IN THE MATTER OF INTEREST ARBITRATION

between

AMALGAMATED TRANSIT UNION LOCAL 1287

and

KANSAS CITY AREA TRANSPORTATION AUTHORITY

BOARD OF ARBITRATION

Neutral member	:	Dr. Anthony L. Redwood
Union member	:	Marvin Shackelford
Authority member	:	Gayle Holliday

Hearing date	:	August 12-16, 1996
Hearing location	:	Lawrence, Kansas and Kansas City, Missouri
Executive sessions	:	November 22, 1996
	:	December 20, 1996
Decision date	:	December 23, 1996

APPEARANCES

UNION	:	Janae L. Schaeffer, Esq. Jolley, Walsh, Hurley, Raisher, Schaeffer & Roher, P.C. Kansas City, Missouri
AUTHORITY	:	James L. Willard, Esq. James C. Holland, Esq. Spencer, Fane, Britt & Browne, Kansas City, Missouri

The Agreement between Local 1287, Amalgamated Transit Union (hereinafter the Union) and the Kansas City Transportation Authority (hereinafter the Authority or KCATA) 1989-1995 (Joint Exhibit 1) has an expiration date of its initial period of November 14, 1995. Collective bargaining has not resulted in agreement after all reasonable efforts to agree in good faith, so that the parties have extended the Agreement and have invokved a Board of Arbitration under Section 1.14(b) to determine all matters in dispute between them.

The parties selected the undersigned Arbitrator Dr. Anthony L. Redwood as the disinterested neutral member of the Board. The Union designated member of the Board is Mr. Marion Shackelford, and the Authority designated member is Ms. Gayle Holiday.

The parties agreed upon a Procedural Stipulation for the arbitration proceedings (Joint exhibit 2) which has been followed as stated. Both parties submitted proposed packages for contract changes (Joint exhibits 3 (KCATA) and 4 (ATU)), and the specific contract changes determined below and listed in Attachment A represent those matters that the Board of Arbitration was finally asked to determine.

The hearing was conducted in Lawrence, Kansas, from August 12-15, 1996. A witness deposition was taken in Kansas City on August 16, 1996. Witnesses were not sworn, as agreed upon by the parties, but were subject to examination, crossexamination, and reexamination. The Authority submitted 27 exhibits, and the Union 102 exhibits. A transcript of 5 volumes was taken of the proceedings.

The Advocate for the Authority in these proceedings was James R. Willard, Esq., assisted by James C. Holland, Esq., both of Spencer Fane Britt & Browne, of Kansas City, with the support of General Manager Dick Davis and Authority staff. The Advocate for the Union was Janae L. Schaeffer, Esq., of Jolley Walsh Hurley Raisher Schaeffer and Roher, P.C., of Kansas City, with the support of Marvin Shackelford and the Executive Board of the Union.

Counsel and representatives of the parties met in executive session in Kansas City, Missouri, to review the findings of the Board of Arbitration, on November 22, 1996.

The parties agreed that this Report of the Board of Arbitration on its findings and related rationale should be stated as concisely and succinctly as possible. This is done by first conveying the underlying philosophy and basis by which the Board approached its determination of the matters in dispute, and then summarizing the arguments and reasons for decision in relation to each proposal.

BASIS FOR DECISIONS

The parties submitted a considerable number of proposed contract changes for adjudication. In support of their proposals, they provided detailed information concerning an array of environmental factors that impinge on the operation of KCATA in providing an effective bus transportation service in Kansas City, and on the employment relationship. The purpose of this voluminous evidence and exhibits was to provide the respective perspectives of the parties and the rationale underlying their proposed changes and the rejection of those of the other party.

As agreed upon by the parties, this Report will not reiterate those arguments in detail, they are made in the respective Briefs submitted by the parties. Rather, we move directly to characterize the key findings of this adjudication in relation to these environmental factors, and then to delineate the guiding philosophy and principles that provide the parameters and the basis for determining the individual proposals.

A. KEY FINDINGS

The KCATA is in a downward spiral. This path commenced in the early 1980s, has continued virtually unabated, and has a high likelihood of continuing under existing conditions. If the Authority continues to operate in its current mode, serious questions can be raised about its very survival in the long term.

The following indicators underpin this conclusion. First the decline in ridership has been persistent. Some factors underlying this trend are beyond the control of the Authority, such as suburbanization, but others are not, such as unresponsiveness to customer needs. Second the Authority has experienced declining real (inflation adjusted) funding as local jurisdictions have withdrawn from the system, as federal cutbacks continue, as moderate growth of the local economy has limited the dedicated local sales tax growth, and as ridership remains sensitive to fare increases. This trend is more likely to continue than improve, given high uncertainty over future federal and state funding levels and the potential for further local government withdrawals from the system. The most optimistic funding scenario is a steady state in real terms, due to improved local economy growth. The third, albeit interconnected, factor is a declining service scenario, reflected in fewer routes, less frequent service, and quasi fixed route service inadequately adapted to changing customer needs.

Compounding these patterns is a context of societal demand for cost effectiveness, for enhanced value per tax dollar spent, and for customer responsiveness in the provision of public services. At all governmental levels, this demand is being met by reengineering government services and by privatization. The Authority is not outside the orbit of these forces, as reflected in the testimony, and must respond, and be seen to do so. And yet the scope for doing so is limited, and with no revenue growth likely in real terms, the future comes down to cost containment and more efficient operations.

B. GUIDING PRINCIPLES

Given the above findings, it would seem that the goal of sustaining the Authority as a viable and effective provider of bus transportation in the Kansas City metropolitan area can only be achieved if there are changes in the mode of operation and associated employment relationship that are based on the following set of guiding principles:

1. The Authority must be given the opportunity to survive, and indeed succeed. Many current contract provisions however constitute limitations and restrictions on the capacity of management to provide the service that is needed in the changing marketplace. Changes are necessary in the contract to provide the scope and the flexibility for that to occur.
2. The outcome must be an Authority that operates, and is seen to operate, in a businesslike manner. It must be responsive to the market, be efficient in operation, and flexible enough to adopt innovative practices on a continuing basis.
3. A necessary condition for this outcome to occur on a win-win basis for all stakeholders is employee cooperation. A business strategy of cost containment that is based solely or largely "on the backs of the employees" is self-defeating, because of its negative impact on employee morale, cooperation, and

productivity. The strategy must coopt employee commitment to the enterprise. It must be eminently fair to the employee, particularly to the work force existing at the moment of strategic change.

4. At the same time the Authority cannot be run for the primary benefit of its employees. There must be a balance in the conflicting rights of the respective stakeholders in KCATA, namely the taxpayer that subsidizes the operation, the customer of the service, and the employees who provide it. Important tradeoffs exist between wage levels and number of jobs, for employees, between wage costs and extent of service, for employees and for customers, and between alternative uses of the tax monies, for the public. These must be reconciled in a balanced manner.

5. From the perspective of the employee, the only hope for wage improvement and job retention on a lasting basis is through a "growing pie" brought about by revenue enhancement and/or productivity growth. The scope for the former is very limited, particularly in real terms, so that the primary burden must be borne by cost effectiveness through more efficient operations.

C. PERSPECTIVES OF THE PARTIES

The basic Agreement between the parties was laid down in the 1970s. It was a contract that was appropriate to a mode of operation, namely fixed route scheduled service provided by a large bus, that was in fact viable at that time. Since then, as the downward spiral got under way, and continued unabated, changes were agreed upon that represented at best a lagging response to the changing environment, such as limited small transit vehicle operation. This means that the parties are a captive of their past bargaining history, resulting in a contract configuration today that is more suited to the past than to the present; and which increasingly limits its compatibility with the future. Be that as it may, there does not exist however the luxury of starting from scratch. Rather the challenge for this decision and for the parties is to adopt proposals that will move the current employment relationship into a mode that is supportive of a viable business operation.

In this regard there are important questions of balance within and across the perspectives of the parties. The proposals of the Authority are stated to be directed towards modifying the existing mode of operation gradually through attrition, without affecting the rights of the full time big bus operators, its core employees. But the fact is that what it has proposed could, in total, demolish the current mode of operation in a few years, without reasonable safeguards.

The Union characterizes the last 15 years of negotiations as akin to a rear guard battle to preserve hard earned and legitimate benefits and privileges, but during which it has made repeated concessions in order to give the Authority the scope to respond to changing conditions. Unfortunately, what may have been viable as a mode of operation in the 1970s is no longer so in the 1990s, so that, as noted above, the Contract now embodies an array of provisions that severely limit the Authority's ability to be a competitive operation, and which, if sustained, will in fact result in the opposite outcome, namely the demise of the Authority and its jobs.

These conflicting perspectives must be reconciled for future viability to occur. Succinctly stated, the Authority cannot have carte blanche. And the Union cannot have the status quo. Neither will work in the long run.

D. OBJECTIVES OF THIS DECISION

The objectives of this decision are:

1. to give the Authority the scope to provide a market oriented transportation service for Kansas City metro in a cost effective manner;
2. to protect the core rights and benefits of the current work force in particular, and to a lessor extent, future employees; and
3. to do so in a manner consistent with the existing nature of the operation as a largely fixed route schedule transportation service, and in the context of the existing contract and its bargaining history.

PROPOSED CONTRACT CHANGES AND THEIR DETERMINATION

ATA#1 MODIFY S.1.13, GRIEVANCES, STEP 1

Delete the words "...after same has came to his attention..." and insert the words "...after he knew or should have known of the facts giving rise to the grievance,...".

ATA The proposal is in response to a 1992 arbitration on timeliness, based in the current wording. The very common language proposed imposes a burden on the Union to exercise reasonable diligence. For the grievance process to work, grievances need to be processed promptly.

ATU The language is long standing, and serviceable. There is no real problem that requires change. The proposed change will only lead to more disputes on timeliness. The parties have not negotiated this issue in any meaningful way.

DECISION No change.

The ATA has not established a compelling need for the change. The substantive addition "should have known" adds an element that in fact makes the standard less certain than the current provision and could open a "pandora's box" of disputation over interpretation.

ATA#2 SICK LEAVE, SECTION 1.18(c)

Add: "Sick leave payments for time off to care for family members (including care of a newborn) shall be limited to 80 hours per year."

ATA When the Family Medical Leave Act was enacted, the parties agreed that employees on FMLA leave could elect to use available sick leave time for the FMLA leave of absence, without limit. The proposal would limit it to 80 hours per year. An employee could still use all accumulated sick leave in connection with personal illness or for care of a newborn.

Such leave is designed for personal illness. Some element of reasonableness is required for its use beyond that purpose. The Authority has found surprisingly heavy use of sick leave for care of family members.

ATU For the period involved, 12 operators only (out of 306) used sick leave for this purpose, and only 3 are suspected, but not charged, of abuse. The case for abuse has not been established. Further, why remove the benefit from all employees when isolated abuse, if it occurs, could be dealt with on an individual basis. As well, there would be an impact on employee morale and it would diminish ATA as a family friendly work place.

DECISION No change.

There is, undoubtedly scope for abuse in the current practice, people being people, but it does not appear to have occurred. Suspicion of abuse was asserted, concerning a few situations, but nothing specific was alleged or established.

The time to think about the scope for abuse should have been when the "entitlement" was given in 1992, when a review of the remedies available to the Authority, and potential procedures that would prevent or limit any abuse, could have been undertaken. The issue for decision now is not whether the "entitlement" should have been accorded, but rather, given that it was agreed upon mutually, has been used sparingly, and with no evidence of abuse, whether it should be limited, as proposed. There is no basis for doing so at the present time.

ATA#3 SECTION 1.44 SUBCONTRACTING

First paragraph to read: "The KCATA shall not contract out work if the contracting of such work would result in the layoff of members of the bargaining unit."

ATA The genesis of this proposal is Arbitrator Penfield's decision in 1995 that KCATA violated the current provision when it subcontracted the service on two fixed routes to a private contractor.

While the Authority prefers small bus conversion, this proposal would provide another option for cost effective service, and in some instances it may be the best approach to a situation. As well, there is public pressure for subcontracting service and indeed member governmental units are exploring subcontracting or privatization of other functions. The availability of this option puts pressure on the parties to be efficient, but its use would be on a secondary basis, and there would be guarantees against any layoffs of the existing work force.

ATU The effect of the proposal would be to eliminate all restrictions on the type and amount of work subcontracted, in relation to any job in the bargaining unit, so long as it does not result in layoffs.

In reviewing the propriety of subcontracting, Elkouri and Elkouri (4th Ed., 1985, 540-3) state that arbitrators look at two key factors, namely the justification for it, and its impact on the bargaining unit employees. Concerning the former, the goal of the Authority is to have work performed at lower labor costs, but it has not demonstrated that its financial stability is so endangered that the remedy of wholesale, virtually unrestricted subcontracting is warranted. Concerning the latter, the proposal breaches an implied covenant of good faith and fair dealing, in that the impact in employees would be severe, including bumping down to lower pay jobs or jobs without fringes, and loss of seniority opportunity for preferred routes.

DECISION No change.

The proposal seeks carte blanche, a virtual blank check. It could open the door for KCATA to ultimately subcontract the whole operation, resulting in the character of the Authority changing from an operating to a holding identity, managing pass through funding.

The Authority has a valid point in saying that in some situations subcontracting may be the best solution to an operational problem area, that there could be a place for subcontracting as a complement, and that the current provision as interpreted, is overly limiting on the Authority's scope. But the language proposed does not achieve that, or ensure it, and the Union is correct in anticipating a potential severe impact on employees.

In essence, while this proposal would enhance the business capacity of the Authority, it could, particularly with the adoption of small bus conversion and other changes below, unduly harm legitimate employee interests, and undermine its basic nature of operation.

ATA#5 ARTICLE V SMALL TRANSIT VEHICLE SENIORITY UNIT

A. Section 5.3 Definition - Small Transit Vehicle Operator

Delete the word "only."

B. Section 5.4 STVO - Bidding.

Amend by eliminating the second and third sentences of subpart (a).

ATA These are largely housekeeping proposals that are designed to clarify the contract language. Normally, at markup an operator chooses work from two lists (large and small bus) on the basis of seniority and is then entitled to continue to perform that work for the quarter duration of the markup. The problem that arises is when something happens during the quarter, such as a bridge down or operator being unable to work their schedule, that requires some response on the part of the Authority. The intent of the proposals is to provide some flexibility to the Authority in this regard and to clarify a practice that has been upheld in arbitration.

ATU The Union did not address this issue in its Brief, and indicated at the Executive Session that it would work with the Authority to devise wording of change that would be mutually satisfactory.

DECISION

A. Implement. The wording of Section 5.3 shall be as follows, as agreed upon by the parties:

Section 5.3. Definition - Small Transit Vehicle Operator

A Small Transit Vehicle Operator shall be deemed to be any employee whose only duty is the operation of a small transit vehicle. The KCATA may, however, reassign a part-time Small Transit Vehicle Operator to part-time large bus work if, for reasons beyond the control of the KCATA, the part-time operator becomes unavailable to perform small tranit vehicle work. This proviso is limited to assignments for the remainder of the markup and does not apply to extra board or relief work.

B. Implement. The wording of Section 5.4(a) shall be as follows, as agreed upon by the parties.

Section 5.4. Small Transit Vehicle Operators - Bidding

(a) To the extent necessary to implement this Article, Small Transit Vehicle Operators shall be included in the Transportation Seniority Unit. Any operator who bids on the small bus shall only perform small bus work until the next mark-up. The KCATA may, however, reassign a part-time Small Transit Vehicle Operator to part-time large bus work if, for reasons beyond the control of the KCATA, the part-time operator becomes unavailable to perform small transit vehicle work. This proviso is limited to assignments for the remainder of the markup and does not apply to extra board or relief work. All operators must be qualified for the work for which they bid. It will not be the responsibility of the Authority to provide training, other than familiarization training for big bus operators who must bid on small transit vehicle work.

ATA#6 AMEND SECTION 5.11 THE EXTRA BOARD FOR SMALL TRANSIT VEHICLES

Amend Section 5.11 to reestablish the small bus extra board and provide a small bus revolving work list.

DECISION The parties have agreed in principle to establish a separate small bus extra board, and are preparing appropriate contract language with respect to this and to related details. The revised provision will be included in Attachment B of this Award.

ATA#7 SECTION 5.14 SMALL BUS CONVERSION

Change title to "Restrictions on Small Transit Vehicles and Metroflex." Replace the present language of Section 5.14 with the following: "No employee may be laid off as a result of conversion from large bus to small transit or Metroflex vehicles. Small transit and Metroflex vehicles may operate anywhere in the system."

Background. Section 5.14 specifies certain restrictions on the use of small transit vehicles. Subsection (a) prohibits the Authority from replacing any bus line with small transit vehicles, substituting small buses for large buses, running such vehicles parallel and adjacent to large bus lines, or in any way diluting the present bus service through use of small buses. Subsection (b) allows the use of small transit vehicles on eight specific lines, and for charter work, and subsection (c) on any new service outside the core service area.

ATA The Authority believes that the expansion of small bus service is a necessary tool to prevent further erosion of basic bus service and the resulting further decline in service when runs are removed. Routes do not need large buses all day and routes with ridership declines can still be served. Under the current provision, the Authority has no choice but to run the same size bus if it is going to run the service at all. The current pattern is to decrease the frequency of service as ridership decreases, so that ridership decreases even further, and ultimately the service disappears. The current complex restrictions prevent the Authority from meeting its obligation to provide public transportation service by making service decisions on a rational economic basis. Flexible use of small bus service is cost effective, due to lower cost of vehicles, bus operation, and labor costs.

It is appropriate however for the Arbitrator to balance the interests of the public in economical public transportation and the interest of current employees in maintaining their level of income. In the real world, when the demand for a product or service declines, the result is often permanent layoff for displaced employees. The Authority however will utilize bus operator turnover to make the conversion to small buses, and is prepared to guarantee current large bus operators against layoff or a requirement that they accept small bus assignment at reduced pay. The proposed approach provides nearly complete economic protection to current employees, and allows KCATA maximum flexibility in determining what routes to convert and at what pace, to the long run benefit of taxpayers, employees, and customers.

<u>ATU</u> The Authority wants small bus conversion solely for the savings in labor costs due to the 70 percent wage rate for small bus operators. The Union is not opposed to small bus conversion per se, but to the conversion at the 70 percent rate. Consequently it opposes the KCATA proposal on the following grounds:

1) It could have a devastating impact on the bargaining unit employees, in that the Authority could convert the whole system to small transit vehicles at lower wages with fewer big bus routes; and less senior big bus operators will have to choose between part time large bus work, with no fringe benefits, or small bus assignments, at a lower wage, and will have reduced scope for "good route" selection.

2) The KCATA proposal is unprecedented in the urban transit industry, in that for fixed route service, almost all jurisdictions pay the big bus operator rate, and in two thirds of systems with a lower small bus rate, it is greater than the KCATA 70 percent.

3) The difference in the work between large and small bus operators is not significant enough to justify such a large wage rate gap.

4) The Authority has not taken advantage of the opportunities for small bus operation that are contained in the contract. Those concessions were designed to encourage start-up routes with small buses and ultimate transition to large bus operation.

5) The stabilization of federal/state operating assistance eliminates any compelling need for such a drastic change.

If conversion is warranted, it should be done incrementally by converting individual routes.

DECISION Implement, as proposed, and with the addition of contract language agreed upon by the parties (Attachment B) that embodies the KCATA guarantees for current employees relating to layoff and to reduction in pay.

The KCATA must have the scope to operate efficiently to serve the customer in the best way possible through flexible operations responsive to changing market conditions. The current Section 5.14 could be characterized as micromanagement by the Union of business operations, a task traditionally reserved to management. It severely limits operating flexibility in a context of changing conditions, and in this environment management needs to run the business unfettered, if it is to succeed. Having routes designated solely as big bus, or small bus, or whatever, on a fixed basis, is inefficient, costly and unsustainable in the long run. Somebody will pay for these costly limitations in the long run--in terms of wages, jobs, service, or taxes.

Financial condition and the downward spiral do provide a compelling justification for this change.

There are inevitable employment consequences to decisions on business operations, positive ones for growing organizations and negative ones for those in decline. The proposed guarantees will shield current employees, while the Authority exists. If KCATA improves its condition as a result of this and other changes, it should also lead to reasonable income levels and job opportunities for others in the future.

In essence, this change is a necessary condition for the Authority to have a viable future.

(See ATA#8 below for discussion relating to Metroflex).

<u>ATA#8 SECTION 5.17 METROFLEX</u>

Add a new Section 5.17: "The terms and conditions of existing Metroflex Agreements shall prevail for Metroflex operations."

<u>Background</u>. Metroflex service is provided by a very small vehicle that can be used in a very flexible manner. The use of Metroflex has been negotiated on a route by route basis. Metroflex drivers are paid 55 percent of the big bus operator rate. Metroflex Agreements separate from the Agreement between the parties incorporate the terms and conditions for Metroflex operators.

<u>ATA</u> Metroflex provides one of the few opportunities to expand service. The proposal would allow the use of Metroflex as new service any where or any time that makes business sense. The Authority seeks full flexibility in this regard (ATA proposal #7) and incorporation of existing terms and conditions of current Metroflex Agreements into the contract (ATA#8) not only for the opportunity for expansion that it provides, but also to permit the Authority to respond in a timely manner to opportunity, such as when it is confronted with R.F.P.s for this type of service, without having the time consuming obligation to negotiate the specifics on each occasion with the Union.

<u>ATU</u> The Union arguments in relation to ATA#7 and #8 are as for small bus conversion (summarized in ATA#7 above).

<u>DECISION</u> Implement.

This will enhance the Authority's ability to provide the most appropriate service for a particular set of market conditions, and to respond to opportunity on a timely basis.

<u>ATA#9-12 MORE FLEXIBLE USE OF PART-TIME OPERATORS</u>

<u>ATA#9 SECTION 6.2 WORKWEEK</u>

Amend Section 6.2 to read: "Part-time operators will not work more than twenty-six (26) hours in any workweek and will not be scheduled more than twenty-five (25) platform hours in any workweek except in the following instances:

(a) where unavoidably delayed by weather or breakdown;

(b) when such work is occasioned by charters or other special service (i.e., Chief's service)."

<u>ATA</u> The Authority does not seek to operate the transportation service with part-timers, but it is committed to operating with a work force of full-time employees with an attractive fringe package. It does seek however, in the framework of this philosophy, changes that would permit the more effective use of part-time operators.

Specifically, the goal of ATA#9 is to provide Chief's express service, and similar situations, at straight-time rates to the extent possible. Because normal scheduling leaves few operators available for weekend work, almost all Chief's service is provided at overtime rates, which is uneconomic. This will deprive full-time operators of overtime opportunities, but no employee has a vested right to overtime.

<u>ATU</u> This represents a further erosion of the economic opportunity of full time operators. As well, the Authority's financial rationale is flawed, and the more likely outcome is breakeven. More importantly, the proposal allows unlimited hours, as written. As a result, part timers could work say a full-time 40 hours per week, without a fringe package, on a regular basis.

<u>DECISION</u> Implement, as proposed, and with the addition of contract language agreed upon by the parties that embodies limitations on the number of hours and/or events that can be worked under this exception (Attachment B).

The Authority has to be a responsive provider of transportation services for special events in the metropolitan area, at a reasonable cost. As well it provides an important opportunity for reputation enhancement. The use of full-time operators at overtime rates is a "costly" form of manning that can serve to limit the scope and use of the service, where the goal should be maximum service at attractive fares. Certainly in the current context a practice is not tolerable where a perceived objective is to enhance overtime opportunities for full time operators, where there is a less costly alternative. The less costly alternative however must fit into the basic parameters already agreed upon by the parties concerning the extent of use of part-time operators. However economic, any scope for unlimited use of part-timers via the exception of special events is in conflict with those parameters, so that some reasonable limitation is appropriate. This limitation should take into account the likely number of games and time worked per game day, some scope for like special events, and give the Authority more flexibility to respond to future opportunity in this area. The parties will provide mutually agreed upon wording in this regard that will be added to Section 6.2.

ATA#10 SECTION 6.3 NUMBER OF PART-TIME OPERATORS

Add to Section 6.3: "Nothing herein shall prevent the Authority from maintaining a list of part-time operators over and above 30 percent, but any operator who works any hours in a workweek will be counted against the 30 percent."

ATA Section 6.3 limits the total number of part-time operators to 30 percent of full time operators. The problem is that in any particular workweek some part-time operators are unavailable for work. Furthermore it takes 12 weeks lead time to hire and train a replacement when attrition occurs. With inadequate part-time availability, costs increase as full time operators are used at overtime rates.

ATU The objective of the proposal is to maintain a cushion of additional operators over and above 30 percent so that it can maximize the use of part time operators. But the Authority has failed to demonstrate the existence of a problem. At the time of the hearing, the current provision allowed for 88 part-time operators, but there were only 70 on the roster. Furthermore, the current limit of 30 percent is generous for an Authority of this nature. That is, 30 percent is high by industry standards.

DECISION No change.

A basis for change was not established. As well, the Authority already has significant flexibility with a 30 percent level.

ATA#11 SECTION 6.4(a) SECTION 2.2 LIMITATION

Add to Section 6.4(a): "(For purposes of this Section the 10 percent limitation of Section 2.2 will not apply.)"

ATA Section 2.2 limits the number of extras to 10 percent of the regular week day runs on the system. Placed in the contract prior to the provisions concerning part-time operators being negotiated, and to serve another purpose, its existence nevertheless serves to limit the amount of work that can be made available to part-time operators by overriding the amount of part-time work that is allowed under Sections 6.2 (length of PT work week) and 6.3 (number of PT operators), and by affecting how the available part-time work can be configured. As a result, the part time operator position is less attractive, creating recruitment problems. In essence, Section 2.2 is an unnecessary and dysfunctional limitation beyond those of Section 6.2 and 6.3.

ATU The purpose of the restriction is to stop KCATA from breaking up regular runs in order to make additional extras (S.6.4(a)), pieces of work (S.6.4(c)) and made up runs (S.6.4(f)). Under a worst case scenario, up to 25 percent of regular weekday runs could be carved up, both reducing the level of work available to full time operators as well as diluting the benefits of seniority choice of runs. The proposal therefore constitutes a back door way of eliminating the balance between extras and regular runs and there is no evidence of a compelling need for this.

DECISION Implement.

Once again, this decision involves balancing the objective of giving the Authority the ability to operate an efficient, responsive bus service, with retention of the existing nature of the operation and protection of legitimate employee interests. It would seem that the limitations in Article VI concerning the use of part-time operators are adequate for that purpose, and that the Section 2.2 10 percent limitation constitutes an unnecessary additional constraint. It is imperative that the Authority be able to assemble its service with as much flexibility as possible, relative to the changing market place, and removal of this limitation will assist in this regard. It is true that this could result in some diminished full time operator opportunity and choice over time, but only to the extent that Article VI permits. In the ultimate, it is much more preferable for all stakeholders if the Authority proactively arrives at a configuration or balance of full time operator, part time operator, large bus and small bus service that is optimum from a business perspective rather than backing into a configuration that is mismatched with market needs.

ATA#12 DELETE SECTION 6.13

ATA This provision terminates the Authority's right to use part-time operators if repeated violations of the limitations in Article VI occur. As Section 6.12 provides remedies for each violation of the part time provisions, Section 6.13 is superfluous.

ATU This provision is limited to repeated violations. If the Authority does repeatedly violate the provision, the Union should have recourse to an effective remedy. In any case, there is no evidence that the provision is a problem.

DECISION No change.

The Union's arguments are valid.

ATA#13 and ATU. ARTICLE VII TOP OPERATOR RATE--WAGE PROPOSALS

Section 7.1 The respective positions of the parties with respect to wage increases are as follows:

Period	KCATA	ATU
11/15/95 - 12/31/95	No change	15 cents
1/ 1/96 - 12/31/96	No change	6%
1/ 1/97 - 12/31/97	2%**	6%
1/ 1/98 - 12/31/98	2%**	6%
1/ 1/99 - 12/31/99	2%**	*

* No proposal - see ATU Section 1.7 Duration of Contract, below.

** Minimum offer. See below.

ATA The Authority's proposal is based on two primary criteria, namely ability to pay, which depends on its financial condition and cost savings achieved through small bus conversion, and comparability, particularly as it relates to the ability of the Authority to attract and retain employees. Concerning ability to pay, key aspects of the revenue mix, namely fare revenue and federal/state operating subsidies, are flat or declining. The dedicated sales tax depends on the Kansas City economy, but if the average growth rate of three percent is sustained, then this converts to an estimated two percent growth of total revenue for the Authority. This, plus any costs savings achieved through small bus conversion and other contract changes designed to improve cost effectiveness, constitutes the basis for future wage increases.

With respect to comparability, KCATA wage rates are significantly higher than for any other transit jurisdiction in the Kansas City area, and are comparable to similar size systems elsewhere in the nation. The rates are competitive from a labor market perspective, and no gross inequities exist. The Authority concedes that rates have fallen behind cost of living movements, but unfortunately revenue has not moved in tandem with COL either. As well, the Authority has committed all available monies to wage increases, and has not traded off lower wage increases for increased services. In essence, KCATA employees are fairly compensated, and the rate is adequate for attracting new employees.

The Authority imposed a wage freeze for 1996 for all employees as its financial crisis deepened, and initiated a series of service cuts. The belated availability of State of Missouri funding during that year was used to maintain service that would otherwise have been eliminated, to avoid layoffs, and to meet other unexpected expenses including increased overtime.

Consequently there is nothing in reserve for 1996, so that any backpay awarded for this year could only be at the expense of jobs. Such backpay would also represent preferential treatment for bargaining unit employees. For the following years, the Authority notes that increases above two percent, and their timing, depend on cost savings from proposed contract changes and the speed with which these become available, due for example to long lead times in affecting change.

ATU The Union submitted extensive evidence to show that the top operator rate has not kept up by virtually any yardstick, and that the gap has been widening. First, KCATA employees have suffered a sizable loss of real wages since 1980. Second, from a comparability perspective, the top operator rate has lagged national wage movements in virtually all other industries, for state and local government employees, Kansas City per capita income growth, KCMO City employees, private sector comparable jobs, as well as that of the 20 and 50 largest transit systems, for the past 20 years. Third, the use of the top operator rate overstates the situation because KCATA has a larger element of lower paid small bus and part-time operators.

Current collective bargaining settlements reflect median first year wage increases of 3 percent for all industries as well as for the transportation services sector for 1996, average first year and over the life of the contract wage increases of 2.3 and 2.5 percent respectively for all settlements in 1995, and average first year and life of contract wage increases for state and local government employees of 2.3 and 2.7/2.8 percent respectively for 1996. The rate of wage and salary changes in the BLS employment cost index for the 12 months ending June, 1996, was in the range of 3.0 to 3.2 percent. And finally, the most recent settlements in the transit industry produced average increases in the 2.7 to 2.8 percent over the period of the agreement.

The Union proposal of 6 percent is geared to cover expected cost of living change, to reverse the pattern of real wage decline, and to restore the relative position of the KCATA wage rate, in the context of a positive funding outlook.

DECISION

11/15/95 - 12/31/96	No change
1/ 1/97 - 12/31/97	3% increase
1/ 1/98 - 12/31/98	3% increase
1/ 1/99 - 12/31/99	3% increase

1996 In a highly uncertain and deteriorating financial situation, the Authority imposed a wage freeze for all employees in order to minimize the extent of service cutbacks. Late funding from the State of Missouri prevented further service cutbacks and job losses. There is nothing in 20-20 hindsight that would fault this choice of service and job retention over a wage increase, and the freeze was applied equitably. Further any restoration of a wage increase for 1996 at this stage can only be at the expense of increases for 1997 and beyond. For these reasons, no wage increase is awarded to bargaining unit employees for 1996.

<u>1997-1999</u> The wage increases awarded for 1997, 1998, and 1999, are based on assessment of the following criteria:

1) Comparability. It can be concluded that by any yardstick, significant real wage decline has occurred and wage increases have lagged peer groups. Even so, while wage levels tend to be lower than peers, they are not unduly out of line, and in the local labor market, not out of line at all. This criteria argues for a wage increase that holds the line in a relative sense, but does not in itself compel a catchup strategy.

2) Ability to pay. The bottom line is that the funding situation is precarious. It could at best hold steady in real terms, which has not been the case in the past, and most likely a real decline will continue. The proposed economic basis of the Authority for wage increases is sound, namely 2 percent based on an expected 3 percent increase in the dedicated sales tax, boosted through a sharing of cost savings due to improved cost effectiveness. The scope for catch-up and restoration of purchasing power is non-existent.

3) Current settlements. Wage increase patterns in both the private and public sectors are in the 2 to 3 percent range.

4) Cost of living increases are expected to continue in the 2 to 4 percent range in the medium term.

5) Labor market. The wage level would seem to be adequate to attract and retain employees.

While the Authority wants the increases to be backloaded, parallel to the rate of small bus conversion, this is not a tolerable option in light of the 1996 wage freeze. While cost savings through conversion and other efficiencies are not achievable until later in 1997, the 1997 increase of 3 percent embodies an offset element to the 1996 freeze.

In summary, the increases awarded, in the context of a difficult and uncertain funding situation, represent an economic and manageable outcome from the perspective of the Authority and at least a "hold the line" outcome relative to peers and inflation, for the employee.

ATU SECTION 1.7 DURATION OF CONTRACT-TERMINATION-CHANGE

ATU The Union proposes that the contract extend for 3 years from its date of termination of November 14, 1995. The new Agreement would run from November 15, 1995, to November 14, 1998.

ATA The Authority proposes that the effective date of change be January 1, 1997, and that the contract run for 3 years to December 31, 1999. The primary reason is that by the time this interest arbitration is available for implementation, there will be less than 2 years for it to be in force if the Union's traditional position is adopted. The parties need some period of labor peace and stability to minimize difficulties in their relationship. As well, cost savings through proposed changes will barely commence in this shortened period. And thirdly, if the contract is put on a calendar year basis, it will coincide with the Authority's budget year.

DECISION Implement the proposed changes on January 1, 1997, and the contract will run to December 31, 1999.

The Authority's primary argument is compelling. The parties were unable to negotiate this Agreement, and this can only serve to exacerbate the inherently conflictual nature of their relationship. The traditional three year duration for labor agreements is universally premised on the desirability, if not necessity, for the parties "to cool off" after negotiation, to give contract changes a chance to be implemented and to work, and for the parties to stabilize their long term relationship so that day to day representational activity and interaction can proceed on a mutually beneficial basis. It is absolutely essential that some form of working harmony return between the parties, and this will not occur if new negotiations are looming in less than 2 years.

ATU SECTION 5.2 DEFINITION - SMALL TRANSIT VEHICLE

Amend to: "A small transit vehicle shall be deemed to be any vehicle less than thirty (30) feet in length with an original seating capacity for no more than twenty-five (25) passengers. The life expectancy of these vehicles shall be at least seven (7) years."

ATU The objective of this proposal is to keep small transit vehicles small. The seating restriction alone is inadequate to prevent the Authority from circumventing the restriction and encroaching into the large bus sphere. A 7 year minimum life would ensure more drivable and safer buses.

ATA The Union proposal is an unnecessary and unwarranted limitation on the Authority's choice of small bus.

DECISION No change.

The goal should be to operate the best small transit vehicle vis-à-vis service needs and operating efficiency. This means that optimally there should be as few limitations as possible so that the Authority can respond to innovations and opportunities in small bus development. The Union proposal goes in the opposite direction.

In a perfect world, one would countenance no restrictions on bus capability, so that the Authority could configure its capability to interface the market. In the KCATA/ATU world of large bus/small bus classification, a differentation based on seating capacity is adequate.

ATU SECTION 5.12 SMALL TRANSIT VEHCILE OPERATOR WAGE RATE

A. Amend to: "The wage rate for the Small Transit Vehicle Operator shall be eighty percent (80%) for the Top Operator's Rate for employees after one (1) year of service ... (65%) ... (70%) ..."

B. Add new second paragraph: "However, if a Bus Operator has seniority of fifteen (15) years or more, he shall be paid the Top Operator Rate of pay, for whatever type of vehicle he drives (i.e., large, small or Metroflex)."

ATU There are two reasons to raise the small bus operator rate (A. above). First, the thirty percent gap between the small and large bus operator rates is too large for jobs that are essentially equivalent. There is no particular logic or consistency in determining operator rates on the basis of passenger capacity. Indeed, historically urban transit operators who perform scheduled fixed route service have been paid the same rate regardless of passenger load. Second, the 70 percent rate is far below industry standard. KCATA is unusual among transit systems in having small buses on fixed route service and paying their operators lower rates. Furthermore, a Union survey of small transit vehicle operations on nonfixed route service shows rates generally above the 70 percent level.

Concerning the second proposal (B. above), the Union is not opposed to small buses per se, but to a lower rate for small vehicle operators. This proposal would eliminate most points of contention and Union concern over the dilution of operator seniority rights.

ATA Concerning the first proposal (A), the Union's expert witness conceded that both the airline and trucking industry have different rates of pay based on vehicle size and seating. Second, there are distinguishable differences in the duties and responsibilities associated with operating large and small buses respectively. Third, many relatively senior operators pick small bus work at the quarterly mark up, despite the lower rate of pay. And fourth, it would reduce cost savings from conversion.

With respect to the proposed merge of rates after 15 years (B), it would mean that virtually all small bus operators would be getting large bus rates, effectively circumventing the distinction that the parties now have.

DECISION A. Raise the small transit vehicle operator rate to 75 percent, and adjust the hire rate and 6 month rate to 65 and 70 percent respectively.

B. No change.

A. The issue here is not whether there should be a large bus/small bus differential or gap in operator wage rates, for there is one, but rather whether that which exists is appropriate. The Union presented evidence that the gap is unduly large, relative to industry practice, and relative to respective duties and responsibilities. It was not sufficiently persuasive however to warrant acceptance of its proposal in full. The award of a 75 percent rate therefore reflects acceptance of the Union argument to reduce the gap, in principle, but not to the extent sought. At the same time, the ability of the Authority to gain significant cost savings through small bus utilization is retained.

B. The die has been cast with respect to the small bus/large bus distinction, and as the Authority points out, this proposal constitutes a back door way of circumventing that distinction. If there is a basis for the distinction in classification, analogous to the airline distinctions based on aircraft, then it should not be circumvented for the reasons put forward.

ATU SECTION 7.2 COST OF LIVING ALLOWANCE

ATU This provision is not operative unless triggered by the parties. Nevertheless because it spells out the agreed upon mechanics of cost of living adjustment, it should be retained for future reference.

ATA The Authority would prefer to delete it, as it has no bearing in this instance. It is of no consequence as long as the section is not operative.

DECISION No change.

ATU SECTION 7.3 WAGE RATE FOR OTHER EMPLOYEES

A. Add the classification of: TOW TRUCK OPERATOR 110%.

B. Change the classification of STATISTICAL CLERK I to TELECOMMUNICATIONS COORDINATOR 110%

ATU A. Tow truck work is generally performed by serviceworkers in the Vehicle Maintenance Department. The wage rate of serviceworkers is 90 percent of the top operator rate. The Union proposes that when serviceworkers perform towing duties, their rate of pay be upgraded to 110 percent of the top operator rate.

The Serviceworker classification is not a skilled position. However towing duties involve more skill and responsibility than their normal work, and requires some degree of training. As the need for towing is infrequent, and the higher pay would only occur while engaged in this duty, the annual cost would likely be in the $250-500 range.

B. The Union proposes that the Facilities Maintenance Department Statistical Clerk position be upgraded to a Telecommunications Coordinator position, with the wage rate being raised from 95.5 to 110 percent of the Top Operator Rate.

Starting in 1987, this position has changed significantly with increasingly complex and high skill duties and full responsibility for the Authority's telecommunications system. Changes in the job description reflect this. Extensive training has been necessary as the system has been upgraded periodically, and the workload has increased as the coordinating function increased to 50 percent of the position's activity. No other office clerical position has a commensurate level of responsibility.

ATA These proposals represent an unprecedented departure from the longstanding pay rate and classification system in place at the Authority. Rates over 100 percent of the top operator rate correspond to classifications that require high levels of skill based on advanced education and vocational training and qualifications. For example, the rate for a Class A Mechanic is 110 percent. In contrast those classifications requiring less training and qualifications, including serviceworkers and office clerical personnel, have rates of pay below the top operator rate.

A. There has never been a tow truck operator classification. No advanced qualification is required to perform this task, and the training needed is minimal. There is nothing in the training or duties involved that remotely justifies the proposed rate.

B. Similarly eight to nine weeks of training over a six year period can hardly be compared to that necessary for a highly skilled Class A Mechanic. The formal job description only requires a high school diploma or GED, whereas the proposed rate is higher than some salary positions requiring a degree. Assuming that a modest premium may be warranted for telecommunication duties, an upgrade to 100 percent for the actual time spent in these duties would be fair, reasonable, and workable.

DECISION A. Tow truck operator. No change.

B. Statistical Clerk I/Telecommunications Coordinator. Change to 100%.

There are standard personnel procedures such as job analysis that permit job classification and reclassification to be undertaken on a "scientific" basis. While not perfect, they are sufficiently objective to gain general acceptance in the work place. Such procedures could, indeed should, have been used in both these instances, and would be preferable to arbitrary determination in arbitration.

Be that as it may, the matter is before this jurisdiction for adjudication, and the above decisions are based on the following considerations:

A. The proposal is not justified in terms of skill demand or training required.

B. Significant changes have occurred in this position. It is a perfect example of the need for a periodic review of all classifications, or for a mechanism that triggers a review of a particular classification when duties change significantly. The fact that this was not done in this situation is surprising.

The Union has made a compelling case for change in title and rate of pay on the basis of nature of duties, level of responsibility, skill level, workload and comparability.

Designation as Statistical Clerk/Telecommunications Coordinator would seem to reflect the mix of duties. The Authority has also established that the position is not at the Class A Mechanic level, and that the upper limit of office clerical positions in the bargaining unit is 100 percent. On the other hand, having two rates for one position is cumbersome to say the least. Hence a rate of 100 percent is chosen as a reasonable reconciliation of these factors.

AWARD

1. The decisions of this Board of Arbitration are as stated above. A summary is contained in Attachment A.

2. Attachment B contains changes in the Agreement that the parties have negotiated and agreed upon. These become part of this Award.

3. The Board of Arbitration will retain jurisdiction while final wording and related resolution of all matters arising from this Award are agreed upon.

Respectively submitted,

AL Redwood

Anthony L. Redwood
Neutral Arbitrator
Arbitration Board

Date: 12/31/96

Attachment A
Attachment B

KCATA Member of Arbitration Board:

ATU 1287 Member of Arbitration Board:

Attachment A

KCATA v ATU Local 1287
SUMMARY OF PROPOSALS AND BOARD DECISIONS

	Proposal	Decision
ATA 1	Modify Section 1.13 Grievances	No
ATA 2	Modify Sick Leave, Section 1.18(c)	No
ATA 3	Subcontracting, Amend Section 1.44	No
ATA 5	Small Transit Vehicle Operator Definition A. Section 5.3 B. Amend Section 5.4	 Yes Yes
ATA 6	Section 5.11 Extra Board for Small Transit Vehicle	Yes
ATA 7	Section 5.14 Conversion (* with guarantees concerning layoff and pay reduction)	Yes*
ATA 8	Add Section 5.17 re Metroflex Agreements	Yes
ATA 9	Amend Section 6.2, Part-Time operator work week (* with limitations)	Yes*
ATA 10	Amend Section 6.3, List of part-time operators	No
ATA 11	Add to Section 6.4(a) re Section 2.2 limitation	Yes
ATA 12	Delete Section 6.13	No
ATA 13	Article VII Wages — KCATA — ATU 11/15/96 - 12/31/96 — No change — .15/6 percent 1/1/97 - 12/31/97 — 2% — 6% 1/1/98 - 12/31/98 — 2% — 6% 1/1/99 - 12/31/99 — 2%	 No 3% 3% 3%
ATU	Section 1.7 Duration of Contract ATA - to 12/31/99 ATU - to 11/14/98	12/31/99
ATU	Section 5.2 Amend Definition - Small Transit Vehicle	No
ATU	Section 5.12 Change Wage rates for Small Transit Vehicle Operator Add paragraph re 15 years of service rate	Yes - to 75% No
ATU	Section 7.2 COL - Retain language for future use	Yes
ATU	Section 7.3 Add classification of TOW TRUCK OPERATOR 110% Change Stats. Clerk I to Telecom. Coordinator 110%	No Yes - to 100%

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Public transit questions

A task force appointed by Missouri Gov. Mel Carnahan recently completed several public hearings as part of an effort to draw up a statewide transportation plan. Chairman Lee Kling of St. Louis says the panel, the Total Transportation Commission, will try to look at the "big picture."

Good. That suggests something more than a wish list of projects labeled "needs," to which "funding" is then attached. The biggest "need" is to hold down costs through more efficient use of existing assets. A case in point is big-city public transit.

The commission should take a close look at how bus service is provided in Missouri's largest cities and whether changes in state law can make it more cost-effective. This question is especially relevant after last year's first-ever approval of state aid for public transit.

Transit agencies in other states have realized substantial savings by subcontracting routes to private-sector bus companies, which can deliver the same service at lower costs. Missouri is behind the curve: Neither Kansas City's Area Transportation Authority nor the Bi-State Development Agency in St. Louis subcontracts any fixed-route service.

By contrast, Denver's transit agency, the Regional Transportation District, subcontracts about 23 percent of its system. The savings are significant: For example, in recent bidding for several routes, the offer was $41 an hour, compared with RTD costs of $69.99.

In San Diego, 67 percent of area bus routes have been out-sourced by the Metropolitan Transit Development Board. Spokesman Elliot Hurwitz says the per-mile operating costs of companies under contract are about 40 percent below the public-sector agency's rate.

In Boston, the Massachusetts Bay Transportation Authority is moving to subcontract *all* of its bus routes. What's more, it is going to court to fight the federal government's cost-bloating labor rules. Spokesman Brian Pedro says the authority's strategy could save $25 million a year.

A key factor in the Denver and San Diego approaches is the ability of those agencies to lease equipment directly to private companies. In our area, the Johnson County Transit can put private-company drivers behind the wheel of federally financed vehicles.

But for routes served by the Kansas City Area Transportation Authority, this is a no-no. Officials cite two problems: A 1995 arbitration ruling that said the local labor agreement bans any subcontracting, and complicated federal entanglements that prevent subcontractors from using the ATA's existing bus fleet.

This makes no sense. Denver and San Diego don't face these problems. In fact, transit officials in other cities sometimes express surprise when they learn of the impediments in Kansas City.

The question for the Missouri transportation commission: What can state government do to make subcontracting doable? Labor agreements with blanket restrictions on subcontracting are contrary to the public interest. They mean less service for the transit dependent and working poor. Could state law be used to moderate these provisions?

To be sure, some of the constraints on ATA management will be lifted soon under a separate arbitration proceeding, which was made public Thursday. Among other things, the ruling gives the agency far more freedom to convert routes to less costly small-bus service.

That will give ATA more leverage to cut costs, but the ATA still needs a subcontracting option. Without that option, taxpayers will continue to take a hit.

As the arbitration ruling pointed out, ATA is in a "downward spiral." To squeeze optimal efficiency from existing assets, competition should become part of its everyday operation.

That's why the transportation panel should find out why the potential savings from subcontracting are not being delivered in Missouri's largest cities. That, clearly, is one element of the "big picture" in transportation.

More room for ATA to operate

For years the Area Transportation Authority has been operating the local bus system from inside a policy straitjacket. Constrained by its union and restrictive federal rules, its sole choice on a given route has been to dispatch full-size buses or no buses at all. Management could not match vehicle size with rider demand. If big-bus service drew few riders, too bad. The tax money that paid for the service simply went up the tailpipe.

A recent arbitration ruling has given ATA more tools to cut costs and boost efficiency. This ruling should produce the most important changes in ATA operations in more than a decade.

Under its provisions, the agency will have almost complete freedom to convert big-bus routes to more efficient small-bus service, as long as the process does not entail layoffs. Big-bus drivers — meaning those eligible for the top operator wage — cannot be forced to take jobs at the lower, small-bus pay rate. Workers will also receive 3 percent pay raises for each year of the new three-year agreement.

The decision also gives ATA freedom to convert routes to the even more efficient MetroFlex concept, which uses 12-seat vehicles and allows drivers to deviate from fixed routes to pick up passengers.

The upshot is that ATA can put smaller buses on low-ridership routes at the rate attrition shrinks the ranks of senior drivers. The process may be slow at first, depending on the availability of smaller buses equipped with wheelchair lifts. But over time the ATA should become more cost-effective. Driver pay is the biggest component of operating costs, and for every big-bus job converted to small-bus, the ATA expects to save about $17,500.

One downside was the arbitrator's refusal to provide the ATA with more flexibility to subcontract existing routes, a still-missing piece of the management puzzle. This refusal came even though the likely savings would be greater — and despite the arbitrator's acknowledgement that the current contract language is "overly limiting." In some situations, he agreed, "subcontracting may be the best solution to an operational problem area..." But he called the ATA's suggested contract language too broad — a "blank check" that, he said, would have allowed the agency to subcontract "the whole operation."

It's worth noting that wholesale subcontracting would be in the interests of riders and taxpayers because of the deep savings and enhanced service that would result. But if fear of a "blank check" is the problem, a solution to consider in future negotiations is a cap — a provision that would allow subcontracting only up to, say, 30 percent of existing fixed-route service. That would give the ATA another tool to deliver mobility to the working poor at lower costs.

As things stand, the ATA still may not subcontract existing routes, which means it faces a monopoly supplier of labor — its union. That may be less problematic in the private sector, where contract negotiations are limited by finite balance sheets. But in the public sector, where the ultimate hit is on the taxpayer, it's important to have more choices and the spur of competition.

Even so, the agency's horizons are now broader. There's even talk of eventually *adding* service. Both union and management deserve credit for agreeing to run the risks inherent in binding arbitration. Thanks to this outcome, the ATA now has an opportunity to break out of what the arbitrator called the agency's "downward spiral."

KC Star 12/31/96