

PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Interest Arbitration Between

STATE OF WASHINGTON DEPARTMENT )  
OF TRANSPORTATION, FERRIES )  
DIVISION, )  
 ) PERC No. 140172-I-24  
Employer, )  
 ) ARBITRATOR'S DISCUSSION  
and ) AND AWARD  
 )  
PACIFIC NW REGIONAL COUNCIL ) 2025-2027 Collective  
OF CARPENTERS, ) Bargaining Agreement  
 )  
Union. )  
))

Under RCW 47.64.300 the State of Washington Department of Transportation, Ferries Division (WSF) (also recognized as Employer or State) and the Pacific NW Regional Council of Carpenters (PNWRCC) or Union submitted one impasse issue that resulted from their 2025-2027 Collective Bargaining Agreement (CBA) negotiations to the Public Employment Relations Commission (PERC). On August 7, 2024, PERC certified Appendix A - Straight Time Hourly Wage Rates to Interest Arbitration. A Zoom hearing was scheduled for August 9, 12 and 13, 2024, before Arbitrator Richard John Miller. The parties decided before the hearing that August 9, 2024 was not needed and only the parties provided their proofs on August 12 and 13, 2024. WSF was represented by Assistant Attorney Elizabeth Delay Brown. PNWRCC was represented by Laura Bradley-Hufford, Shanley, APC. The proceedings were recorded and transcribed by Buell Realtime Recording.

The parties had the opportunity to make opening statements, present evidence, to call and cross examine witnesses and argue their case. Oral closing arguments were presented by the parties on August 13, 2024 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 were carefully considered by the Arbitrator.

## 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) efficiency 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) 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 1st 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 1st 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.

PNWRCC is the exclusive bargaining representative for the instant bargaining unit. This unit forms the Eagle Harbor Maintenance Division located at Eagle Harbor on Bainbridge Island. The unit consists of 23 employees who fill positions in the classifications of Journey person (15 positions), Lead person (3), Foreperson (3), Health & Safety Supervisor (1), Planner (0), Vessel General Foreperson (0), Terminal General Foreperson (1), and Helper (0).

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, with Carpenters being considered as the benchmark for salary comparisons. The bargaining unit usually works the first shift. A second shift comprising of seven more bargaining unit employees will join the ranks and will be governed by a MOU between the parties.

Pursuant to the relevant job descriptions, 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 also 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 necessary for the protection of machinery, pipes, and equipment from the elements and hot or cold temperatures. It is also done for the

protection of people and other employees who work around hot, cold, or sharp machinery, pipes, and equipment. 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, which include mechanical and electrical locks. They maintain all the security devices on the vessels, terminals and docks. They are in short supply and are never fully staffed.

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

Shore Gang Workers perform skilled refit and preventative maintenance work on vessels and docks, including the preparation of all surfaces for painting and serving as backup Able Seaman on the deck crew of a ferry of any class carrying vehicles and passengers on Puget Sound waters whether during a watch (shift) or on a repositioning run. In addition, Shore Gang Workers respond to emergency calls concerning vessel or dock repair and works independently without lead direction as required.

PNWRCC and WSF participated in several bargaining sessions for the 2023-2025 CBA starting on June 12, 2024 and ending on August 2, 2024. In accordance with RCW 47.64.300 the WSP is requesting that Appendix A - Straight Time Hourly Wage Rates be certified for interest arbitration as follows:

- Targeted Market Increase of 2.5% effective 7/1/2025
- GWI-2% effective 7/1/2025
- GWI-2% effective 7/1/2026

Within Appendix A, the PNWRCC positions are summarized below as follows:

- A \$5.00 recruitment, retention market adjustment effective 7/1/2025
- GWI-7% effective 7/1/2025
- GWI-7% 7/1/2026
- Specific premium wage increases, as follows:

When instructing a training class for Washington state ferries the instructor will receive 10% premium above their pay.

Leadperson (10% over Journeyperson)

Foreperson (15% over Journeyperson)

Health & Safety Supervisor (15% over Journeyperson)

Planner (15% over Journeyperson)

Vessel General Foreperson (2% over Foreperson)

Terminal General Foreperson (2% over Foreperson)

Helper - starting rate: 65% of Journeyperson

By utilizing interest arbitration, the parties have acknowledged that they have reached impasse and cannot negotiate a settlement. No arbitrator can divine what the parties would have negotiated when they themselves cannot reach a settlement. Therefore, an arbitrator will need to impose a settlement using information and argument supplied by parties during the arbitration process.

To that end, RCW 47.64.005 and 006 provide guidance to interest arbitrators making a determination regarding compensation. Likewise, RCW 47.64.320 requires that certain factors must be taken into consideration by an arbitrator when making an interest arbitration determination. Together, the following statutory factors were considered by the Arbitrator in making his determinations.

#### **ABILITY TO PAY AND COST OF BARGAINING PROPOSALS**

Public employers need to make astute financial decisions that allow their financial resources to be used in the most efficient and effective manner. Arbitrators are compelled to consider the obligations of public employers to efficiently manage and conduct their operations within the legal limitations surrounding the financing of these operations. The biennial cost difference between the parties' final offers is staggering. The projected cost of the Employer's final wage offer is \$236,485 compared to the Union's cost of \$1,108,043 for a difference of \$871,558.

The Employer has an annual budget of approximately \$1.5 billion. Approximately \$770 million is in the operating budget, with the remainder being in the capital budget. Department of Transportation, the parent department for WSF, has a \$11.2 billion budget. For the 2023-25 biennium, June revenue forecast is up to \$27.2 million. The overall forecast is down \$28.4 million compared to the March 2023 forecast, which the Legislature used to build the 2023-25 budget. For the 2025-27 biennium, June revenues are projected to be \$35.1 million above or 0.5% higher compared to February 2024, which according to Dwayne Hanson, the Governor's budget advisor for transportation, represents a "flat or no-change forecast" for the entire budget.

While the Employer has the ability to pay, as they have not alleged to be insolvent, the economic forecast for a flat or no-change forecast represents a constraint on the State's ability to afford pay increases above those being offered by the Employer, especially one where the parties are \$871,558 apart.

#### **SALARY SURVEY**

By statute, the Employer is required to conduct a biennial salary survey of west coast employers of similar occupations. Terri Parker is a compensation policy analyst for the Office of Financial Management (OPM). She conducted the mandated survey on behalf of OPM. She only received three responses for the Carpenters position, two of which were from non-represented employers and one from a Union shop. The results of the survey revealed that Carpenters are 2.8% behind the average.

Another salary survey was conducted by OMP for Insulators. There were two participants in the survey. The survey yielded a result of the Insulators being 22.5% behind the average of the participants.

The Union presented an independent wage survey for Carpenters pertaining to a comparison with other local employers, also employing carpenters. The carpenters employed by the Port of Seattle, Seattle Public Schools, City of Seattle, and Union Square Tenant Services were surveyed. The results of that survey established that Carpenters in this bargaining unit were grossly underpaid. The 2024 wage rates for the surveyed group of carpenters were between \$41.97 to \$54.15, which is in stark comparison to \$37.67 being paid to Carpenters in the bargaining unit.



It must be remembered that even though the wages being paid to bargaining unit members are lower than the averages of the surveyed group, these other groups are not receiving the value of fringe benefits being paid by the Employer to retain and recruit employees. However, the value of these fringe benefits do not fully offset the lower wages being paid to bargaining unit employees.

Based upon the results of the salary surveys, it is clear that there is a need for a wage rate adjustment of at least 2.5%, which is the Employer's position.

### **RECRUITMENT AND RETENTION**

Recruiting and retaining bargaining unit positions remains a problem. One collective bargaining goal of the Carpenters and other members of the bargaining unit was to reach salary parity and beyond with the Shore Gang Worker. Currently, Carpenter receives a 2024 wage rate of \$37.67 compared to a Shore Gang Worker who is receiving \$42.24. The Shore Gang Worker wages will increase to \$43.93 in 2025 and \$45.69 in 2026. The Union's position of a \$5.00 per hour market adjustment would allow the Union to reach parity and beyond, in addition to the Union's proposed seven wage increase percent for 2026 and 2027.

However, the record is devoid of any convincing evidence that parity is justified as the Shore Gang Worker's duties and responsibilities are distinct from those of the bargaining unit members. While the Union made an argument that WSF requires employees to pass an apprenticeship program but not for Shore Gang Workers does not support granting parity. In addition, it has been a longstanding practice established by WSF that Shore Gang Workers received higher pay than bargaining unit employees based upon their unique duties as a Shore Gang Worker.

### **COST OF LIVING**

The Seattle cost of living for July 1, 2023 was 5.8% and 3.3% for July 1, 2024. The Union's wage proposal for bargaining unit employees for 2025 and 2026 was to add an additional wage increase of 4% each year. This Union proposal would be justified by the increase in the cost of living as there is no indication that inflation is subsiding in the near future.

In the final analysis, a just and fair wage increase shall be 8% over the biennium effective on 4% July 1, 2025, and on 4% July 1, 2026, with an additional market increase of 2.5%

effective July 1, 2025. All of the Union's proposed premiums increases are hereby denied.

The salary awards of 4% each year of the 2025-2027 contract were also confirmed in the arbitration decision of Paul D. Roose on August 5, 2024. WSD & Inlandboatmen's Union of the Pacific, (August 5, 2024, Roose). Arbitrator Roose's arbitration decision was the first for the 2025-2027 biennial, followed by the Arbitrator's decision in this case.

**AWARD**

1. Effective July 1, 2025, the PNWRCC bargaining unit will receive a 4% wage increase.
2. Effective July 1, 2026, the PNWRCC bargaining unit will receive a 4% wage increase.
3. Market increase of 2.5% effective July 1, 2025.
4. The proposed increase in premium pay for Foreperson, Leadperson, Health & Safety Supervisor, Planner, Vessel General Foreperson, Terminal General Foreperson and Helper are denied.
5. The premium for conducting training is denied.

*Richard J. Miller*

Dated September 3, 2024, at Maple Grove, Minnesota.