

**COMMONWEALTH OF MASSACHUSETTS
JOINT LABOR MANAGEMENT COMMITTEE**

**IN THE MATTER OF
INTEREST ARBITRATION
BETWEEN**

BEVERLY FIREFIGHTERS, IAFF, LOCAL 1669

-AND-

CITY OF BEVERLY

JLMC-18-6605

AMENDED AWARD

A. CONTRACT DURATION; ARTICLE XXIII

The collective bargaining agreement will have a duration of July 1, 2018 through June 30, 2021.

B. WAGES; ARTICLE VII

- (1) Effective July 1, 2018, a 1.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid (Appendix A-2015-2018 collective bargaining agreement) in effect on June 30, 2018.
- (2) Effective July 1, 2019, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on June 30, 2019.
- (3) Effective January 1, 2020, a 1.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on December 31, 2019.
- (4) Effective July 1, 2020, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on June 30, 2020.
- (5) Effective January 1, 2021, a 1.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on December 31, 2020.

C. NEW ARTICLE; COMPUTER USE POLICY

The City's Computer Use Policy is awarded, effective upon execution of the 2018-2021 collective bargaining agreement.

D. ARTICLE V, SECTION 4; RANK DIFFERENTIAL

Effective July 1, 2019, Article V §4 shall include the following terms: The annual wage of Lieutenants shall be seventeen percent (17%) above that of the Firefighters' annual

maximum wage; the annual wage of Captains shall be sixteen percent (16%) above that of Lieutenants; and the annual wage of Deputy Chiefs shall be fifteen percent (15%) above that of the Captains.

E. NEW ARTICLE; SOCIAL MEDIA POLICY

Effective upon collective bargaining agreement (July 1, 2018-June 30, 2021) execution, the City's Social Media Policy, modified by certain M.G.L c.150E references is awarded. At the end of the City's second paragraph of the Personal Social Media section, add the sentence:

Confidential information does not include information about wages, terms and conditions of employment, or information used to organize labor related activities.

At the end of the City's third paragraph of the Personal Social Media section, add the sentence:

This policy is not meant to interfere with or supersede the provisions of any applicable collective bargaining agreement. Violations of this policy do not include actions protected by federal, state, or local law. This includes, but is not limited to activities protected by Massachusetts General Laws Chapter 150E, such as discussing wages, benefits, or terms and conditions of employment, joining or supporting labor unions, collective bargaining, or raising complaints.

F. ARTICLE V, SECTION 14; CERTAIN HOLIDAY OVERTIME

Effective January 1, 2020, add the following provision: Double time and one-half shall be paid on any of the twelve (12) holidays or any of the three "eves" (Thanksgiving, Christmas or New Year's) when working City overtime.

G. NEW ARTICLE; PAPERLESS PAY SYSTEM

Effective upon execution of the 2018-2021 collective bargaining agreement, the City's Paperless Pay System proposal is awarded.

H. ARTICLE V, SECTION 15; EDUCATIONAL INCENTIVE PROGRAM

Status Quo.

I. ARTICLE IX, SECTION 8; VACATION/PERSONAL/CARRYOVER

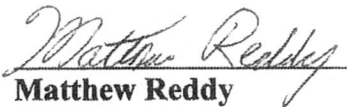
Status Quo.

J. NEW SECTION, ARTICLE V, SECTION 17; PHYSICAL FITNESS STIPEND

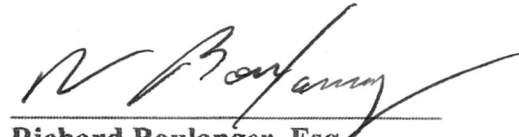
The City's physical fitness program is effective July 1, 2019.

K. ARTICLE XII, SECTION 2; HOLIDAYS

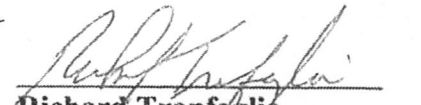
Effective July 1, 2018, holidays shall be paid at a ten (10) hour rate at the member's current rank and rate of pay.


Matthew Reddy
Union Representative

Dated: 6/5/19


Richard Boulanger, Esq.
Chairman and Neutral Panelist

Dated: 6/5/19


Richard Tranfaglia
Management Representative

Dated: 6/4/19

I. INTRODUCTION

The Joint Labor-Management Committee (JLMC) interest arbitration panel (panel) is composed of Union Representative, Matthew Reddy; Neutral Panelist and Chairman, Richard Boulanger, Esq.; and Management Representative, Richard Tranfaglia. The panel was appointed by the JLMC to resolve a contract dispute between Beverly Firefighters, IAFF, Local 1669 ("Union") and the City of Beverly ("City"). The parties submitted the following issues to the hearing: Contract Duration-Article XXIII; Wages-Article VII; New Article-Computer Use Policy; Article V, Section 4-Rank Differential; New Article-Social Media Policy; Article V, Section 14-Certain Holiday Overtime; New Article-Paperless Pay System; Article V, Section 15-Educational Incentive Program; Article IX, Section 8-Vacation/Personal/Carryover; New Section-Article V, Section 17-Physical Fitness Stipend; and Article XII, Section 2, Holidays

The interest arbitration hearing was held on February 15, 2019 at the Hawthorne Hotel in Salem, Massachusetts.

The Union was represented by Ms. Leah Barrault, Esq.. Captain Kevin Smith and Mr. Kevin Dasey were called as witnesses by the Union.

Mr. Michael Maccaro, Esq. represented the City. Director of Municipal Finance, Mr. Bryant Ayles, was called as a witness by the City.

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

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

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.

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.

The interests and welfare of the public.

The hazards of employment, physical, educational and mental qualifications, job training and skills involved.

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.

The decisions and recommendations of the factfinder, if any.

The average consumer prices for goods and services, commonly known as the cost-of-living.

The overall compensation presently received by the employees, including direct wages and

fringe benefits.

Changes in any of the foregoing circumstances during the pendency of the dispute.

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.

The stipulation of the parties.

Following its receipt of the parties' briefs, the panel reviewed the testimonial and documentary evidence. It also evaluated the parties' arguments, included in their briefs. 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 City's ability to pay for the Award's financial aspects. In light of the evidence submitted, the panel concludes that the awarded proposals are justified, and that the City 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, 2015 to June 30, 2018 collective bargaining agreement shall remain in effect in the July 1, 2018 through the June 30, 2021 contract, except as modified herein by the panel, or by the parties.

The panel acknowledges the inherent risks of firefighting work, and appreciates the dangers encountered by Firefighters in the performance of their duties and responsibilities. Based on internal and/or external comparability data, and the City's ability to pay, the panel awards a 1% wage increase in Fiscal Year 2019, and 2% (July 1), 1% (January) wage increases in Fiscal Years 2020 and 2021. Based on the same criteria, the panel increased Holiday Pay from eight (8) to ten (10)

hours per holiday in Fiscal Year 2019, and the Rank Differential from 15% to 17% for Lieutenants, 16% for Captains in Fiscal Year 2020. The Rank Differential for Deputy Chiefs remains at 15%. The panel awards the City's Computer Use Policy, Social Media Policy, its Paperless Pay System, and its Physical Fitness proposal. The panel did not award the Union's Holiday Work Overtime proposal, nor its Educational Incentive Program.

II. FINDINGS AND OPINION

A. CONTRACT DURATION; ARTICLE

1.) The predecessor contract had a July 1, 2015 to June 30, 2018 term.

2.) CITY:

The City seeks a July 1, 2018 through June 30, 2021 collective bargaining agreement.

3.) UNION:

The Union seeks a July 1, 2018 through June 30, 2021 contract.

4.) DISCUSSION:

Both parties propose a three (3) year agreement from July 1, 2018 through June 30, 2021.

5.) AWARD

The collective bargaining agreement will have a duration of July 1, 2018 through June 30, 2021.

B. WAGES; ARTICLE VII

1.) Effective July 1, 2014: 0% wage increase;
Effective July 1, 2015: 2% wage increase;
Effective July 1, 2016: 2% wage increase;
Effective July 1, 2017: 2% wage increase;

2.) UNION PROPOSAL:

Effective July 1, 2018: 2.5% wage increase;
Effective July 1, 2019: 4% wage increase;
Effective July 1, 2020: 4% wage increase;

3.) CITY COUNTER-PROPOSAL:

Effective July 1, 2018: 1% wage increase;
Effective July 1, 2019: 2.5% wage increase;
Effective July 1, 2020: 2.5% wage increase;

4.) DISCUSSION:

The City negotiated 1% (FY19), 2.5% (FY20) and 2.5% (FY21) wage increases with AFSCME Council 93 representing the Department of Public Services (DPS), DPS Foremen, and Library and School Custodian bargaining unit employees. (See City Exhibit #2, Tabs 1A-1D.) The School Committee negotiated a 1% (FY19) and 2.5% (FY20) wage increase with its Teachers Union. In FY20, the School Committee and its Teacher Union negotiated a 2% general wage increase and a 0.5% compensation increase for an added instructional day to the school calendar. The City has not arrived at a settlement with Patrol Officers nor with its Police Superior bargaining unit.

a. WAGE INCREASE JUSTIFICATION

i. INTERNAL UNIVERSE

The Union argues that its Firefighters do not compare favorably with City Patrol Officer or Police Superior bargaining units. It contends that its FY18 average compensation lag was 17.4%. (See Union Exhibit #3, Tab 13.) The City disputes the Union's calculations. In addition to higher Police base salaries than those paid to Firefighters, it is largely the Police education benefit with its Quinn Bill origins, which creates the compensation disparity between Police Patrol Officers, Superiors and Firefighters. (See Union Exhibit #3 Tab 13.)

ii. EXTERNAL UNIVERSE

The Union argues that the average compensation for Beverly Firefighters was 5.5% lower compared to its external universe in FY18. (See Union Exhibit #13, Tab 12.) The Union also asserts that as of September, 2018, the Bureau of Labor Statistics Consumer Price Index (CPI) was on the rise at 3.7%. (See Union Exhibit #3, Tab 15.) The City contends that Beverly Firefighters are

favorably compensated relative to Firefighter compensation in universe communities.

The panel will consider the communities suggested by both parties as comprising the appropriate external universe. The Union proposed a universe consisting of the following cities and towns: Salem, Peabody, Lynn, Marblehead, and Danvers. (See Union Exhibit #3, Tab 12.) The City recommends the following communities for comparison purposes: Chelmsford, Danvers, Methuen, North Andover, Peabody, and Salem. The City contends that salaries paid to Beverly Firefighters exceed those paid to most external universe Firefighters, except for those of Deputy Chiefs. (See City Exhibit #2, Tab 30.) The evidence reveals that while Beverly Firefighters receive competitive salaries vis á vis its external universe, they lag behind when overall compensation is compared, necessitating an adjustment. (See Union Exhibit #3, Tab 12.)

The universe communities of Danvers, Marblehead, and Peabody agreed to a 2% wage increase for its Firefighters in FY19. (See Union Exhibit #1, Tab 18.) Salem, another universe community, settled its FY 19 wage increase at 2.5%. (See Union Exhibit #1, Tab 18.) In Danvers, the parties negotiated a 2% wage increase in FY19 and a 2.25% wage increase in FY20. In Methuen, the parties bargained no wage increase in FY18, followed by 2% wage increases each in FY19 and FY20. However, in FY19, Methuen had negative free cash, and a minimal stabilization fund in FY17. Consequently, its ability to pay does not compare to that of Beverly. In North Andover, the parties negotiated a FY19-FY21 Memorandum of Understanding (MOU) which included a 2% wage increase in each of the three (3) years with an additional 0.5% wage increase effective January 1, 2019. (See City Exhibit #2, Tab 30.) In Peabody, the parties bargained 2% annual wage increases in FY19-FY21. (See City Exhibit #2, Tab 30.) In Salem, the parties negotiated a 2.5% wage increase in FY18 with 3% wage increases in FY19 and FY20. (See City

Exhibit #2, Tab 30.) Consequently, an award of 1% in FY19, followed by 2% (July 1)/1% (January1) wage increases in FY20 and FY21 in Beverly is within the scope of universe increases. The panel's wage increase award will contribute to shrinkage of the external comparables gap.

b. ABILITY TO PAY

i. FREE CASH

The cost of the City's 1% wage increase offer in FY19 is approximately \$53,000. (See City Exhibit #2, Tab 18.) According to the City, the total cost of its three (3) year Firefighters' wage package is \$500,000, and the cost of funding the Union's total compensation increase proposal is \$1,572,579 to \$1,753,227. (See City Exhibit #2, Tab 17.) The Union costs its three (3) year wage increase proposal at \$1,091,000. (See Union Exhibit #3, Tab 17.) According to the Union, the cost of all of its proposals is \$1,648,000. (See Union Exhibit #3, Tab 17.) By offering its wage increases (1%, 2.5%, 2.5%) to the Firefighters' bargaining unit, the City is admitting that it has the ability to pay for that wage increase.

The City's FY19 Collective Bargaining Reserve is \$250,000. (See Union Exhibit #1, Tabs 18-19.) Moreover, the City's financial indicators disclose impressive cash reserves to subsidize not only the wage increase, but other awarded financial proposals as well. Free Cash is defined by DOR's Division of Local Services as follows:

Remaining, unrestricted funds from operations of the previous fiscal year, including unexpended free cash from the previous year, actual receipts in excess of revenue estimated on the tax recapitulation sheet, and unspent amounts in budget line items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the June 30 balance sheet, which is submitted by the community's auditor, accountant, or comptroller. Free cash is not available for appropriation until certified by the Director of Accounts. (See Union Exhibit #1, Tab 21.)

The City's Free Cash amount as of June 30, 2018 was \$7,300,000. (See Union Exhibit #1, Tab 5 and 18; City Exhibit #1, Tab 15.) In FY18 Free Cash was \$9,370,853. (See City Exhibit #16a.)

Certified Free Cash from FY14 to FY17 was as follows:

FY14: \$5,709,284
FY15: \$7,200,422
FY16: \$6,285,357
FY17: \$8,263,150
(See City Exhibit #2, Tab 16a.)

Free Cash may be used to finance annual wage increases, particularly when a sizeable Free Cash pattern (FY17-FY19), as here, is established as distinct from a one (1) year isolated occurrence.

The City's FY18 Stabilization Account totaled \$12,581,000. (See Union Exhibit #1, Tab 5 and City Exhibit #2, Tabs 14 and 18.) The City's FY17 stabilization fund reserve was \$6,750,928. (See Union Exhibit #1, Tab 18.) New Growth has increased from \$1,403,828 in FY15 to \$2,185,551 in FY18. (See City Exhibit #16a.) Total State Aid has expanded from \$13,024,097 in FY15 to \$14,896,862 in FY18. (See City Exhibit #16a.) The City's Overlay Reserve is \$707,947 in FY19. (See Union Exhibit #1, Tab 5 and City Exhibit #2, Tab 14.) While drawing from the Stabilization or Overlay Reserve Accounts to pay operating expenses is not favored, Free Cash funds can be utilized to fund compensation increases as some, if not most, of Free Cash is derived from salary accounts that are underutilized, or have a surplus at the end of the fiscal year. Although the City contends that it transferred three (3) million dollars of the \$7.4 Million, FY19 Free Cash to the General stabilization fund amount, the balance of \$4.4 Million is more than enough to finance the FY19 wage increase with a cost of \$54,650 in FY19 and the ten (10) hour holiday benefit at a cost of approximately \$57,000 annually, (See Union Exhibit #3, Tab 17.) Furthermore, based on the

Standard and Poors forecast of strong economic trends in the future, the City has the ability to pay for the 1% wage increase cost (\$54,650) as well as the 2% (July 1)/1% (January 1) wage increases in FY20 and FY21.

ii. **STANDARD AND POORS REPORT**

The City's AA+ bond rating is impressive. The Standard and Poors report includes the following rationale:

The rating reflects our opinion of the city's:

- 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 operating surpluses in the general fund and at the total governmental fund level in fiscal 2017;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2017 of 18% of operating expenditures;
- Very strong liquidity, with total government available cash at 27.1% of total governmental fund expenditures and 5.1x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability profile, with debt service carrying charges at 5.3% of expenditures and net direct debt that is 66.6% of total governmental fund revenue, and a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address it, but low overall net debt at less than 3% of market value; and
- Strong institutional framework score.

Very strong economy

We consider Beverly's economy very strong. The city, with an estimated population of 41,383, is in Essex County in the Boston-Cambridge-Newton, MA-NH MSA, which we consider to be broad and diverse. It has a projected per capita effective buying income of 134% of the national level and per capita market value of \$157,333. Overall, market value grew by 10.1% over the past year to \$6.5 billion in 2018. The county unemployment rate was 3.8% in 2016.

Although primarily a residential community, the city maintains a small manufacturing component and acts as a resort destination in the summer. With the recent revitalization of its downtown, Beverly has seen a significant rise in both private and public developments. New mixed-use units, along with new restaurants and retailers, have been approved or are under construction, solidifying the commercial base downtown. The recent economic growth has drawn an influx of business from outside the city, and is expected to create new jobs, as well as increase the tax base, according to management. There is no taxpayer concentration as the top 10 payers account for a very diverse 5.9% of assessed values.

Given Beverly's proximity to Boston (25 miles northeast) and access to area employment centers via commuter rail and highway, we expect its economy to remain very strong.

Strong management

We view the city'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.

City managers are conservative in their budgeting, referencing five years of historical data for trends. They regularly monitor budget-to-actuals and present quarterly reports to the finance committee. The city also maintains a five-year, annually updated long-term financial report and a 10-year capital improvement plan that identifies funding sources. It is formalizing a debt and reserve policy. Management will strive to keep debt service under 9%. The reserve policy is to retain 10% to 15% of expenditures within a stabilization account, and retain free cash of 3%-8% of operating budget. The city also has a formal investment policy and reports holdings and earnings quarterly to the council.

Strong budgetary performance

Beverly's budgetary performance is strong, in our opinion. The city had operating surpluses of 1.9% of expenditures in the general fund and 2.6% across all governmental funds in fiscal 2017.

Fiscal 2017 results include adjustments for recurring transfers to and from the general fund. The general fund surplus in fiscal 2017 was mainly due to the city's overall conservative budgeting, which led to higher-than-budgeted departmental revenues, including motor vehicle taxes. Moreover, revenues from building permits performed beyond projections due to the ongoing development in the city.

Officials indicate that 2018 ended with a surplus of about \$600,000. This was primarily due to its conservative approach to budgeting resulting in expenditure reductions, along with stronger-than-anticipated building permit and motor vehicle revenue.

For fiscal 2019, the city is finalizing the budget and expects it to be in line with that of previous years with no major variances. Officials did not appropriate any fund balance into the budget and project balanced operations by fiscal year-end, consistent with budgetary performance over the past three years. We therefore expect budgetary performance to remain strong. The fiscal 2019 budget anticipates property taxes to account for 79% of general fund revenues followed by intergovernmental aid at 12%.

Very strong budgetary flexibility

Beverly's budgetary flexibility is very strong, in our view, with an available fund balance in fiscal 2017 of 18% of operating expenditures, or \$23.4 million.

The city's available reserves include committed fund balance, which management indicates can be made available with approval from the mayor and city council. Although Beverly does not have a formal reserve policy, it does have an informal target of keeping stabilization reserves above 10%-15% of operating expenditures. The city's stabilization fund grew to \$12.6 million in 2018 from \$750,000 in 2013. In the future, officials might use some of the reserves to mitigate the effects of debt service associated with the middle school project. Until then, they anticipate increasing reserves. We therefore expect budgetary flexibility to remain at least strong over the next few years.

Very strong liquidity

In our opinion, Beverly's liquidity is very strong, with total government available cash at 27.1% of total governmental fund expenditures and 5.1x governmental debt service in 2017. In our view, the city has strong access to external liquidity if necessary.

We believe Beverly's frequent debt issuance, including GO bonds, supports its strong access to external liquidity. The city has had very strong liquidity, and we do not expect these ratios to change. It does not have any liquidity risks from private-placement or direct-purchase obligations.

Weak debt and contingent liability profile

In our view, Beverly's debt and contingent liability profile is weak. Total governmental fund debt service is 5.3% of total governmental fund expenditures, and

net direct debt is 66.6% of total governmental fund revenue. Overall net debt is low at 1.9% of market value, which is, in our view, a positive credit factor.

Including this issuance, Beverly will have approximately \$122 million in total direct debt outstanding. Management expects to issue about \$20 million for police station construction. We do not expect this to materially affect the city's debt profile.

In our opinion, a credit weakness is Beverly's large pension and OPEB obligation, without a plan in place that we think will sufficiently address it. Beverly's combined required pension and actual OPEB contributions totaled 10.9% of total governmental fund expenditures in 2017. Of that amount, 6.5% represented required contributions to pension obligations, and 4.4% represented OPEB payments. The city made its full annual required pension contribution in 2017. The funded ratio of the largest pension plan is 54.6%.

Beverly pays into the Beverly Contributory Retirement System, a cost-sharing, multiple-employer, defined-benefit plan. Using updated reporting standards in accordance with Governmental Accounting Standards Board Statement Nos. 67 and 68, the city's proportionate share of the net pension liability was about \$88.7 million, with 54.6% funded at June 30, 2017, based on an assumed rate of return of 7.5%. Due to the funded ratio, we believe contributions will likely continue to rise during the next few fiscal years. While the city is managing these costs, we believe it has limited ability to control pension-liability growth.

Beverly also provides OPEBs to retirees. At June 30, 2017, the city reported a net OPEB liability of \$86.5 million. Management has funded OPEBs through pay-as-you-go financing. It paid \$6.4 million, or 4.4% of expenditures, or 40% of the annual required contribution, in fiscal 2017. The city has established an OPEB trust that holds about \$700,000. Beverly's large pension and OPEB liabilities could pressure the budget during the next few fiscal years.

Strong institutional framework

The institutional framework score for Massachusetts municipalities is strong.

Outlook

The stable outlook reflects our opinion of Beverly's very strong underlying economy as well as its consistent operating performance. Based on stringent management controls and conservative budgeting, we expect Beverly to maintain at least strong budgetary flexibility over the outlook period. Therefore, we do not expect to change the rating within the next two years.

Upside scenario

We could raise the rating if the city takes meaningful action to address its outsize pension and OPEB liability in a way that protects future budgets from high fixed costs, coupled with continued economic growth to levels of higher rated peers.

Downside scenario

While unlikely, if the city were to experience deterioration in budgetary performance, leading to a significant drawdown in reserves, coupled with a weakened debt and contingent liability profile, we could lower the rating. (See City Exhibit #2, Tab 11.)

The Standard and Poors analysis describes Beverly as a well-managed, strongly financed city with impressive cash reserves. However, as reflected in the Standard and Poors evaluation, payments by the City to its OPEB and net pension liabilities must be taken into account when examining its ability to pay. (See City Exhibit #2, Tab 11.) It is noteworthy that in the 2015-2018 collective bargaining agreement, the parties negotiated the following sick leave reduction formula with the savings earmarked (Article X §5) for the City's increased contribution to its OPEB liability:

SECTION 5. OPEB

Effective October 1, 2016, and annually thereafter on October 1, the City will reduce sick leave for each full time employee by one day of sick leave (10 hours). This will apply for all employees hired on or after July 1, 2015. It will also apply to current employees with five or more years of service as of October 1 of each year. The City will contribute the value of such day to the OPEB fund. Sick days shall be taken from their yearly accrual allotment. This day shall not affect the employee's eligibility for sick leave incentive.

Based on the above review of the City's ability to pay, the City has sufficient funds to finance the three (3) year cost factors of the award. (See City Exhibit #2, Tabs 13A-15.)

5.) AWARD

(1) Effective July 1, 2018, a 1.0% across-the-board wage increase applied to all steps and

columns of the Base Pay Grid (Appendix A–2015-2018 collective bargaining agreement) in effect on June 30, 2018.

- (2) Effective July 1, 2019, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on June 30, 2019.
- (3) Effective January 1, 2020, a 1.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on December 31, 2019.
- (4) Effective July 1, 2020, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on June 30, 2020.
- (5) Effective January 1, 2021, a 1.0% across-the-board wage increase applied to all steps and columns of the Base Pay Grid in effect on December 31, 2020.

C. NEW ARTICLE; COMPUTER USE POLICY

- 1.) There is no Computer Use Policy in the most recent collective bargaining agreement which expired on June 30, 2018.

2.) CITY PROPOSAL:

This Computer Use Policy is to provide notice to employees of the City's policy with respect to the use of City-owned computer and information technology related equipment, computer systems, software and electronic devices used by City employees in the performance of their duties. This includes but is not limited to computers (PCs), laptops, copiers, scanners, fax machines, cell or smart phones of any type, flash or thumb drives, and any network, information system, internet access capabilities, text technology and email. This is not an exhaustive list of devices, networks or systems covered by this policy. The policy is intended to include all information technology capabilities and devices that allow for electronic communications, internet use, network use, use of the City's website, use of any City-sponsored social media, and any electronic storage including but not limited to flashthumb drives and use of cloud based technology or other similar technology. Throughout this policy all such computers, devices, equipment and/or any medium and technology will be referred to as "computer," "computer systems" or "information technology" and in any case includes everything referenced above.

There are certain conditions listed below that City employees must always be conscious of when they use City-owned and provided computer systems and information technology.

Be advised that each and every time an employee logs in to their computer and/or accesses the City's Wi-Fi. website, network, email, and/or accesses the internet from City computers or devices they are acknowledging the following:

- City employees have no expectation of privacy in anything they do on a City-owned computer or network or in any electronic communication made using City-provided networks or Internet access.

- The City has the right to inspect city-owned computer systems and devices at any time.
- All email, documents, downloaded materials, electronic communication and data accessible via City computer systems technology should be considered public record subject to public disclosure according to the Massachusetts Public Records Law. Employees should always be conscious of the public nature of these documents and communications and draft each one, no matter how trivial, as if such documents, downloaded materials and emails will be published in the newspaper. It is the employee's responsibility to retain copies of emails and other electronic documents. Documents should not be deleted, discarded or destroyed, unless such action is in accordance with the record retention policy established by the Supervisor of Records of the Commonwealth of Massachusetts.
- Any employee that violates this policy may face progressive discipline.

a. ACCEPTABLE USES

Employees shall use City-owned and operated computer systems for work related matters and to conduct official City business only. Employees may use computer systems and information technology resources to the fullest extent possible in order to further department and City goals and to participate in work-related continuing education and educational tools in the interest of improving their proficiency in performing their duties. Incidental or trivial personal use of City-owned and operated computer systems to access the internet, private email accounts, or websites unrelated to the performance of an employee's duties may be permitted subject to the approval of Department Head or supervisor. All use may be monitored by Information Services at any time.

b. UNACCEPTABLE USES

The following comprises a non-exhaustive list of unauthorized uses of City computer systems and information technology:

- Any use or activity that violates federal, state, or local laws;
- Any use or communication that is commercial, religious, or political in nature;
- Any use or activity that violates this or any other City policy;
- Participating in online forums, anonymous or otherwise;
- Knowingly downloading malicious software or attachments;
- Any use or activity involving sexual, obscene, or otherwise inappropriate material;
- Any use or activity involving the unauthorized access to any computer system;

- Gambling, on-line or otherwise;
- Defamation or libel of any person;
- Any unauthorized disclosure of any confidential or personal information of third parties, either intentional or unintentional that would constitute a violation of Health Insurance Portability and Accountability Act (HIPAA) or any other personal information such as social security numbers;
- Depleting system resources by overwhelming system download, upload, or storage capacities;
- Gaining access to City computer systems, employee email, or other stored data without express authorization;
- Any harassment, taunting, or other types of bullying through the use of any social media. This includes but is not limited to any posting or communication encouraging or comprising sexual harassment, ethnic slurs, defamation, personal attacks, profanity, offensive jokes, or other materials that would be offensive and disruptive to the workplace environment;
- Any posting or activity that is deemed excessive or an abuse of this privilege within the discretion of a department head or supervisor is prohibited; and *(sic)*

c. PROPERLY LICENSED SOFTWARE

Employees are prohibited from downloading or using any software that is not authorized by the Information Services Department. Any software that is utilized by City employees must be properly licensed. Employees must avoid any and all copyright and licensing infringement.

d. SECURITY

All employees should exercise secure practices when organizing and managing work-related information, documents, or other materials in order to protect sensitive or confidential data. Passwords, records and data, especially confidential or personal information, must be guarded by all employees. It is the employee's responsibility to ensure that all passwords are protected from public view and that no one else has access to their secure password information, their computer, or their login information.

In order to meet their obligations under this policy, employees should password screen-save their computer when away from their desk at all times ensure the security of their computer and the information stored on it or accessible through it. If away from their desk for extended periods of time or to leave at the end of the day, all employees should log off.

Use of any City sponsored and/or personal social networking site is subject to the City's Use Policy on City Social Networking Sites.

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

Status Quo.

4.) **DISCUSSION:**

The use of computers in the workplace, including in the City, is pervasive. Consequently, a policy regulating use of and the nature and scope of same is appropriate.

5.) **AWARD**

The panel awards the City's Computer Use Policy.

D. **ARTICLE V, SECTION 4; RANK DIFFERENTIAL**

1.) **SECTION 4. Differential**

"The annual wage of Lieutenants shall be fifteen percent (15%) above that of the firefighters' annual maximum wage; the annual wage of Captains shall be fifteen percent (15%) above that of the Lieutenants', and the annual wage of the Deputy Chiefs shall be fifteen percent (15%) above that of the Captains'."

2.) **UNION PROPOSAL:**

The Union proposes the following Rank Differential increase:

Article V, Section 4, Differential: Increase rank differential from 15% to 17% so that the paragraph reads: "The annual wage of Lieutenants shall be 17% above that of Firefighters annual maximum wage; the annual wage of Captains shall be 17% above that of Lieutenants, and the annual wage of Deputy Chief's shall be 17% above that of the Captains."

3.) **CITY COUNTER-PROPOSAL:**

Status Quo.

4.) **DISCUSSION**

The Beverly Police Differential is 18% between Patrolman and Sergeant. (See Union Exhibit #3, Tab 16.) The Police Differential is 17% between Sergeant and Lieutenant, and 15%

between Lieutenant and Captain. (See Union Exhibit #3, Tab 16.) Consequently, the internal comparability data supports the Union's Rank Differential proposal. In Danvers, the parties have negotiated a 17% rank differential. (See Union Exhibit #3, Tab 16.) In Lynn, the rank differential is 16%. (See Union Exhibit #3, Tab 16.) In Marblehead, the rank differential is 15.5%. (See Union Exhibit #3, Tab 16.) In Salem, the rank differential is 18%/15%/15% over three (3) years. (See Union Exhibit #3, Tab 17.) The internal and external universe data justifies an increase in the Rank Differential. The Union contends that the cost of its proposal is roughly \$36,000 annually. (See Union Exhibit #3, Tab 17.) According to the City, the total annual cost of the proposal is \$65,461 at 17% between all ranks. (See City Exhibit #2, Tab 17.) The panel is awarding a scaled down, less costly version (17%/16%/15%) of the Union's proposal. The rank differential increase is awarded in the second year (FY20) of the agreement. The rank differential increase is not awarded until FY20 to minimize the overall costs of the award. Based on the above ability-to-pay analysis, the City has an ability to pay for the rank differential increase.

5.) AWARD

Effective July 1, 2019, Article V §4 shall include the following terms: The annual wage of Lieutenants shall be seventeen percent (17%) above that of the Firefighters' annual maximum wage; the annual wage of Captains shall be sixteen percent (16%) above that of Lieutenants; and the annual wage of Deputy Chiefs shall be fifteen percent (15%) above that of the Captains.

E. NEW ARTICLE; SOCIAL MEDIA POLICY

- 1.) There was no Social Media Policy in the 2015-2018 collective bargaining agreement.
- 2.) **CITY PROPOSAL:**

The purpose of this policy is to provide notice to employees of the City's policy with respect to the use of social media.

THE CITY WEBSITE:

Certain authorized City employees shall have access to the City's website for the limited purpose of posting notices of upcoming meetings or noteworthy events relating to City government or related community organizations and activities. Employees must have the express written permission of the Mayor or his or her designee and the Information Services Department Director in order to have actual authorization.

Authorized employees have access to four modules or widgets on the City's Home page including a Community Events calendar, a News module, a Notices module, and a City Meeting module where they will be able to post information. Content intended for this part of the website may include local events hosted, sponsored or supported by the City and its agencies or events submitted by the public. Content submitted by or on behalf of a local organization or proposed by anyone other than an authorized employee must be submitted to the most relevant department or to the Mayor's Office and must be specifically and expressly approved by the Mayor's designee for posting. The standard for approval of third party posting includes but is not limited to the following considerations:

- The organization must have a nexus with a City department or activity;
- The posting is in the nature of and limited to a notice of an event or activity;
- The posting must serve an interest, a policy, or other public relations effort of the City.

Each department having its own page on the City website is responsible for maintaining the content posted to that page and for keeping it current and up to date. Each department head shall designate one individual employee in the department to manage its page on the City website and communicate the name of that employee to the Mayor's Office or the Mayor's designee to be maintained on a master list of authorized website users. Each Department's webpage manager shall be solely responsible for updating the content of the page and ensuring its compliance with this policy.

The Mayor has full discretion over any and all content posted to the City website and the website is in no way intended to be a free speech forum open to the public. All information that is posted to the website may subject to change without notice. Any link to a third party website found on the City website is permissively posted as a courtesy to local community groups and reserves the right to remove it at any time.

CITY-SPONSORED SOCIAL MEDIA ACCOUNTS:

Authorized departments of the City and authorized employees may establish City-sponsored social media accounts to communicate information relating to their departments to the public according to the guidelines below. Some social media platforms may include Facebook, Twitter, Tumbler, LinkedIn, Instagram and other similar services or blogs. It is important that employees understand that they have a duty to use City-sponsored Social Media responsibly and to be mindful of what content they are communicating to the public in relation to the image of the City and its effectiveness. All employees authorized to use social media to communicate to the public on behalf of the City should always be conscious that any content posted to such platforms might be considered communication made by the City.

Any City-Sponsored Social Media account initiated on behalf of the City must adhere to the following guidelines:

- a) Express written permission from the Mayor or the Mayor's designee is required prior to establishing or deleting any social media account on behalf of the City or a City Department.
- b) All content posted to social media accounts must not be unrelated to the business of the department and shall be reviewed prior to posting by a process established by the Department of Information Technology;
- c) Departments establishing City-Sponsored Social Media accounts shall designate authorized employees in the department allowed to post content and maintain passwords and usernames;
- d) Every City-Sponsored Social Media account must clearly identify the department responsible for the page and the content and that it is a City-affiliated site;
- e) All departments sponsoring a social media site shall devise an approval process for content and comments that may be posted to the social media platform and that process must be approved by the Information Technology Department;
- f) Any interactive communication functions or forums allowed by the department's social media page shall be permanently turned off;
- g) Authorized Social media sites or accounts created by employees in the name of the City must adhere to these rules regardless of whether it was created using their own computer or City owned computer systems;
- h) All content and use is subject to Section 1 "Acceptable Uses" and Section 2 "Unacceptable Uses" of the City's Computer Use Policy.

PERSONAL SOCIAL MEDIA

"Social media sites" and "social networking sites" refer to websites that facilitate user participation, networking, and collaboration through the submission of user generated content. Social media in general includes tools such as: blogs, wikis, microblogging sites, such as Twitter; social networking sites, such as Facebook and LinkedIn; video sharing sites, such as YouTube; and bookmarking sites such as Del.icio.us.

Employees are prohibited from using personal accounts to post or comment in a way that suggests that they are speaking on behalf of the City, unless they are expressly authorized to do so by their Department Head. Employees are prohibited from communicating any information through social media that they would be prohibited from communicating while at work by letter, phone, email, in person or otherwise. For example, an employee who has access to a personnel file, social security number or other confidential information is prohibited from posting such confidential information on social media or from engaging in harassment, taunting, or bullying of another employee.

Additionally, social media use that amounts to or includes conduct unbecoming of a City employee may subject an employee to progressive discipline. Such unbecoming conduct includes any illegal activity, bullying, harassment, taunting, threats, defamation, profanity, racial or ethnic slurs or that social media use that includes sexual, obscene; violent or otherwise inappropriate material.

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

Status Quo.

4.) **DISCUSSION**

Regulating the use of the City website by its employees is necessary.

5.) **AWARD**

Effective upon collective bargaining agreement (July 1, 2018-June 30, 2021) execution, the City's Social Media Policy, modified by certain M.G.L c.150E references is awarded. At the end of the City's second paragraph of the Personal Social Media section, add the sentence:

Confidential information does not include information about wages, terms and conditions of employment, or information used to organize labor related activities.

At the end of the City's third paragraph of the Personal Social Media section, add the sentence:

This policy is not meant to interfere with or supersede the provisions of any applicable collective bargaining agreement. Violations of this policy do not include actions protected by federal, state, or local law. This includes, but is not limited to activities protected by Massachusetts General Laws Chapter 150E, such as discussing wages, benefits, or terms and conditions of employment, joining or supporting labor unions, collective bargaining, or raising complaints.

F. ARTICLE V, SECTION 14; CERTAIN HOLIDAY OVERTIME

1.) SECTION 14. Certain Holiday Overtime

Employees working overtime either shift coverage or emergency call backs shall be paid at double time and a half pay on the following holidays: 4th of July (day shift and night shift), Thanksgiving (day shift and night shift), Christmas Eve (night shift only), Christmas (day shift and night shift) and New Year's Eve (night shift only).

2.) UNION PROPOSAL:

The Union proposes changes to holiday overtime payment terms as follows:

Article V. Section 14, Certain Holiday Overtime: Amend to reflect that employees working overtime, either on shift coverage or emergency call backs, shall be paid at double time and a half pay on any of the twelve paid holidays or any of the three "eves" (Thanksgiving, Christmas, or New Year's).

3.) CITY COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

The Union seeks the same following Article 5 §4 holiday work overtime provision as that included in the Beverly Police Benevolent Association contract:

Double time and one-half shall be paid on any of the twelve (12) holidays or any of the three "eves" when working City overtime.

Therefore, the proposal is justified. The Union calculates the cost of its proposal at \$13,000 annually. (See Union Exhibit #3, Tab 17.) The City asserts that \$5,522 is the average annual cost

increase. (See City Exhibit #2, Tab 17.) The City has the requisite ability to pay for the Union's proposal.

5.) AWARD

Effective January 1, 2020, add the following provision: Double time and one-half shall be paid on any of the twelve (12) holidays or any of the three "eves" (Thanksgiving, Christmas or New Year's) when working City overtime.

G. NEW ARTICLE; PAPERLESS PAY SYSTEM

1.) There was no reference to electronic payment in the 2015-2018 collective bargaining agreement.

2.) CITY PROPOSAL:

The City may go to a paperless pay system in which employees will have access to pay information electronically. Employees will have access to electronic "pay stubs" and will be ensured the capability to print electronic statements

3.) UNION COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

Electronic wage payment is common in the twenty-first century. In the City's paperless pay mechanism, employees are able to discover relevant payment data electronically with an ability to print such information.

5.) AWARD

Effective upon the execution of the 2018-2021 collective bargaining agreement, the City's paperless pay system is awarded.

H. ARTICLE V, SECTION 15; EDUCATIONAL INCENTIVE PROGRAM

1.) SECTION 15. Educational Incentive Program

A. Category One

Effective 1/1/13 for employees who currently accrue 20 sick days:

All employees in this category who opt in to the E.I.P. will accrue 15 sick days per year (reduced from 20 to 15).

Following ratification of this contract to be eligible for the E.I.P. for Fiscal 2013 all employees in this category must opt in by written notice within 14 days after written notice from the Fire Chief. To be eligible for fiscal 2014 employees in this category must opt in by written notice not later than June 15, 2013. Thereafter, to be eligible for the E.I.P. for any following fiscal year, an employee must opt in by written notice not later than June 15 of the current fiscal year.

If an employee who has opted into the E.I.P. further permanently reduces their sick days from 15 to 12, the employee is eligible for the Sick Leave Incentive Program and can sell up to 5 days per year.

All employees in this category who opt in are eligible to participate in both the Sick Leave Incentive Program and the Educational Incentive Program,

B Category Two

Effective 1/1/13 for employees who currently accrue 15 sick days:

All employees in this category who opt in to the E.I.P. will accrue 12 sick days per year (reduced from 15 to 12).

Following ratification of this contract to be eligible for the E.I.P. for Fiscal 2013 all employees in this category must opt in by written notice within 14 days after written notice from the Fire Chief. To be eligible for fiscal 2014 employees in this category must opt in by written notice not later than June 15, 2013. To be eligible for fiscal 2015 employees must opt in by written notice not later than June 15, 2014. Thereafter employees in this category are not eligible to opt into the E.I.P.

All employees in this category who opt in are eligible to participate in both the Sick Leave Incentive Program and the Educational Incentive Program.

C. Category Three: New Employees

All employees hired on or after 7/1/13 will accrue 12 sick days annually and are eligible to be in both the Sick Leave Incentive Program and the Educational Incentive Program upon proof of certification(s).

All employees in both Categories One and Two who become eligible to participate in the Educational Incentive Program will receive a .5% increase to base pay for each certification or equivalent (for those employees whose fire academy training predated the issuance of certificates they will each receive credit for 3 certifications), maximum fire certifications 10 or equivalent (i.e. 3 certification or equivalent, plus seven more when earned, up to a total of 10).

Effective 7/1/17, eligible employees will receive an additional .25% increase to base pay for the following certifications: Firefighter I, Firefighter II, and HazMat (Responder Awareness and Operational Technician).

2.) UNION PROPOSAL:

Article V, Section 15, Educational Incentive Program: Add language to reflect that Employees will receive an additional 0.25% increase to their base pay for pro-board certifications obtained, without limitation. (Currently Employees receive 0.75% of their base pay for the first 3 pro-board certifications and 0.5% for the next 7 pro-board certifications; the proposal is to receive 0.75% for all pro-board certifications obtained without limitation).

3.) CITY COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

The Union argues that at \$190,000 for the life of the collective bargaining agreement, the cost of its proposal is minimal. (See Union Exhibit #3, Tab 17.) The City costs the education program expansion at \$18,943 to \$79,159 annually. (See City Exhibit #2, Tab 17.) The City argues that an insufficient number of Firefighters take advantage of the current college credit and certification financial stipend to justify expansion of the benefit. (See City Exhibit #2, Tabs 20-21.)

At this time, the evidence does not support an increase in the education benefit.

5.) AWARD

Status Quo.

I. ARTICLE IX, SECTION 8; VACATION/PERSONAL CARRYOVER

- 1.) SECTION 8. It is agreed that employees may carry up to two weeks (8 shifts) of vacation.

2.) CITY PROPOSAL:

The City proposes adding the following language to Article IX, Section 8:

An employee who is on leave pursuant to M.G.L. Chapter 41, §111F for a consecutive 30-day period may carry one additional day forward from one year to the next for every consecutive 30-day period that the officer is on leave pursuant to Chapter 41,111F. In no case may an employee carry over more than three (3) additional days pursuant to this paragraph. and all such days must be used in the year following that which they carried over from.

3.) UNION COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

During the hearing, the City withdrew its proposal.

J. NEW SECTION, ARTICLE V, SECTION 17; PHYSICAL FITNESS STIPEND

- 1.) There is no physical fitness stipend in the 2015-2018 contract,

2.) UNION PROPOSAL:

New Section, **Article V. Section 17, Physical Fitness Stipend:** Add new section with the following language: "Each member that provides proof of purchase/membership shall be entitled to a \$30 per month stipend for a bona-fide gym membership."

3.) CITY COUNTER-PROPOSAL:

As of July 1, 2018, employees have the option to participate in an annual employee physical fitness evaluation. This voluntary evaluation shall consist of 3 components (push-ups. sit-ups. and a timed run). Employees will be offered the evaluation 3

times between March 1 and October 31. The evaluation will be administered by the Chief or his designee.

Employees who successfully complete the evaluation by October 31. shall be compensated as follows: \$250 to be paid to the employee by separate check or payment in the first pay period in December. The benchmarks that must be met in order to receive this payment are set forth in the attached chart.

4.) DISCUSSION:

A gym membership does not guarantee participation in physical fitness activities. The City's proposal is reasonable in that the stipend is paid to a Firefighter who completes certain fitness standards. Moreover, it is voluntary. The Union costs out its proposal at \$41,000 over the three (3) year contract term. (See Union Exhibit #3, Tab 17.) The City calculates the annual cost of gym membership at \$24,120. (See City Exhibit #2, Tab 17.) It costs its physical fitness stipend proposal at \$16,750 annually. (See City Exhibit #2, Tab 17.)

5.) AWARD

Effective July 1, 2019, the City's proposal is awarded.

K. ARTICLE XIII, SECTION 2; HOLIDAYS

1.) SECTION 2. Holidays

There shall be twelve (12) paid holidays: New Year's Day, Washington's Birthday, Martin Luther King Jr.'s Birthday, Patriot's Day, Memorial Day, Fire Fighter Sunday (2nd Sunday in June), Independence Day, Labor Day, Columbus Day, Veteran's Day, Thanksgiving Day, Christmas Day.

A copy of all orders posted for Fire Department Employees from the Chief of the Fire Department shall be made available to the Union president or the Union secretary treasurer.

2.) UNION PROPOSAL:

Article XIII, Section 2, Holidays: Add the following sentence to the end of paragraph 1:

Holidays shall be paid at a 10-hour rate at the member's current rank."

3.) CITY COUNTER-PROPOSAL:

Status Quo. The City argues that payment of a ten (10) hour holiday to Firefighters will create a disparity vis á vis Patrol Officers and Superior Officers. (See City Exhibit #2, Tabs22-24.)

4.) DISCUSSION:

In Chelmsford and Danvers, Firefighters are paid twelve (12) hours for each holiday as distinct from eight (8) hours per holiday in Beverly. (See City Exhibit #2, Tab 30; Union Exhibit #3, Tab 16.) In Methuen, North Andover, and Peabody, Firefighters are paid 25% of their weekly wages for each holiday while Beverly Firefighters receive 20% of their weekly wage for each holiday. (See City Exhibit #2, Tab 30.) In Salem, Firefighters are compensated at a factor of 1.5 of their 20% weekly pay for each holiday. (See City Exhibit #2, Tab 30; Union Exhibit #3, Tab 16.) Consequently, the Union's proposal is justified. It is worthy of note that the value of a sick leave day is ten (10) hours.

The Union costs its proposal at approximately \$59,000 annually. (See Union Exhibit #3, Tab 17.) The City costs the proposal at \$55,274. (See City Exhibit #2, Tab 17.) The internal and external data supports the Union's ten (10) hour holiday pay proposal, and the City has the ability to pay it.

5.) AWARD

Effective July 1, 2018, holidays shall be paid at a ten (10) hour rate at the member's then current rank and pay.