals, and docks. Carpenters, Insulators and Locksmiths are the three groups of crafts in the unit.

Carpenters design and build scaffolding that provides safe access for all trades to do their jobs in and around the vessels, terminals, and docks. Carpenters build shelves, cabinetry, carports, sheds, storage units, and shipping crates, palettes and boxes for parts that are shipped for repair. They maintain the interior glass and exterior windows and frames on the ferries, perform floor and deck repair, design and install plexiglass sneeze shields and covers for parts or charts that need protection. Carpenters are responsible for signage, concrete slabs, sidewalk curbs, roofing, downspouts, gutters, and siding repairs. Ceiling tiles in the vessels can be made of fiberglass. Repair of fiberglass ceiling tiles as well as all fiberglass exposure requires protective suits and equipment.

Insulators design, create and install insulation on the vessels, terminals, and docks. Insulation is done for the protection of machinery, pipes, and equipment from the elements and hot or cold temperatures. It is also done for the protection of the people who work around hot, cold, or sharp machinery, pipes, and equipment. These jobs are all sizes up to and including the vessel exhaust stacks. Insulation material can be fiberglass. Insulation with fiberglass requires protective clothing and equipment. In addition, Insulators are trained and certified to test for asbestos and do asbestos abatement safely for themselves, the environment and anyone else who is subject to exposure.

Locksmiths are responsible for eight thousand locks throughout the system. They maintain all the security devices on the vessels, terminals, and docks.

Forepersons oversee their shop. They prioritize and assign work. Planners look at the overall scope of work to be done in a year, how long it will take and when and how long vessels will be at Eagle Harbor for maintenance.

PNWRCC and WSF participated in five bargaining sessions for the 2023-2025 CBA. They took place on April 14, May 2, July 12, July 19, and July 25, 2022.

**Article 11-Lockouts, Strikes, Slowdowns Prohibited:** PNWRCC proposed at the first negotiation session on April 14, 2022, that Article 11 be stricken from the CBA. July 12, 2022, PNWRCC proposed at the third bargaining session that only Section 1 of Article 11 be removed from the CBA. May 2, June 12, and June 19 PNWRCC labeled their proposal as “housekeeping”. WSF did not agree to strike Article 11, from the CBA.

PNWRCC presented Article 11 at the Arbitration as superfluous. They argued it is redundant and unnecessary as it recites what is contained in RCW 47.64.140. They asserted that it is every union member’s right to strike. If ever the law prohibiting strikes changes, they would have to negotiate Article 11 out of the contract. Further no other articles in the CBA quote statutes. WSF argued there is no reason to strike Article 11 from the CBA. They argued for status quo.

**Determination.** Upon close examination of Article 11, Section 1 in the CBA compared to RCW 47.64 and specifically RCW 47.64.140 titled “Strikes, work stoppages, and lockouts prohibited.” I find Article 11; Section 1 is not merely a quote or recital of the statute.

**Article 11 Lockouts, Strikes and Slowdowns Prohibited. Section**

**1.** Pursuant to RCW 47.64, the Employer and the Union agree that the public interest requires efficient and uninterrupted performance of all Ferry services and, to this end, pledge their best effort to avoid or eliminate any conduct contrary to this objective. Specifically, the Union shall not cause or condone any work stoppage or other interference with Ferry functions by employees covered under this Agreement, and, in the event that Union members participate in such activities in violation of this provision, the Union shall notify those members so engaged to cease and desist from such activities and shall instruct the members to return to their normal duties. Any employee participating in the prohibited activities may be discharged by the Employer.

Section 2. During the life of this Agreement, the Employer shall not engage in any lockout. Any action of the Employer in closing its facility during a general strike, riot, or civil commotion for protection of the facility shall not be deemed a lockout. (2021-2023 CBA, Employer's Exhibit #1)

What Article 11; Section 1 adds to the statute are specific actions required of PNWRCC to achieve the goal of RCW 47.64 which as stated in Article 11 is "efficient and uninterrupted performance of all Ferry services". Article 11; Section 1 is not merely superfluous. Removing Article 11; Section 1 would be more than just "housekeeping". PNWRCC's proposal to strike Article 11; Section 1 is denied.

**Article 6-Hours of Work and Rates of Pay, Section 1. Overtime Rate:** PNWRCC

proposed that the current overtime rate of one and one-half (1½) times the employee's straight time rate of pay should apply only to the first two hours of overtime worked in a day. All hours worked more than ten hours a day will be paid at two (2) times (double time rate) of the straight time rate of pay. In addition, PNWRCC proposed that **Section 3. Saturday and Sunday Work and Work on Scheduled Days Off** be compensated at two (2) times (double time rate) of their straight time rate of pay.

PNWRCC presented their proposal for compensation of overtime at a double time rate of pay as a proposal for parity with Metal Trades. Prior to 2010 the Carpenters were in the same bargaining unit as the Metal Trades. Some overtime was paid at the double time rate. Overtime at a rate of double time was negotiated out of WSF 2011-2013 CBAs. Subsequently the Metal Trades received in an Interest Arbitration Award double time rates of pay for overtime beyond a twelve-hour day, work performed on a Saturday after 8 hours and any work performed on a Sunday.

Callback Pay was negotiated into the Carpenter's CBA when double time compensation for overtime was removed. PNWRCC argued that Callback Pay is not a trade-off for overtime

compensation at a double time rate of pay. Currently Journeypersons in the unit rarely, if ever are called back to work and afforded Callback Pay. Occasionally Forepersons are called back, and afforded Callback Pay.

PNWRCC also pointed to the Department of Labor and Industries which reports prevailing wage rates for public works contracts by job classification around the state. Kitsap County pays Carpenters double time for overtime beyond 12 hours in a day and work on Sundays.

WSF argued that the history of double time rates of pay does not support the proposal to compensate overtime at a double time rate of pay. Contract negotiations in 2010 for the 2011-2013 WSF CBAs resulted in negotiating double time rates of pay out of WSF CBAs. Those negotiations were in response to a King 5 News Report in 2010 called “Waste on the Water”. The Report pointed out that one abuse in the ferry system was the double time rates of pay. The Carpenters and Metal Trades were not specifically targeted for abuse of double time rates of pay in the report.

WSF argued the Carpenters negotiated Callback Pay into the CBA as a trade-off when double time compensation for overtime was negotiated out of the CBA. Article 6, Section 7.B compensates a Callback for a Journeyperson at a minimum of four (4) hours at time and a half and time and a half for actual hours worked beyond four hours. In addition, they receive a payment of three (3) hours pay at the basic salary per occurrence.

WSF does not compensate overtime at a double time rate of pay except for Metal Trades. The Metal Trades double time rates of pay were awarded in an Interest Arbitration. In the 2019-2020 CBA negotiations PNWRCC unsuccessfully proposed compensation for overtime at a double time rate.

Three out of six participants in the salary survey provided overtime compensation rates of pay. Two of the three who responded paid time and a half for overtime and one paid double time.

Washington State Office of Financial Management costed PNWRCC’s proposal at \$2,734 for 2023-2025. That cost analysis was based on an average of about 80 hours of overtime at the Journeyperson rate for the unit in a year. That overtime is worked by about 13 of the 22 employees in the unit.

**Determination.** PNWRCC’s proposal goes beyond the double time compensation for overtime and working Saturday or Sunday in the Metal Trades CBA. Taking into consideration the

bargaining history of this unit which includes Callback Pay as a trade-off for removing double time compensation for overtime from the CBA, the history of double time rates of pay for employees in the WSF system, and the industry practice for overtime compensation it is unlikely that the parties would have reached an agreement to put double time rates of pay back into the CBA. PNWRCC has not met their burden to show this proposal for overtime rates of pay at double time should be granted. The proposal is denied.

**Article 6-Hours of Work and Rates of Pay, Section 5. Regular and Modified Daylight**

**Shifts:** WSF proposed that the start time for the second and third shifts “shall start on or within forty-five (45) minutes after the preceding shifts”. The CBA currently states “the second and third shifts shall start on or within thirty (30) minutes after the preceding shifts”. This proposal was made April 14, 2022. It was made to reflect the current practice. PNWRCC rejected the proposal at the bargaining table when it was presented on April 14, 2022. There was no further discussion regarding this proposed change to Article 6, Section 5.

**Determination.** The only evidence presented at Arbitration regarding this proposal was WSF’s undisputed assertion that the proposal reflected the practice in the field. The proposal is granted.

**Appendix A Straight Time Hourly Wage Rates:**

**PNWRCC’s wage proposal:** Wages to be 80% of the Outside Journeyman Carpenter wage classification set forth in Washington State’s prevailing wage, minus benefits package. Wage increases take effect March and September of each year.

Current Outside Journeyman Carpenter Rate: \$49.18. Increase to \$51.44 on September 1, 2022.

Proposed State Wage:  $\$49.18 \times 80\% = \$39.34$

September 2022 wage increase to  $\$51.44 \times 80\% = \$41.15$  4.6%

September 2023 wage increase to  $\$53.70 \times 80\% = \$42.96$  4.4%

**Premiums**

When instructing Training Class for Washington State Ferries;  
Instructor shall receive 10% premium of their base wage pay.

Lead person (10% over Journeyman)



Foreperson (15% over Journeyman)

**Lump Sum**

\$2,000 lump sum payment effective July 1, 2023

**WSF's wage proposal:** Effective July 1, 2023, the wage rates for each classification represented by the Union shall have their base wage rate increased four percent (4.0%). This increase is based on the base wage rates in effect on June 30, 2023.

Effective July 1, 2024, the wage rates for each classification represented by the Union shall have their base rate increased three percent (3.0%). This increase is based on the base wage rates in effect on June 30, 2024.

The **premium pay** for Leadperson would remain 5% over Journeyperson and the premium pay for Foreperson would remain 10% over Journeyperson.

A **lump sum** was proposed for each bargaining unit employee. One thousand dollars (\$1,000.00) on July 1, 2023.

**Positions of the parties:**

**PNWRCC:** The Union argued that the salary survey was flawed. That is apparent when you look at Employer's Exhibit #16. This exhibit compares the results from the 2022 WSF Salary Survey to the 2020 WSF salary survey. The 2022 survey reflects an average actual base pay of \$34.96 for Insulation Journeypersons and \$33.43 for Carpenter Journeypersons compared to the base pay of \$33.09 for Journeypersons in the bargaining unit. The 2022 survey placed Carpenters 1.0% behind the average and Insulators 5.7% behind the average. The 2020 survey reflects an average actual base pay of \$43.61 for Carpenters and \$27.41 for Insulators compared to the base pay of \$31.82 for Journeypersons in the bargaining unit. The 2020 survey placed Carpenters 37.0% behind the average and Insulators 13.9% above the average. PNWRCC argued that the surveys do not make sense. With inflation over the past few years, PNWRCC has negotiated record increases in wages. The salary survey reflects a \$10 an hour cut in pay from 2020-2022 for average Carpenter Journeyperson wage rates.

PNWRCC relied on their own survey to support their wage proposals. They looked to the wages they negotiated for the Associated General Contractors (AGC) for 2007-2023. In 2015 the

AGC wage of \$38.68 is well above the current WSF Journeyman wage of \$34.17. In 2022 the AGC wage is \$51.44 and \$53.70 in 2023. They also looked at the Port of Seattle. The Port of Seattle participated in the 2020 WSF survey. They did not participate in the 2022 WSF survey. The Port of Seattle negotiated 88% of the AGC wage for their Journeyman Carpenters each year from 2021 to 2023. AGC Carpenters do not have the same benefits as WSF Carpenters. PNWRCC's proposed increases for this bargaining unit would be 80% of AGC wages over the next biennium. This considers the difference in benefits received by the two groups.

PNWRCC also pointed out the prevailing wage for public works contracts published by the Department of Labor and Industries. The prevailing wage for Insulators is \$82.02 and for Shipwrights \$47.35. These wage comparisons along with the actual current consumer price index of 10.1% support their wage proposal.

Recruiting and retaining Journeymen for the bargaining unit is an issue. Awarding PNWRCC's wage proposal would take pressure off both WSF and the members of the unit regarding recruitment and retention.

**WSF.** WSF defended their salary surveys. They explained that in 2020 there were only 5 data points that made up the survey. One of them was the Port of Seattle. The Port of Seattle was at the top of the wage rate for participants in the survey. One participant was at the bottom of the wage rate for participants in the survey. The other participants were in the middle of the wage range for those who responded to the survey. The survey in 2022 did not include the Port of Seattle. The Port of Seattle was asked to participate. WSF does not choose who participates in a survey. They invite participation and rely on the data they receive. Vancouver BC Shipyards and Dakota Creek Industries participated in both surveys. There were five participants in 2022. One of the participants in 2022 had five locations. This created 9 data points. Overall, the participants for 2022 had wage rates that were close together.

WSF relied on the forecasted 2022 CPI of 7.8% to calculate if the bargaining unit has kept up with the CPI since 2011. Utilizing the forecasted 2022 CPI the increases in wages for the bargaining unit since 2011 are 8% behind the CPI. General government nonrepresented employee increases since 2011 are 15.9% behind the CPI.

WSF pointed out that bargaining history reflects increases for the bargaining unit have not exceeded 8 % in any biennium since 2011. Their proposal of a 4% increase July 1, 2023, and 3% July 1, 2024, is consistent with bargaining history for the unit.

WSF discounted PNWRCC's reliance on the Department of Labor and Industries prevailing wage rate for public works contracts. Arguing that the work performed by the public works employees reported by Labor and Industries is not comparable to the duties of the Journeypersons in the bargaining unit.

WSF argued that the PNWRCC wage proposal does not make sense. WSF does not know what PNWRCC is asking for. This has prohibited WSF from costing the proposal. They do not know if they can pay for the proposal. It is unclear where in the CBA PNWRCC proposes to insert the proposal for premium pay of 10% while instructing a training class.

There is no evidence that WSF has a problem with recruitment and retention of employees for this bargaining unit. In 2022 the legislature budgeted \$400,000 for a study which will address recruitment, retention, diversity training needs, leadership development, succession planning and cost-effective crewing and staffing of the ferry system. The study is in progress. The answer to the question of recruitment and retention of employees in the bargaining unit will not be known until the study is completed.

**Determination:**

**RCW 47.64.320 requires that certain factors be taken into consideration when making an Interest Arbitration determination.**

**Bargaining History.** The history of compensation for this bargaining unit reflects a 3.0% wage reduction in 2011, 0.00% increase in 2012, 3.08% (reinstated 2011 3.0% reduction) in June 2013, and 1.50% in 2013, 1.50% in 2014, 3.0% in 2015, 3.0% in 2016, 4.0% in 2017, 3.0% in 2018, 4.0% in 2019, 4.0% in 2020, 0.00% in 2021, and 3.25% in 2022. The bargaining unit received a 30.73% increase from 2011-2022. The Seattle Consumer Price Index increased 38.91% from 2011-2022. That calculation utilizes the CPI Forecast for Seattle in 2022 of 7.80%. General non-represented government employees received a 22.99% increase from 2011-2022. The actual 2022 CPI is 10.1%.

**Recruitment and Retention.** In 2022 the legislature budgeted \$400,000 for a study which will address recruitment, retention, diversity training needs, leadership development, succession planning and cost-effective crewing and staffing of the ferry system. The study has not been completed. However, there is a shortage of ferry workers. WSF has gone from recruitment once a year to a continuous recruitment process. It is hard to recruit and retain Carpenters. The hourly rate for a WSF Journeyperson is behind the industry and creates issues for recruitment and retention.

**Salary Survey.** The Office of Fiscal Management conducted a salary survey in preparation for the 2023-2025 CBA negotiations. Five of the comparable jurisdictions surveyed responded. One participant had five locations which resulted in nine data points for comparison to the Carpenters in the bargaining unit.

The average actual Carpenter base pay for participants in the salary survey is \$33.43.

The average actual Insulation base pay for participants in the salary survey is \$34.96.

WSF Carpenters actual base pay is \$33.09.

Carpenter Journeypersons are 1% behind the average of the participants in the salary survey, Carpenter Forepersons 9.6% behind and Carpenter Leadpersons 1.5% behind. Insulation Journeypersons are 5.7% behind, Insulation Forepersons 33.8% behind and Insulation Leadpersons 13.7% behind. Carpenter Helpers are 12.1% behind and Insulation Helpers are 17.0% above the salary survey average.

Only one participant provided information regarding healthcare value. No participants provided data on retirement value. As of 2018 Washington State has changed the way they determine total compensation. They determine what the actual value of the health care and retirement plans are to the employee and add that to the base wage rate. In the past they have used the cost of the health care and retirement plans to the employer in addition to the wage rate to determine total compensation. With no data on healthcare and retirement values from the participants in the survey a total compensation comparison was not calculated in this survey.

The 2020 salary survey provided a different perspective on salaries in the bargaining unit compared to the industry. In 2020 there were five participants in the salary survey. Only two participants in the 2020 salary survey also participated in the 2022 survey. The Port of Seattle

participated in 2020. They did not participate in 2022. The average Carpenter base wage rate in the 2020 survey was \$43.61. The actual base pay of the WSF Journeyperson was \$31.82. Based on the 2020 survey the WSF Carpenter Journeyperson was 37.0% behind the average. The Insulation Journeyperson was 13.9% ahead of the average actual base pay of \$27.41.

**Ability to Pay.** The Washington State Legislature passes a biennial budget. The budget that funds the 2023-2025 CBA will be effective July 1, 2023, through June 30, 2025. The transportation budget for the 2021-2023 biennium is approximately \$10 billion dollars. That budget is funded by the fuel tax, license, permits, and fees, ferry revenue and toll revenue. In addition, the State pays \$1.7 billion dollars in debt service for a total budget of \$11.7 billion dollars. There are multiple agencies that are funded by the transportation budget. The Department of Transportation budget which includes funding for WSF is \$8 billion.

WSF Operating Budget for 2021-2023 is \$587,298,000. Traditionally ferry funding covers 70% of the cost to operate the ferries (including salaries). 30% of the funding comes from somewhere else in the budget. The Move Ahead Washington Package is a transportation revenue package that was passed in the 2022 legislative session. It includes \$350 million dollars for the ferry operating account over sixteen years. There is a \$17 million surplus in the budget at the end of sixteen years. This funding will help cover the 30% gap in the funding of the operating budget.

Economic and revenue uncertainty exists. Revenue is still below pre-pandemic forecasts in most major transportation revenue sources. Fuel taxes are down because of higher gas prices and less fuel consumption. Ferry fares and toll revenues are down. There is a threat of inflation and a risk of recession.

**Cost of Bargaining proposals.** WSF's proposal of a 4% increase in 2023 and a 3% increase in 2024 including the cost of benefits is \$202,979.00. That proposal would increase the current Journeyperson wage over the biennium from \$34.17 to \$36.60 an hour. In comparison if the Journeyperson wage were to be increased by \$4.00 an hour from \$34.17 to \$38.17 (an 11.7% increase and the cost of benefits) it would cost \$427,132.00. The cost of a \$1,000.00 lump sum payment to each employee July 1, 2023, is \$24,793.00. The cost of a lump sum payment of \$2,000.00 July 1, 2023, is \$49,585.00.

**RCW 47.64.005 and 006 provide guidance to Arbitrators making an Interest Arbitration determination regarding compensation.** It is the public policy of Washington State

to provide continuous, efficient, and orderly operation of the ferry system. Continuous and efficient operation of the ferry system relies on just and fair compensation, benefits and working conditions for WSF employees. The WSF Carpenters are a highly skilled and specialized workforce. Their duties are unique to the demands of maintaining and preserving the ferry vessels, terminals, and docks. They are critical to ensuring the continuous and efficient operation of the ferry system.

Looking first to the salary survey for guidance, the drastic difference in the 2020 and 2022 surveys shows that they are a random sample of the industry based on who participates. The 2020 and 2022 salary surveys do show that the Carpenter base wage rate in the bargaining unit is behind the average of the participants in each survey. A comparison of the salary surveys of 2020 and 2022 reflect a \$10 an hour cut in the average base wage rate for Carpenters from 2020 to 2022. Based on the salary surveys WSF Carpenters base wage went from 37% behind the industry average in 2020 to only 1% behind the industry average in 2022. This does not add up when you consider WSF Carpenters received only a 3.25% increase for the 2021-2022 biennium. The 2022 salary survey is not reliable when it is viewed in comparison to the 2020 survey. On the other hand, taking only the AGC wage for Carpenters or singling out the Port of Seattle for a comparison also has limited value. Those comparisons are at the top range of salaries for the industry.

The consumer price index (CPI) indicates that the Carpenters salaries have not kept up with inflation from 2011-2022. If you include the 7.8% forecasted consumer price index for 2022 Carpenter salary increases are 8% behind the 2011-2022 consumer price index. Considering the actual CPI of 10.1% in 2022 Carpenter salary increases are 10.48% behind the increase in the CPI from 2011-2022.

WSF appears to defer to the study currently being conducted regarding the issue of recruitment and retention for the Carpenters. That study is not completed. It cannot afford us any guidance in this process. There are only 22 employees in this bargaining unit. It would have been easy to look at employment records for the last biennium to see what they revealed regarding recruitment and retention of employees in this bargaining unit. There is no dispute that ferry workers in general are hard to recruit. Anecdotal evidence was presented that recruitment and retention at the current wage rates in the bargaining unit is an issue.

PNWRCC's wage proposal would put the Carpenters at 80% of the AGC base wage rate through the next biennium. WSF Carpenter base wage rates are behind the AGC and Port of Seattle

base wage rates. WSF Carpenters also fall behind the average base wage rates of the last two salary surveys in 2020 and 2022. The cost of PNWRCC's actual proposal was not calculated and is unclear. Their proposal suggests it would be as much as a \$10.00 an hour increase in the Carpenter base wage.

WSF's wage proposal would continue to have the Carpenters fall short of the CPI. It would also leave the Carpenters at least \$7.00 an hour behind the 2020 salary survey base wage rate.

Even with some of the economic uncertainties facing WSF, there is money in the budget to pay for increases in salaries. The results of the 2020 and 2022 salary surveys support that WSF Carpenters base wage rate is behind the average of the participants in the 2020 and 2022 salary surveys. The 2020 and 2022 salary surveys have limited participants and differing participants. This resulted in dramatically different results. Other than the indication that the Carpenters base wage rate is behind the average base wage rate of the salary survey participants the surveys are not helpful. There is no dispute that the Carpenters base wage rate increases have not kept up with inflation. Based on the actual 2022 CPI of 10.1% the WSF Carpenter wage increases since 2011 are 10.48% behind the CPI. A 10% wage increase would allow the Carpenter's base wage rate to make strides to catch up with inflation. Based on the record before me I find a just and fair wage increase to be 10% over the biennium: 5% July 1, 2023, and 5% July 1, 2024. The proposed increase in premium payments for Foreperson and Leadperson and the premium for conducting training are denied. The lump sum payment to each bargaining unit member of either \$1,000 or \$2,000 is denied.

## AWARD

- (1) PNWRCC's proposal to strike Article 11; Section 1-Lockouts, Strikes, Slowdowns Prohibited is denied.
- (2) PNWRCC's proposal to modify Article 6-Hours of Work and Rates of Pay, Section 1 overtime compensation from time and a half to double time after a ten-hour day and Section 3 Saturday and Sunday Work and Work on Scheduled Days Off compensated at two (2) times (double time rate) is denied.
- (3) WSF's proposal to modify Article 6-Hours of Work and Rates of Pay, Section 5. Regular and Modified Daylight so that the start time for the second and third shifts shall start on or within forty-five (45) minutes after the preceding shifts rather than thirty (30) minutes after the preceding shifts is granted.
- (4) Effective July 1, 2023, the PNWRCC bargaining unit will receive a 5% wage increase.
- (5) Effective July 1, 2024, the PNWRCC bargaining unit will receive a 5% wage increase.
- (6) The proposed increase in premium pay for Foreperson and Leadperson and the premium for conducting training are denied.
- (7) The proposals of either a \$1000 or \$2000 lump sum payment to each member of the bargaining unit is denied.
- (8) The parties agreed that I should retain jurisdiction for thirty days after the date of this decision.

Respectfully Submitted, this 20<sup>th</sup> day of September 2022.

/S/\_\_\_\_\_

Audrey B. Eide, Esq.

Arbitrator & Mediator