

**COMMONWEALTH OF MASSACHUSETTS  
JOINT LABOR MANAGEMENT COMMITTEE**

**IN THE MATTER OF  
INTEREST ARBITRATION  
BETWEEN**

**IPSWICH FIRE FIGHTERS UNION,  
LOCAL 1913**

**-AND-**

**TOWN OF IPSWICH**

**JLMC-16-5252**

**AWARD**

**A. Contract Duration**

July 1, 2016 through June 30, 2019

**B. Cost –of- Living Increase**

- (1) Effective July 1, 2016, a 2.5% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (Salaries) salary schedule in effect on June 30, 2016.
- (2) Effective July 1, 2017, a 2.0% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (Salaries) salary schedule in effect on June 30, 2017.
- (3) Effective July 1, 2018, a 2.0% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (Salaries) salary schedule in effect on June 30, 2018.

**C. Salary Step Increase**

Effective July 1, 2017, a Step 5 shall be added to all Appendix A salary schedule columns. Following the application of the cost-of-living increases to the salary schedule, including 2% on July 1, 2017, Step 4 shall be increased by 4% to calculate the Step 5 values as follows:

Step 5 – July 1, 2017

Firefighter 1	Firefighter 2 EMT	Firefighter 3 Hazmat	Firefighter 4 EMT & Hazmat
\$63,233.23	\$64,675.21	\$63,694.70	\$65,136.62

Step 5 – July 1, 2018

Firefighter 1	Firefighter 2 EMT	Firefighter 3 Hazmat	Firefighter 4 EMT & Hazmat
\$64,497.89	\$65,968.71	\$64,968.59	\$66,439.35

Beginning July 1, 2017, a Firefighter is eligible for Step 5 of his/her salary column after having been at Step 4 for twelve (12) months.<sup>1</sup>

**D. Shift Swaps**

Amend Article 5 (**Hours**) by adding the following Section 5.5:

Shift swaps are unlimited, but they must be repaid within six (6) calendar months of the day that the swap occurs.

**E. Bi-Weekly Pay**

Amend Article 7 (**Salary**) by adding the following Section 7.3 provision:

The Town shall have the right to implement bi-weekly payment of wages.

**F. Vacation Leave Notice**

Amend Article 15 (**Vacation**) §15.2 by modifying the last sentence as follows:

To be eligible to take otherwise unscheduled vacation, an employee must submit to the Chief or other office-in-charge his/her written request for said leave at least by 6:00 pm the night before vacation leave is taken on the following day shift, and 9:00 am on the day vacation leave is taken for the night shift, beginning on the same day.

**G. Injured-on-Duty Notice**

Replace Article 18 (**Sick Leave**) Section 18.4(**Injury Leave and Light Duty**)§§(a)(i) with the following term:

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<sup>1</sup>The term Firefighter shall include all Firefighters and all Officers except for the Deputy Chief, the Fire Chief, and all civilian personnel.

An employee who suffers an alleged work-related illness or injury shall notify his/her supervisor of the illness or injury in writing by the end of the shift on which the illness/injury occurred, or as soon as the employee is aware of the injury.

**H. Safety Gear**

Amend Article 23.1 (**Health and Safety**) by adding to the second sentence of Section 23.1, the qualifier that the boots shall be leather.

**I. Clothing and Equipment Allowance**

Amend the last sentence of Article 19.2 (**Clothing and Equipment Allowance**) as follows:

Effective July 1, 2016, the annual clothing allowance in any year, subsequent to the employee's initial year of full-time employment, shall be increased to \$1,050 for all bargaining unit firefighters;

Effective July 1, 2017, the annual clothing allowance in any year, subsequent to the employee's initial year of full-time employment, shall be increased to \$1,275 for all bargaining unit firefighters;

Effective July 1, 2018, the annual clothing allowance in any year, subsequent to the employee's initial year of full-time employment, shall be increased to \$1,500 for all bargaining unit firefighters.

**J. Longevity**

Effective July 1, 2017, the Article Seven (**Salary Schedule**) Section 7.1(b) "additional amounts of compensation shall be paid in recognition of length of service to the Town of Ipswich" (longevity payments) and shall be included in the calculation of an employee's regular straight-time rate of pay for the purpose of the calculation of overtime benefits and other contractual provisions.

**K. Sick Leave Note**

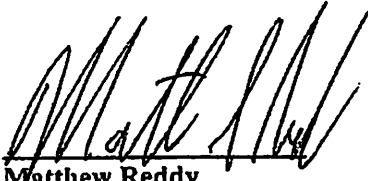
Amend Article 18 (**Sick Leave**), Section 18.6's last sentence as follows:

Medical documentation may also be required for reported sickness after an employee has used one hundred twenty (120) non-consecutive hours of sick leave in a calendar year, beginning January 1 and ending December 31.

**L. Direct Deposit**

Amend Article 7 (**Salary**) by adding the following Section 7.4 provision:  
The Town shall have the right to require all employees to receive their regular

wages, and all other payments through direct deposit.



Matthew Reddy  
Union Panelist

Dated: 8/1/2017



Richard Boulanger, Esq.  
Chairman and Neutral Panelist

Dated: 8/4/17



Diane Crimmins  
Town Panelist

Dated: 8/3/17

## **I. INTRODUCTION**

The Joint Labor-Management Committee (JLMC) interest arbitration panel is composed of Union Representative, Matthew Reddy; Neutral Panelist and Chairman, Richard Boulanger, Esq.; and Town Representative, Diane Crimmins. The arbitration panel was appointed by the JLMC to resolve a contract dispute between Ipswich Firefighters Union, Local 1464, IAFF, AFL-CIO ("Union") and the Town of Ipswich ("Town"). The parties submitted the following issues for hearing: Contract Duration; Cost-of-Living Increase; Step Increase; Shift Swaps; Bi-Weekly Pay; Vacation Leave Notice; Injured-on-Duty Notice; Safety Gear; Clothing Allowance; Longevity; Sick Leave Notes; and Direct Deposit.

The interest arbitration hearing was held on April 10, 2017 at the Joint Labor-Management Committee Office, Boston, Massachusetts.

The Union was represented by Ms. Leah Barrault, Esq. Firefighter Gary Chapman and Mr. Kevin Dasey, Financial Consultant, were called as witnesses by the Union.

Mr. Timothy Zessin, Esq. represented the Town. Fire Chief Gregory Gagnon, Town Manager Roberta Crosbie and Ms. Jennifer Breaker, Human Resources Specialist, were called as witnesses by the Town.

The parties were given full opportunity to present evidence and make arguments.

In formulating its arbitration Award, the arbitration panel (panel) considered the following provisions of c.589 of the Acts of 1987:

- (1) Such an award shall be consistent with: (i) section twenty-one C of chapter fifty-nine of the General Laws, and (ii) any appropriation for that fiscal year from the fund established in section two D of chapter twenty-nine of the General Laws.*
- (2) The financial ability of the municipality to meet costs.*

*The commissioner of revenue shall assist the committee in determining such financial ability. Such factors which shall be taken into consideration shall include but not be limited to: (i) the city, town, or district's state reimbursements and assessments; (ii) the city, town or district's long and short term bonded indebtedness; (iii) the city, town or district's estimated share in the metropolitan district commission's deficit; (iv) the city, town or district estimated share in the Massachusetts Bay Transportation Authority's deficit; and (v) consideration of the average per capita property tax burden, average annual income of members of the community, the effect any accord might have on the respective property tax rates on the city or town.*

- (3) *The interests and welfare of the public.*
- (4) *The hazards of employment, physical, educational and mental qualifications, job training and skills involved.*
- (5) *A comparison of wages, hours and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours and conditions of employment of other employees performing similar services and with other employees generally in public and private employment in comparable communities.*
- (6) The decisions and recommendations of the factfinder, if any.
- (7) The average consumer prices for goods and services, commonly known as the cost-of-living.
- (8) The overall compensation presently received by the employees, including direct wages and fringe benefits.
- (9) Changes in any of the foregoing circumstances during the pendency of the dispute.
- (10) Such other factors, not confined to the foregoing, which are normally or traditionally taken into consideration in the determination of wages, hours and conditions of employment through voluntary collective bargaining, mediation, factfinding, arbitration or otherwise between parties, in the public services or in private employment.
- (11) The stipulation of the parties.

In formulating its Award, the panel applied all of the statutory elements to the evidence. The panel reviewed and applied relevant internal and external comparability data to the

parties' issues. It also considered the Town's ability to pay for the Award's financial aspects. As long as elements of the Award comply with the statutory elements specified above, as here, ideally the Award reflects a balance in the parties' needs, as reflected in the issues they have selected for arbitration. As discussed in more detail below, balancing out the Award's cost-of-living, Step 5, clothing allowance increases, and rolling longevity into base salaries is its inclusion of bi-weekly pay and direct deposit, rules for shift swaps, unscheduled vacation leave notice, sick leave verification, and timely on-duty injury notice to the Town; the last four (4) Award components all concessions to the Town.

Based on the evidence submitted, the panel concludes that the awarded proposals are justified, and that the Town has the requisite ability to pay for the financial components of the Award, as discussed in more detail below. The terms of the parties' July 1, 2013 to June 30, 2016 collective bargaining agreement shall remain in effect in the July 1, 2016 through the June 30, 2019 contract, except as modified herein by the panel, or by the parties.

## **II. FINDINGS AND OPINION**

### **A. CONTRACT DURATION**

#### **1.) TOWN:**

The Town seeks a July 1, 2016 through June 30, 2019 collective bargaining agreement.

#### **2.) UNION:**

The Union seeks a July 1, 2016 through June 30, 2019 contract.

#### **3.) DISCUSSION:**

The parties have engaged in extended negotiations, and subsequent dispute resolution. The Award will be issued in Fiscal Year (FY)18. Therefore, it is reasonable that the contract expire at the end of FY19 to allow the parties an opportunity to familiarize themselves with new and modified terms before the commencement of bargaining for the successor to the FY17-FY19 collective bargaining agreement.

#### **4.) AWARD**

The collective bargaining agreement will have a duration of July 1, 2016 through June 30, 2019.

### **B. COST-OF-LIVING INCREASE**

#### **1.) UNION PROPOSAL:**

July 1, 2016 – 4% wage increase;  
July 1, 2017 – 4% wage increase;  
July 1, 2018 – 4% wage increase;

#### **2.) TOWN COUNTER-PROPOSAL:**

July 1, 2016 – 2.0% wage increase;  
July 1, 2017 – 2.0% wage increase;  
July 1, 2018 – 2.0% wage increase;



### 3.) **DISCUSSION:**

The Union argues that internal and external comparability data justify its cost-of-living increase proposal, and that the Town has an ability to pay for same. The Town contends that the same evidence supports its wage increase proposal. Based on the panel's review of the evidence, it finds that the following wage increases are justified, and that the Town has an ability to pay for them:

- (1) Effective July 1, 2016, a 2.5% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (**Salaries**) salary schedule in effect on June 30, 2016.
- (2) Effective July 1, 2017, a 2.0% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (**Salaries**) salary schedule in effect on June 30, 2017.
- (3) Effective July 1, 2018, a 2.0% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (**Salaries**) salary schedule in effect on June 30, 2018.

### a.) **JUSTIFICATION**

#### i.) **TOWN COST OF LIVING INCREASE PATTERN**

The panel's cost-of-living increase award mirrors that negotiated by the Town and most of its bargaining units. The cost-of-living increases are also justified by Town Firefighters' workload and risks. As to workload, Chief Gregory Gagnon notes in his 2016-2020 Strategic Plan that while call volume, including medical calls, has increased, staffing has not kept pace. In the Departmental Plan, the Chief observed:

Currently, in order to maintain the comprehensive programs of public education, fire inspection, emergency response, facility maintenance, training, and apparatus maintenance that we have established, all career personnel have multiple responsibilities assigned to them outside of their primary job duties.

Town Firefighters are presented with varied and challenging firefighting hazards as they protect

residential dwellings; commercial buildings, one (1) of which stores radioactive materials; elderly housing units; a compact, busy Town center; ten (10) square miles of water, including a boat-filled harbor; and an influx of seasonal tourists, as well as nearby highways that are often crowded with tourists, residents and commuters in a much larger land area (32.6 square miles) than its neighbors. As discussed in more detail below, the internal and external comparability data also supports the panel's cost-of-living increase.

While salaries are the largest component of employee compensation, the panel must scrutinize internal public safety (Police Officers) and external (universe Firefighters) compensation disparities, if any, with Town Firefighters. While internal and external salary schedule comparisons are probative as the largest compensation component, they must be analyzed together with other internal and external compensation factors. The reason that a comparable wage base does not necessarily result in competitive compensation is that the level of other financial benefits may result in higher or lower total compensation figures.

ii.) **INTERNAL PUBLIC SAFETY COMPARABILITY DATA;**  
**TOWN POLICE OFFICER COMPENSATION**

The Union contends that comparing a fifteen (15) year Town Police Officer's compensation with that of a fifteen (15) year Town Firefighter as of June 30, 2017 reveals an average Firefighter's compensation lag of 23.9%. The Town argues that comparing the FY16 compensation of a fifteen (15) year Firefighter/Paramedic with a fifteen (15) year Patrolman with an Associate's Degree, when both were on an even wage footing, reveals that the Police Officer is up in compensation by only 1%. While the Column 1 (Firefighter 1/Patrolman) base salaries of both Town Public Safety units are similar, the following three (3) salary schedule columns (Firefighter 2, 3, 4/Patrolman 10%, 20%, 25%) reveal a considerable compensation disparity.

The Town's Quinn Bill payments to Police Officers are a significant contributor to the compensation lag between them. The EMT/Hazmat stipends incorporated into the Firefighter's salary schedule Columns 2-4 are not competitive with the Quinn Bill benefits. There is no other contractual benefit which shrinks the compensation gap to any degree. Wage and benefit increases awarded herein have an off-setting impact, albeit partial, on the compensation lag, and they are justified.

iii.) **EXTERNAL COMPARABILITY DATA;**  
**FIREFIGHTERS UNIVERSE COMPENSATION**

Town Firefighters are more competitively compensated relative to universe Firefighters than they are vis á vis Town Police Officers. The Union proposes a universe consisting of Danvers, Newburyport, Marblehead, and Swampscott. The Union's universe is not broad based, but its four (4) communities are relevant for comparison purposes. The Union calculates an average 9.7% lag for a fifteen (15) year Town Firefighter/EMT with no degree to a fifteen (15) year Firefighter with a Master's degree. The Town's universe is comprised of the Union's communities and Amesbury, Gloucester, Lynnfield, Middleton, North Reading and Salisbury. Lynnfield and Salisbury data is not included in the Town's universe averages. Gloucester should not be included in the universe because its Firefighters work a fifty-six (56) hour week and their wages, benefits and working conditions reflect the increased work hours. The Town notes that Gloucester increased its Firefighter hours from 42 to 56 in FY15, but that it computed Gloucester wages and benefits using a 42 hour work week. However, it is unclear how and when the 42 hour salary and benefits were extrapolated from the 56 hour work week. The Town lists a night differential of \$1,738.62 for Swampscott. The Union's Swampscott shift differential is \$5,432. The Swampscott night shift differential is 4% of a Firefighter's base salary, ranging from \$2,000

annually for a Step 1 Firefighter in FY17 to \$3,506.24 in FY17 for a Deputy Chief/EMT. The Town's net universe is somewhat more complete than the Union's sampling, but the Town's sample does not include holiday payment, or a clothing allowance, an issue in dispute herein. Similarly, it did not include FY17-FY19 wage increases, at issue in the instant case.

Significantly, the parties' universe compensation factors do not include the municipalities' health insurance benefit levels, a significant compensation element. The Town pays 65% of a Firefighter's health insurance coverage. The Town of Amesbury pays 75%. Marblehead pays 83% while Danvers pays 70% of the health insurance benefit. The health insurance benefit in other universe communities could not be ascertained from the contracts submitted into evidence. While certainly not the only relevant factor, the panel's three (3) year cost-of-living increases are solidly in the range of those FY17-FY19 cost-of-living increases agreed to in other universe municipalities. Moreover, longevity payments to universe Firefighters are greater than those paid to Town Firefighters. The Union claims that at the FY17.75 point the Firefighter universe lag is 12.2%. While the Union's external lag is noticeably less than its Town Police Officer lag, it justifies the panel's Award components. The Town argues that its data shows that in FY16 the Town was ranked fifth (5<sup>th</sup>) of its original eleven (11) cities and towns. The Town's net universe statistics do not preclude the Award's compensation increase.

The FY17-FY19 compensation increases awarded by the panel are justified both in light of Town Police Officer, and universe Firefighter compensation.

**b.) ABILITY TO PAY**

**i.) TOWN FINANCES**

The evidence reveals that the Town has an ability to pay the Town-wide cost-of-living, the Step 5, and the clothing allowance increases to Firefighters from FY17 to FY19.

Moody's Bond Rating as of December, 2015 was an impressive Aa2. It is worthy of note that Moody's Investor Services in allocating an Aa2 bond rating to the Town on October 18, 2016 analyzed its fiscal strengths as follows:

#### Credit Overview

The credit position for Ipswich is very high quality, and its Aa2 rating is a little stronger than the median rating of Aa3 for cities nationwide. The notable credit factors include an affluent socioeconomic profile with a sizable tax base, and a solid financial position. It also reflects an affordable debt liability with a moderate pension burden.

**Economy and Tax Base:** The town has a very healthy economy and tax base, which are slightly favorable when compared with the assigned rating of Aa2. The full value per capita (\$184,860) is much stronger than the US median. Also, the median family income is a robust 153.6% of the US level. Lastly, the total full value (\$2.5 billion) is slightly above other Moody's-rated cities nationwide.

Per Standard and Poors' May 24, 2016 report, the Town's long-term rating is a strong AAA Stable, the highest rating. According to Standard and Poors (S&P), the long-term rating reflects its review of the following Town financial factors:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with balanced operating results in the general fund and a slight operating surplus at the total governmental fund level in fiscal 2015;
- Strong budgetary flexibility, with an available fund balance in fiscal 2015 of 10.3% of operating expenditures;
- Very strong liquidity, with total government available cash at 15.7% of total governmental fund expenditures and 2.1x governmental debt service, and access to external liquidity we consider strong;
- Very strong debt and contingent liability position, with debt service carrying charges at 7.4% of expenditures and net direct debt that is 46.5% of total governmental fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 81.5% of debt scheduled to be retired within 10 years, but a large pension and other postemployment benefit (OPEB) obligation; and

- Strong institutional framework score.

As to the Town's "very strong economy," S&P analysts explained as follows:

We consider Ipswich's economy very strong. The town, with an estimated population of 13,651, is in Essex County in the Boston-Cambridge-Newton MSA, which we consider broad and diverse. The town has a projected per capita effective buying income of 157% of the national level and per capita market value of \$184,561. Overall, the town's market value grew by 1.9% over the past year to \$2.5 billion in 2016. The county unemployment rate was 5.2% in 2015.

Ipswich is in northeastern Massachusetts, approximately 28 miles north of Boston. Principal highways serving the town include Interstate 95, U.S. Route 1, and state routes 1A and 133. Residents have access to the Boston MSA via these routes, as well as commuter rail service by Massachusetts Bay Transportation Authority. The primarily residential town has a small commercial and industrial component. The town also maintains a tourism component due to its access to nearby beaches and various breweries and distilleries in the town. Some of the town's leading employers include EBSCO, New England BioLabs, and Weir Valves & Controls.

Assessed value (AV) has increased by more than 2.7% over the past three fiscal years because the area housing market remains strong. Ipswich is also in the middle of several ongoing residential and commercial developments. These developments include the many single-family homes at Turner Hill, the redevelopment of an old automobile dealership into new retail and office spaces, and the continued expansion of commercial enterprises along Route 1. There is also no taxpayer concentration with the leading taxpayers accounting for 5.2% of AV. Therefore, we expect the town's economy to remain very strong.

Standard and Poors stressed the Town's strong management, strong budgetary performance and strong budgetary flexibility:

**Strong management**

We view the town's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Highlights include management's:

- Conservative revenue and expenditure assumptions with a six-year historical trend analysis; and

- Consistent budget monitoring with, at least, quarterly reports to the town board.

Ipswich maintains a five-year capital improvement plan that it updates annually with funding sources identified. The town also maintains formal debt management and investment policies with annual reporting on holdings and earnings to the board. In addition, the town's formal reserve policy is to maintain the stabilization fund at a minimum of \$1 million and free cash at no less than \$100,000, which it adheres to currently.

### **Strong budgetary performance**

Ipswich's budgetary performance is strong in our opinion. The town had balanced operating results in the general fund of 0.2% of expenditures, and slight surplus results across all governmental funds of 0.7% of expenditures in fiscal 2015.

General fund operating results of the town have been stable over the past three years, with a result of 0.9% of expenditures in 2014 and 1.2% of expenditures in 2013.

Fiscal 2015 results include adjustments for recurring transfers and one-time capital expenditures paid for with lease proceeds. According to town officials, they achieved balanced operations in fiscal 2015 due to higher-than-budgeted revenue, including motor vehicle excise taxes being about \$1.2 million higher than budgeted, as well as building permit revenue. The town also saw expenditure savings across all departments in fiscal 2015. Prior to this, it saw a general fund surplus of about \$404,000, or 0.9% of expenditures.

Ipswich is currently projecting it will end fiscal 2016 with a general fund surplus of, at least, \$400,000. Management attributes this surplus to overall conservative budgeting because the town is currently seeing positive variances in budget-to-actual revenue and expenditures. The town's electorate also approved a \$2.9 million override in fiscal 2016 for educational costs. It does not expect any major volatility in revenue or expenditures for the remainder of the fiscal year.

The fiscal 2017 budget totals \$54.7 million and does not include fund balance appropriation. Property taxes account for 71% of general fund revenue and intergovernmental revenue accounts for 19%.

### **Strong budgetary flexibility**

Ipswich's budgetary flexibility is strong, in our view, with an available fund balance in fiscal 2015 of 10.3% of operating expenditures, or \$4.8 million.

Prior to fiscal 2015, available reserves were \$4.5 million, or a strong 10% of expenditures, in fiscal 2014 and 9.4% of expenditures in fiscal 2013. The town indicates it will see an increase of, at least, \$400,000 in available reserves by

fiscal year-end 2016. Ipswich approved an operating override of the Proposition 2 1/2 limit that totaled \$2.9 million in fiscal 2016, or 5.8% of budgeted expenditures, for educational costs, which we note is a permanent increase in the town's tax levy.

Management also maintains a formal reserve policy of maintaining the stabilization fund at a minimum of \$1 million and free cash at no less than \$100,000, which the town adheres to currently. Therefore, we expect Ipswich to maintain, at least, strong budgetary flexibility.

Therefore, the Town has been and is well-managed, and it is fiscally sound with a long-term favorable financial outlook, all factors contributing to its ability to pay for the financial components of the Award.

The Town received \$6,576,875 in state aid in FY16 and in FY17, it received \$7,151,082. In calendar year 2016, the Town issued nine-hundred-twenty-eight (928) building permits for new construction and alterations, representing a noteworthy new growth factor. The number of 2016 Building Permits was two-hundred-eleven (211) more than the Town issued in 2015. Moreover, in FY2016, the Town's Electric Department paid \$341,736 to the Town pursuant to a Payment in Lieu of Taxes schedule. The Town's Free Cash in FY17 was \$1,594,316. The Town's Overlay Reserve was \$402,467 in FY17. The Town's FY16 Stabilization Fund balance was \$1,354,842. The Town Manager's FY18 Budget Report to the Board of Selectmen identified available and certified Free Cash in the amount of \$1,479, 316 and the Stabilization Fund is \$1,550,319. The Town manager proposed no use of Free Cash in the FY18 budget. The Commonwealth's Department of Revenue (DOR) defines Free Cash as follows:

Free cash is a revenue source that results from the calculation, as of July 1, of a community's remaining, unrestricted funds from its operations of the previous fiscal year based on the balance sheet as of June 30. It typically includes actual receipts in excess of revenue estimates and unspent amounts in departmental budget line items for the year just ended, plus unexpended free cash from the previous year. Free cash is offset by property tax receivables and certain deficits, and as a result, can be a negative number.



Cities and towns generally use free cash to support current-year operations or to provide a revenue source for the ensuing year's budget. However, free cash is not available for use until after the accountant, auditor, or comptroller submits a prior-year balance sheet to the Division of Local Services (DLS) and the Director of Accounts certifies the free cash. The DLS certification protects communities from relying on free cash that might not materialize due to inaccurate local estimates.

While DOR recommends that Free Cash not be depleted in any fiscal year, its existence, as here, underscores the financial health of a community. The FY17 and FY18 Free Cash amounts certainly indicate that the Town can afford the financial components of the Award, one of which is the cost-of-living increases comprising the Town-wide pattern. While the Stabilization Fund can be used for any lawful purpose, disbursements from it for operating expenses are frowned upon by municipal managers. However, such an argument regarding Free Cash utilization for compensation increases is not persuasive, as one of its sources is departmental surpluses. As Free Cash emanates in part from surpluses in the Departmental line items, budgeted for operating expenses, it is appropriate to fund compensation increases from Free Cash.

ii.) **COSTS**

The Town does not dispute that it has an ability to pay for the 2% wage increases each in FY17 through FY19. The Town calculated the Union's annual 4% cost-of-living and 4% Step increases at nearly \$400,000. The Union costed-out its total package at \$658,000. The Town calculated its 6% cost-of-living increase offer at \$120,000. However, the Union contends that with overtime and holiday costs included, the cost is \$160,000. In any event, the Town has an ability to pay the three (3) year 6.5% cost-of-living increase as did it with most other Town bargaining units. Although Ipswich Police Association negotiated a three (3) year 6% cost-of-living adjustment with 3% increases allocated in FY18 and FY19, a three (3) year 6.5% cost-of-

living adjustment was negotiated by the Town and a majority of its bargaining units. Like other Town bargaining units receiving a FY17 2.5% cost-of-living increase, the panel is imposing concessions on the Firefighters. The 6.5% increase was payable as follows: FY17 – 2.5%; FY18 – 2.0%; FY19 – 2.0%. The Town offered its Firefighters a three (3) year, 6% wage increase package. The Town obviously has an ability to pay for the three (3) year 6% wage increase pattern as applied to Firefighters, even as augmented by 0.5% in the contract's first year, as it was foreseeable that having settled with other Town bargaining units for the 6.5% package, it would be demanded by the Firefighters' Union, and likely awarded by an arbitration panel. In FY17, the 0.5% increase has a cost of approximately \$5,324 and a three (3) year cost of approximately \$41,000, well within the Town's ability to pay.

Similarly, the Town has an ability to pay for the Step 5 creation in FY18 and its payment again in FY19. The FY18 2.0% cost-of-living increase is approximately \$15,000. Assuming all Firefighters are at Step 4 of the Firefighter 4 salary column and qualify for Step 5 in FY18, the FY18 Step 5 cost is approximately \$30,000 after the inclusion in base salary of the 2.0% cost-of-living salary schedule increase. The Step 5 increase cost in FY18 and FY19, including the FY18 and FY19 2.0% cost-of-living increases is approximately \$105,000, well within the Town's ability to pay from Free Cash alone. The total three (3) year expense of the cost-of-living increases and the Step 5 addition is approximately \$207,381. That amount will increase when overtime and other factors are applied. Overtime and other costs will also increase as a result of rolling longevity benefits into the base salaries, the practice with most other Town bargaining units. The cost of the clothing allowance increase is \$12,325 in FY19. The conversion of rubber to leather boots will cost the Town approximately \$3,400 in FY18. The total FY17-FY19 Award costs are within the Town's ability to pay from its Free Cash alone. The total Award fixed costs

of approximately \$223,000 is 14% of FY17 Free Cash and 15% of FY18 Free Cash.

4.) **AWARD**

- (1) Effective July 1, 2016, a 2.5% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (**Salaries**) salary schedule in effect on June 30, 2016.
- (2) Effective July 1, 2017, a 2.0% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (**Salaries**) salary schedule in effect on June 30, 2017.
- (3) Effective July 1, 2018, a 2.0% across-the-board cost-of-living increase applied to all steps and columns of the Appendix A (**Salaries**) salary schedule in effect on June 30, 2018.

C. **SALARY STEP INCREASE**

1.) **UNION PROPOSAL:**

The Union proposes the following:

- Step 5 – earned at five years and 4% above Step 4
- Step 6 – earned at ten years and 4% above Step 5
- Step 7 – earned at fifteen years and 4% above Step 6

2.) **TOWN COUNTER-PROPOSAL:**

The Town rejects the Union's proposal.

3.) **DISCUSSION:**

a.) **JUSTIFICATION:**

While all Town bargaining units, including Police Officers, have a nine (9) Step salary schedule, Firefighters are limited to four (4) Steps. Similarly, five (5) of the eight (8) comparable communities have a salary schedule that has more than four (4) steps. Consequently, some adjustment in the Firefighters' salary schedule is necessary in order that the compensation disparity favoring Police Officers be addressed, and that Town

Firefighters stay competitive relative to their universe counterparts. While the Union proposes a three (3) step addition to the salary schedule beginning July 1, 2016, the panel awards a one (1) step addition for Firefighters having five (5) years of service, effective July 1, 2017. It is appropriate that the fifth Step be 4% higher in value than Step 4 because the 4% differential is the increased value between the existing four (4) steps in all of the four (4) salary schedule columns. Therefore, effective July 1, 2017, the panel awards Step 5 for the four (4) Firefighter salary schedule columns. Firefighters eligible for Step 5 on July 1, 2017 shall receive the 4% increase.

b.) **ABILITY TO PAY:**

The cost of the added step is within the Town's ability to pay as discussed in more detail above.

4.) **AWARD**

Effective July 1, 2017, a Step 5 shall be added to all Appendix A salary schedule columns. Following the application of the cost-of-living increases to the salary schedule, including 2% on July 1, 2017, Step 4 shall be increased by 4% to calculate the Step 5 values as follows:

**Step 5 – July 1, 2017**

Firefighter 1	Firefighter 2 EMT	Firefighter 3 Hazmat	Firefighter 4 EMT & Hazmat
\$63,233.23	\$64,675.21	\$63,694.70	\$65,136.62

**Step 5 – July 1, 2018**

Firefighter 1	Firefighter 2 EMT	Firefighter 3 Hazmat	Firefighter 4 EMT & Hazmat
\$64,497.89	\$65,968.71	\$64,968.59	\$66,439.35

Beginning July 1, 2017, a Firefighter is eligible for Step 5 of his/her salary column placement after having been at Step 4 for twelve (12) months.

**D. SHIFT SWAPS**

**1.) TOWN PROPOSAL:**

The Town proposes the following terms:

Amend Article 5, "Hours," by adding a new Section 5.5, which will read:

Shift swaps: Employees who are requesting to swap shifts must complete and have approved by the Chief of the Department the Shift Swap Form (shown in Appendix C of this Agreement) prior to the swap. Form must be submitted to the Chief of the Department before requested shift swap and must include the date/shift the swap will be paid back. Swaps must be repaid within ninety (90) days and members are limited to seven (7) swaps per year.

**2.) UNION COUNTER-PROPOSAL:**

Status quo.

**3.) DISCUSSION**

The terms of the 2013-2016 contract do not limit shift swaps in amount or in the repayment period. However, per Article 20 (Miscellaneous) Section 20.1, a shift swap is subject to the Chief's approval. In any event, to add some structure to the swap practice, and as part of the overall contractual consideration, it is not inappropriate to specify the shift swap repayment period .

**4.) AWARD**

Amend Article 5 (Hours) by adding the following Section 5.5:

Shift swaps are unlimited but they must be repaid within six (6) calendar months from the day that the swap occurred.

**E. BI-WEEKLY PAY/DIRECT DEPOSIT**

**1.) TOWN PROPOSAL:**

The Town proposes the following terms:

Amend Article 7, "Salary," by inserting new Paragraphs 7.3 and 7.4, which would read as follows:

7.3. Bi-Weekly Pay: the Town shall have the right to implement bi-weekly payment of wages.

7.4. Direct Deposit: The Town shall have the right to require all employees to receive their regular wages and all other payments through direct deposit.

2.) **UNION COUNTER-PROPOSAL:**

Status quo.

3.) **DISCUSSION**

There is no current bi-weekly or direct deposit term in the 2013-2016 collective bargaining agreement. As all other Town bargaining units have accepted the Town's proposals vis á vis modernized employee payment methods, they are justified for Firefighters in order that the Town implement a unified practice if it so chooses.

4.) **AWARD**

Amend Article 7 (Salary) by adding the following Section 7 provision:

7.3. Bi-Weekly Pay: the Town shall have the right to implement bi-weekly payment of wages.

7.4. Direct Deposit: The Town shall have the right to require all employees to receive their regular wages and all other payments through direct deposit.

F. **VACATION LEAVE NOTICE**

1.) **TOWN PROPOSAL:**

The Town proposes the following terms:

Amend Article 15, "Vacation," by amending Section 15.2 by replacing the last sentence to read:

To be eligible to take otherwise unscheduled vacation leave, an employee must submit to the Chief or other officer-in-charge his/her written request for said leave at least twenty-

four (24) hours before commencement of employee's shift from which leave is requested to be taken. Personal leave with twenty-four (24) hours' notice.

2.) **UNION COUNTER-PROPOSAL:**

Status quo.

3.) **DISCUSSION**

In the 2013-2016 collective bargaining agreement, employees are obligated to provide a one (1) hour notice of unscheduled vacation leave. The Town correctly argues that the present one (1) hour notice of an unscheduled vacation leave is insufficient in order to timely staff the unforeseen vacancy.

4.) **AWARD**

Amend Article 15 (**Vacation**) by amending the last sentence as follows:

To be eligible to take otherwise unscheduled vacation, an employee must submit to the Chief or other office-in-charge his/her written request for said leave at least by 6:00 pm the night before vacation leave is taken on the following day shift, and 9:00 am on the day vacation leave is taken for the night shift, beginning on the same day.

G. **INJURED-ON-DUTY NOTICE**

1.) **TOWN PROPOSAL:**

Amend Article 18 to add:

"A member injured on duty shall report in writing the injury, if known, by the end of the work shift."

2.) **UNION COUNTER-PROPOSAL:**

Status quo.

3.) **DISCUSSION**

The 2013-2016 collective bargaining agreement's Article 18.4 "as soon as possible" notice requirement, is vague and inadequate to alert the Town that a Firefighter,

who sustained a job-related illness or injury, may be accessing statutory (c. 41 §111 F; §100) and contractual IOD benefits which trigger the various §18.4 procedures. Therefore, as soon as a Firefighter is aware that s/he has sustained an on-duty illness, a supervisor must be notified of the injury.

4.) **AWARD**

Amend Article 18 (**Sick Leave**) Section 18.4(**Injury Leave and Light Duty**)(a)(c) as follows:

An employee who suffers an alleged work-related illness or injury shall notify his/her supervisor of the illness or injury in writing by the end of the shift on which the illness/injury occurs, or as soon as the firefighter is aware of the injury.

H. **LEATHER BOOTS**

1.) **UNION PROPOSAL:**

Amend Article 23.1 (**Health and Safety**) to reflect that boots shall be leather.

2.) **TOWN COUNTER- PROPOSAL:**

Status quo.

3.) **DISCUSSION**

The Union's proposal is justified in light of reliable studies concluding that a Firefighter's health, safety, and fire suppression dexterity is enhanced by wearing leather boots which are more durable and comfortable than traditional rubber boots. The increased cost of approximately \$200 per pair of boots for seventeen (17) bargaining unit Firefighters is \$3,400, within the Town's ability to pay.

4.) **AWARD**

Amend Article 23.1 (**Health and Safety**) by adding to the second sentence of Section 23.1, the qualifier that the boots shall be leather.



**I. CLOTHING AND EQUIPMENT ALLOWANCE**

**1.) UNION PROPOSAL:**

Amend Article 19.2 (**Clothing and Equipment Allowance**) to reflect an increase in clothing from \$775 to \$1500 for firefighters and \$850 to \$1600 for lieutenants.

**2.) TOWN COUNTER- PROPOSAL:**

Status quo.

**3.) DISCUSSION**

In light of \$1500 Police Officers clothing allowance, and the need for an increased Firefighter uniform allotment, a \$1500 clothing allowance is justified. As discussed in more detail above, the Town has an ability to pay for the increase. However, in light of other awarded economic benefits, the panel opts to increase the clothing allowance on a graduated scale.

**4.) AWARD**

Amend the last sentence of Article 19.2 (**Clothing and Equipment Allowance**) as follows:

Effective July 1, 2016, the annual clothing allowance in any year subsequent to the employee's initial year of full-time employment shall be increased to \$1,050 for all bargaining unit firefighters;

Effective July 1, 2017, the annual clothing allowance in any year subsequent to the employee's initial year of full-time employment shall be increased to \$1,275 for all bargaining unit firefighters;

Effective July 1, 2018, the annual clothing allowance in any year subsequent to the employee's initial year of full-time employment shall be increased to \$1,500 for all bargaining unit firefighters.

**J. LONGEVITY**

**1.) UNION PROPOSAL:**

Amend Article 7.1(b), **Salary Schedule** to reflect that longevity payments shall

be included in computing an employee's regular straight time rate of pay for purposes of overtime and other contractual provisions.

2.) **TOWN COUNTER- PROPOSAL:**

Status quo.

3.) **DISCUSSION**

The Town does not currently include the longevity stipend into base pay for computing a Firefighter's overtime rate. The Town contends that it agreed with the Union's longevity proposal subject to the Union's acceptance of certain concessions, like other bargaining units. As the Town computes most other bargaining unit employee overtime by rolling the longevity benefit into regular straight-time salary, and the panel has awarded concessions to the Town, rolling Firefighters' longevity into their base salaries to calculate overtime and other contractual provisions is justified.

4.) **AWARD**

Effective July 1, 2017, the Article Seven (**Salary Schedule**) Section 7.1(b) "additional amounts of compensation shall be paid in recognition of length of service to the Town of Ipswich" (longevity payments) and shall be included in the calculation of an employee's regular straight-time rate of pay for the purpose of the calculation of overtime benefits and other contractual provisions.

K. **SICK LEAVE NOTE**

1.) **UNION PROPOSAL:**

Amend Article 18.6 to reflect the current practice and intent of the parties that members may be required to produce medical documentation for reported sickness after an employee has used 72 consecutive hours of sick leave in a calendar year.

2.) **TOWN COUNTER- PROPOSAL:**

Status quo.

### 3.) DISCUSSION

The current Article 18.6 includes the following terms:

The Department Head or the Town Manager may, at either's discretion, require documentation of reported sickness which included use of sick leave on the eve, day or night of Thanksgiving Day, Christmas Day or New Year's Day. Medical documentation may also be required for reported sickness after an employee has used 72 hours of sick leave in a calendar year.

Irrespective of any current consecutive hours practice, §18.6 does not limit the Town's right to mandate a doctor's note based on seventy-two (72) consecutive hours of sick leave usage. While other Town bargaining units have the consecutive hours standard in their collective bargaining agreements, but not Police Officers, the panel does not award it. However, it believes that the seventy-two (72) hour limit is too restrictive as it is only three (3), twenty-four (24) hour shifts. Therefore, it should be increased to one hundred twenty (120) non-consecutive hours of sick leave in a calendar year (January 1 – December 31).

### 4.) AWARD

Amend Article 18 (Sick Leave), Section 18.6's last sentence as follows:

Medical documentation may also be required for reported sickness after an employee has used one hundred twenty (120) non-consecutive hours of sick leave in a calendar year, beginning January 1 and ending December 31.