
IN THE MATTER OF INTEREST ARBITRATION BETWEEN:

TOWN OF PLYMOUTH, MA

AND

PLYMOUTH POLICE SUPERIOR OFFICERS' ASSOCIATION

JOINT LABOR-MANAGEMENT COMMITTEE

FOR POLICE AND FIRE

JLMC# 18-6653

INTEREST ARBITRATION AWARD

ARBITRATION PANEL

Bonnie J. McSpiritt, Neutral Arbitrator, Chair

Frank Frederickson, Management Committee Member

Michael Perreira, Labor Committee Member

FOR THE TOWN OF PLYMOUTH

Attorney David Jenkins, Town Counsel, Kopelman & Paige Law, PC

FOR THE PLYMOUTH POLICE SUPERIOR OFFICER ASSOCIATION

Attorney Susan Horwitz, Sandulli Grace, PC

Attorney James Racine, Sandulli Grace, PC

HEARING DATE

September 12, 2019

PANEL MEETINGS/CONFERENCE CALLS

December 18, 2019

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BACKGROUND

Characteristics of the Town of Plymouth, the Police Department and the Superior Officers' Bargaining Unit

The Town of Plymouth (Town or Plymouth) is located on the southeastern coast of Massachusetts in Plymouth County. It is bordered by Bourne to the southeast, Wareham to the southwest, Carver to the west, Kingston to the north and Duxbury at the land entrance of Saquish Neck.¹ The Town is the oldest town in Massachusetts and one of the oldest town in the country in that it was established in 1620 when the Pilgrims arrived from England on the Mayflower. Plymouth is primarily a residential community; however, one of its largest tax payers is the Pilgrim Nuclear Power Station (Power Station). The Power Station, which has been providing 6% of the tax base, has been decommissioned and its reactor was shut down in May 2019. The Town, as of May 9, 2019, was “. . . negotiating a successor payment-in-lieu-of-taxes (PILOTS) agreement to sunset these payments steadily during the next three to five years. Currently, PILOTS include \$9 million for fiscal year 2018 and \$8.5 million for fiscal 2019”. (UX7B)

¹<https://www.google.com/search?q=is+plymouth+ma+in+plymouth+county&og=ls+Plymouth+Ma+in+Plymouth+C&aqs=chrome.3.69i57j33l4.18319j1j7&sourceid=chrome&ie=UTF-8>, December 6, 2019.

Pursuant to the Department of Revenue, Division of Local Services Data Base (UX7C) in 2015, Plymouth had a population of 58,890 residents residing in approximately 103 square miles (UX7A) and 506 road miles (2013). It is the largest municipality in Massachusetts. The Town's tax levy for FY2019 was primarily supported by residential property taxes, which is \$174.8 million or 66.40% of income revenue. The remaining revenue came from State Aid - \$34.9 million or 13.25%, Local Receipts - \$42.2 million or 16.04% and Other Available Funds \$11.3 million or 4.31 for total income revenue of \$263.2 million. The FY2019 Levy Limited is \$178.6 million and the Excess Levy Capacity is \$3.87 million. The FY2020 preliminary estimates for property taxes is \$183.65 million, which is \$8.89 million or 5.04% over FY2019. (TX2) It is estimated that the Excess Levy Capacity in FY2020 will be \$1.87 million, which is \$2.54 million less than FY2019. (TX2)

At the beginning of FY 2019, Plymouth's Free Cash was \$5,686,497, the FY2018 Stabilization Fund was \$10,055,440 and the FY2019 Overlay Reserves was \$1,140,937. In 2015, Income per Capita was \$34,950 and Equalized Valuation per Capita in 2016 was \$165,672. In FY 2019, the Town's residential, commercial, industrial and personal property tax rate was \$16.54. The average single family tax bill in FY 2018 was \$5,831. The average assessment of a single-family home was approximately \$ 354,936 and in 2016 the unemployment rate was 4.0%.

The Plymouth Police Department consists of a Chief, 2 Captains, 7 Lieutenants, 13 Sergeants and 80 Patrol Officers. The Superior Officers' bargaining unit represents the Sergeants and Lieutenants as the Patrol Officers are represented by the Plymouth Police Brotherhood. The Department budget for FY2018, the last year of the current agreement was \$10.769 million, which was 10% over FY2017. Fiscal Year 2019 was \$12.133 or 12.7% over FY2018. For FY2020 Town Meeting approved \$12.645 million, which is 12.7% over FY 2019. (UX7F)

Bargaining History and Town/School Compensation and Benefits Study

The Town of Plymouth and the Plymouth Police Superior Officers' Association (Union or PPSOA) are Parties to a collective bargaining agreement (Agreement) effective July 1, 2015 to June 30, 2018. To understand the history of the Parties' contractual dispute, it is necessary to review the Parties' bargaining history for this Agreement in conjunction with the Town's decision to perform a town-wide compensation study.

In the spring 2015, the Town and the Union began bargaining for a successor Agreement to the July 1, 2012 –June 30, 2015 Agreement. Union witness, Massachusetts Coalition of Police Business Agent Claire Schroeder (BA Schroeder) stated during negotiations one of the Union's main issue concerned rank differentials because the differentials in the Plymouth Police Department were very inconsistent. BA

Schroeder stated there was a lot of discussion between the Parties regarding this issue and the Union submitted documents to demonstrate their concern on June 30, 2015 (UX3C). On August 4, 2015, the Union offered a proposal that called for a 25% rank differential between the Sergeant's base wage and the top step/senior Patrolman base wage and a Lieutenant's base wage and a Sergeant's. (UX3E)

While the Parties were negotiating, the Town decided to conduct a town-wide compensation and classification study and the proposal was present to the Town's Advisory and Finance Committee on September 2, 2015. The Town's Director of Human Resources Melissa Brinkmann (HR Brinkmann) presented the study proposal and the minutes of the Advisory and Finance Committee (UX4A) reported she stated the following:

The Town is proposing a comprehensive study to evaluate salaries for all positions within the Town and Schools for both internal equity as well as comparison externally to similar communities to ensure salaries are at the proper level. We would like to ensure we can offer competitive salary packages that attract and retain talent. In a constantly changing economic climate, keeping the Town thriving requires staying in tune with the climate. Salary survey analysis identifies incumbents who are paid significantly less than the market, providing an opportunity to make adjustments over time to bring those salaries up to a competitive level. It can also identify any areas where a position may be getting overpaid and allow to control costs and make any adjustments. There may also be positions that are being paid at the proper level and there would not be a need to make any changes. The survey will be conducted by a third party, with no association with the Town. . . . The Town is currently struggling with recruitment at all levels so we need to look at all the pieces.

A motion was made to recommend the study to Town Meeting and it was passed.

Plymouth informed the Union of their plans to perform the compensation study at some point after the study was passed by the Advisory and Financial committee. Ms. Schroder stated once the Town decided to perform the wage study they were not interested in making any rank differential wage adjustments until the study was completed and would only discuss a COLA adjustment that was equally applied across the bargaining unit. On September 29, 2015, the Town rejected the Union's 25% rank differential proposal and BA Schroder said, although the Union continued to raise their concern about rank differential and offered proposals, Plymouth's former Assistant Town Manager Derek Brindisi made it clear there would be no wage adjustments for Sergeants and Lieutenants until the wage study was completed.

To move forward, BA Schroder said the Parties discussed placing an economic wage reopener into the Agreement for when the wage study was completed, the Town drafted the reopener language, PPSOA Union agreed to the language and it was included in the Parties' March 17, 2016 Memorandum of Agreement (UX3I) as follows:

Appendix D – ECONOMIC REOPNER AGREEMENT

Upon completion of the Classification and Compensation study, the Plymouth Police Superior Officers Association may request the Town to reopen contract negotiations. The Town shall agree to reopen negotiations to consider the classification and compensation of the Plymouth Police Superior Officers Association.

In addition, to the economic wage reopener, the Superior Officers received the following cost of living increases:

FY16 (effective July 1, 2015) increase of 2%

FY17 (effective July 1, 2016) increase of 2.5%

FY18 (effective July 1, 2017) increase of 3%.

On April 11, 2016, Plymouth put out a Request for Proposal (RFP) for the study (UX4C), which stated the following in pertinent part:

. . .a comprehensive compensation analysis to (1) evaluate salaries, including step increases or similar raises, (union and non-union employees) for internal equity and develop recommendations for improvements; and (2) compare the Town's salaries and benefits (Including but not limited to vacation time, sick time, personal time, holidays, health insurance) to peer communities salaries and benefits with the objective of demonstrating how Plymouth can offer competitive packages that attract and retain talent.

* * *

The general objectives of the study were:

- To develop a peer community list that can be used exclusively for comparing compensation and other benefit plans,
- To physically show where Plymouth's total compensation plan lies in comparison to other peer communities; and
- To develop recommendations that will assist Plymouth in offering competitive pay and benefits plans in comparison to other municipal employees. . .

* * *

It is anticipated that the comprehensive report will include: a recommended list of comparable municipalities to use as the Town's "Peer Communities" in terms of salaries and benefits; a recommended compensation and benefits plan with salary ranges for all positions that will provide internal equity; a display of where Plymouth's total compensation and other benefits plan falls in comparison to other per communities with recommendations on how that could be changed to further attract and retain talent . . .

The Town awarded the RFP to Human Resources Services, Inc. (HRS) and HRS consultants began the study promptly; however, unexpectedly the study was not completed until the last year of the Agreement on August 25, 2017. (UX4F).

Lieutenant James LeBretton (President LeBretton or LT LeBretton), who was previously the President of the Plymouth Police Brotherhood (patrol officers) and currently is the President of PPSOA, received the Compensation and Benefits Study on or about August 30, 2017 from Town Manager Melissa Arrighi (Town Manager Arrighi or Ms. Arrighi). The Study stated that a "comprehensive wage and benefits survey was conducted" and the "comparable communities were chosen based on a set of criteria by the Town . . . and they included a cross-section of communities throughout the Commonwealth that provided the best match for the positions". (UX4F, p.6.) The Study in Section 5 – Classification and Pay Plans – Town reported:

Overall the Town's classification structure has not drastically changed in this study, however, the accompanying compensation plans have fallen somewhat out-of-sync with the market and are in need of updating. Consideration of the external market as well will benefit the organization in a number of ways. A competitive pay structure will allow the Town of Plymouth to be an effective recruiter in the market place, contribute to a reduction in employee turnover, and set the precedence to offer comparable base salaries for positions.

The Study in Section 8 made 14 recommendations; those that are pertinent to this Interest Arbitration follow:

8.1 The salaries/wages of the positions significantly below the entry levels need to be brought into line with the new ranges provided. Salary adjustments need to be made to these positions as soon as possible in order to avoid turn-over or poor morale. . . If it is too costly to do in one fiscal year, then the Consultants recommend a two-year implementation process. . .

* * *

8.4 In particular wages for police officers . . . appear to be somewhat lower as compared to the overall market. This is the case when looking at total other compensation for police officer. . . Continually paying below market could be problematic for recruitment, retention and moral of employees. At a minimum, these positions should match the market benchmarked.

* * *

8.10 All union positions need to go through the collective bargaining process. It is important for management and unions to work together in a fair and equitable manner for implementation of the proposed plans and pay ranges. Nothing can be unilaterally adopted without union input. (UX4F)

Currently, Sergeants and Lieutenants have a four step wage matrix. The July 1, 2017 base salary for Sergeants is \$63,488 and their maximum salary is \$71,313. There is a 12.3% range between the minimum and maximum. The Lieutenants have a base salary of \$75,115 and a maximum salary of \$85,205. The range between the minimum and maximum steps is 13.4%. The Study proposed to broaden the wage matrix by doubling the number of steps to eight with a range spread of 23% for Sergeants and 24.1% for Lieutenants. In addition, the Study proposed a rank differential between

Sergeants and Patrol Officers and Lieutenants and Sergeants to be 22%. The Study also advised the Town not to cut employee's wages when placing them on the new pay plans but place the employee at or above their closest pay rate.

President LeBretton reviewed the Study and over a period of several months corresponded with HR Brinkmann asking questions about the report. This correspondence resulted in the report being corrected several times; however, one outstanding issue that was not resolved concerned the amounts used for Plymouth and the comparable communities regarding Education Incentive on pages 82 and 83 of the Study.² The Town's position was Sergeant and Lieutenant maximum Quinn rates for education incentive should be used over new hire rates because that is the rate all the Superior Officers received. The PPSOA believed the new hire rates should be used because the Study specifically stated that is the rate they considered, i.e. School Education Maximum Pay/New Hire. (UX 4F, p. 9)

The Town's final version of the Study (UX4K, pp.82-83) the Education Incentive category was titled School Education Maximum Pay as the reference to new hires was eliminated. For both Sergeants and Lieutenants the maximum Quinn rates of \$21,394 and \$24,817 respectively were listed. As for the Sergeants and Lieutenants comparables, the new hire rates were still listed the same as the original study (UX4F, pp.82-83) in that Barnstable, Bourne, Charlton, Marshfield listed new hire rates and Billerica and Weymouth listed maximum Quinn rates. Taunton's rate for Education was the same for new hire and Quinn.

VP Bonasera presented an Analysis of Town Compensation and Benefits Study to Account for Alternate Education Incentive Programs (UX5A) at the interest arbitration hearing.³ Sgt. Bonasera explained since the Study was not comparing new hire to new hire or maximum Quinn to maximum Quinn rates there were inaccuracies in the Town's final study (UX4F, pp.82-83). As a result, the disparities were underestimated between Plymouth's Sergeants and Lieutenants total compensation, including benefits, and the comparable communities, whether new hire or maximum Quinn rates were used.

On January 9, 2018, President LeBretton emailed Plymouth's Town Manager Arrighi to activate the Economic Reopener Agreement and requested that a meeting be scheduled. (UX6B) Lt. LeBretton said he did this because the Parties agreed once the Study was completed both sides would come back to the table in the hopes to fix the wage disparity that everyone had previously acknowledged in the prior round of

² Pages 82 and 83 was a chart listing the comparable communities used in the Study and listed what compensation benefits Sergeants and Lieutenants received beyond wages.

³ VP Bonasera's analysis only concerned the education incentive as none of the rates for the other compensation categories were altered.

negotiations. Given the result of the Study, the Town now had the data to justify a wage adjustment. Initially, President LeBretton and the former Vice President of PPSOA met with the Assistant Town Manager for a short meeting. On February 20, 2018, Lt. LeBretton and other Union negotiating members met with HR Director Brinkmann and other Plymouth negotiating members at the first bargaining session to discuss the Study and the need for a wage adjustment for Sergeants and Lieutenants. The Union explained after reviewing the Study it was clear the Superior Officers were underpaid given there was a disparity with comparable communities and PPSOA wanted to close the wage gap.

At the meeting, the Union proposed to eliminate the current four step salary schedule and implement a percentage wage increase. President LeBretton believed the Town was open to the concept but they wanted to look at it. When Plymouth came back from their caucus they said the Town was not in favor of removing the steps in their entirety because of the cost and the impact on other bargaining units. The Town said they wanted to see a broadening of the steps rather than eliminating them. The Parties discussed ways to implement the study data into the current steps or possibly implementing the eight step salary matrix proposed in the Study. The Town wanted to meet again and they would be prepared with a proposal.

At the second meeting, the Town said they had met with the Board of Selectman and they did not want to move forward with any type of wage adjustment under this reopener and would only talk wages in the next contract. PPSOA told the Town they had a legal obligation to bargaining under the reopener and expected a proposal as promised in the first meeting. Plymouth did not offer a proposal, the meeting ended and the Parties did not meet again. Subsequently, the Union filed at the JLMC and the JLMC exercised jurisdiction. The Parties participated in mediation but a resolution of their Agreement was not reached.

The Parties met with the tripartite interest arbitration panel on September 12, 2019, where the Parties were afforded a full and fair opportunity to be heard and present evidence. The witnesses below were sworn in and placed under direct and cross examination:

Town

Lynn Barrett, Director of Finance

Union

Lieutenant James LeBretton, President of Plymouth Police Superior Officers' Association
Sergeant John Bonasera, Vice President of Plymouth Police Superior Officers' Association

Claire Schroder, Business Agent, Massachusetts Coalition of Police

Post hearing briefs were filed and members of the arbitration panel met on December 18, 2019.

JLMC Certified Issues

At the JLMC 3A hearing, the Town submitted the following issues:

1. Premium Step
2. Dental, Long Term Disability and Life Insurance Contribution Splits

The Association submitted the following issues:

1. Wages
2. Wage Step Schedule

Comparables

For external comparables, the HRS Consultants, working in conjunction with the Town and without input from PPSOA, selected Barnstable, Billerica, Bourne, Charlton, Marshfield, Taunton and Weymouth for both Sergeants and Lieutenants as the comparable communities. The Town of Falmouth was added as a comparable community for Lieutenant. The Panel used all the external comparable communities identified in the Study except for the Town of Charlton. The Panel excluded Charlton because it is substantially smaller than Plymouth with a population of 13,406, square miles of 42.18 and road miles of 155.92.⁴ In addition, Charlton's Police Department is significantly smaller than the Town with 3 Sergeants and an estimated 14 Patrol Officers.⁵ In addition, the Panel used all the Study's Benefits Survey for the Town of Plymouth – Police Union (UX4F, p.103) and the Town's final revised comparative wage and benefits (UX4K, pp. 82-83) to compare Plymouth wages and benefits, i.e. total compensation, to the comparables.⁶

Statutory Criteria Guiding Interest Arbitration

Chapter 589 of the Acts of 1987 sets criteria to guide interest arbitration awards for police and fire. These criteria are the financial ability of the town to meet costs; the

⁴ https://www.townofcharlton.net/DocumentCenter/View/1054/PB_Charlton-Report-9-15-16_Lynne-Sweet-PDF?bidId=, December 18, 2019.

⁵ <https://www.townofcharlton.net/directory.aspx?did=10>, December 18, 2019.

⁶ Note: The Panel did not use the data from the Benefits Survey for the Town of Plymouth – Police Union (UX4F, p.103) for Mansfield because in the Town's final revised comparative data (UX4K, pp. 82-83) they used Marshfield and not Mansfield.

interests and welfare of the public; the hazards of employment, physical, educational and mental qualifications, job training and skills involved; comparative wage and employment conditions with employees performing similar services and with other; decision and recommendation of factfinder, if any; employees generally in public and private employment in comparable communities; the cost of living; the overall compensation currently received by employees, including direct wages and fringe benefits; any changes 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; and the stipulation of the parties.

In addition to the criteria above the Panel believes that interest arbitration is a conservative process therefore, novel and untried solutions and/or proposals that seek a significant change from a mature Agreement are rarely awarded. The Panel has rendered this Award after considering the Parties' proposals in conjunction with all the criteria listed above.

Ability to Pay

In December 2017, the Moody's Bond Rating was Aa2 and the Standard and Poor's (S & P) Bond Rating was AA+/Stable. Specifically in the Standard and Poor's, Town of Plymouth, Massachusetts: General Obligation; Note (UX7A) dated May 24, 2018. (UX7A) the following was reported:

The rating reflects our opinion of the following factors for Plymouth, specifically its:

- 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 a slight operating surplus in the general fund and break-even operating results at the total governmental fund level in fiscal year 2017;
- Very strong budgetary flexibility, with an available fund balance that we expect will improve in the near term from its fiscal 2017 level of 15.0% of operating expenditures;
- Very strong liquidity, with total government available cash at 33.3% of total governmental fund expenditures and 6.4x government debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 5.2% of expenditures and net direct debt that is 66.6% of total government fund revenue, and a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to

- sufficiently address the obligation, but overall low net debt at less than 3% of market value; and
- Strong institutional framework score.

Very strong economy

* * *

Plymouth continues to plan for the closure of Pilgrim Nuclear Station (Entergy Nuclear), scheduled for no later than June 2019. Although the plant is the Town's largest tax payer (representing 6% of the tax base), we do not believe the closing will have significant impact on the local economy, as the town is in ongoing negotiations with Entergy to develop a successor PILOT agreement to steadily sunset these payments over the next three to five years. Currently PILOTs include \$9 million for fiscal year 2018 and \$8.5 million in fiscal 2019. At the same time, we believe revenue from new growth and additional taxing capacity under the levy limit will mitigate the impact of the plant's closure on the town's finances. In addition, the town established a Special Purpose Nuclear Mitigation fund to reduce the impact on the tax levy during the decommissioning of the power plant, totaling \$4.89 million as of June 30, 2017.

Given the town's recent and prospective commercial and residential development, which continues to support healthy tax base growth, we expect our evaluation of Plymouth's economy to remain very strong.

* * *

Outlook

The stable outlook reflects our opinion that Plymouth will maintain its strong budgetary performance and flexibility. Strong management practices, along with the town's diverse and growing economy, help support the financial performance and lend additional stability to the rating. We do not expect the rating to change without our two-year outlook period.

The Standard and Poor's, Town of Plymouth, Massachusetts: General Obligation; Note dated May 9, 2019 (UX7B), followed the same findings as in 2018 and the rating remained at AA+/Stable. The Note states the following:

- Very strong economy with access to a broad and diverse 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 government fund level in fiscal 2018;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2018 of 15% of operating expenditures;
- Very strong liquidity, with total government available cash at 18.8% of total governmental fund expenditures and 2.9x government debt service, and access to external liquidity we consider strong;

- Weak debt-and-contingent liability position, with debt service carrying charges at 6.4% of expenditures and net direct debt that is 77.4% of total governmental fund revenue, and a large pension and other postemployment benefit (OPEB) obligation and the lack of a plan to sufficiently address the obligation, but low overall net debt at less than 3% of market value; and
- Strong institutional framework score. (UX7B, p. 3)

Outlook

The stable outlook reflects S&P Global Ratings' opinion Plymouth will likely maintain strong budgetary performance and, at least, strong budgetary flexibility. We believe strong management practices and the town's diverse and growing economy help support financial performance, providing additional rating stability. Therefore, we do not expect to change the rating within our two-year outlook period.

Plymouth's FY2018 Report on Examination of Basic Financial Statement (UX7P) provided the following financial information:

Financial Analysis of the Governmental Funds

As noted earlier, the Town used fund accounting to ensure and demonstrate compliance with the finance-related legal requirements.

Governmental funds. . . . As of the end of the current year, governmental funds reported combined ending fund balances of \$60.6 million, a decrease of \$18.8 million in comparison with the prior year. This decrease is primarily attributable to \$24.9 million of capital expenditures offset by the receipt of \$2.0 million of capital grants related to MSBA reimbursements related to the high school project, the sale of assets of \$632 thousand, the receipt of a BAN premium of \$235 thousand and the timing of the receipt versus the expenditure of grant funds.

The *general fund* is the chief operating fund. At the end of the year, unassigned fund balance of the general fund totaled \$27.0 million which is comprised of four components: a general fund balance of \$10.4 million and a stabilization fund balance of \$16.6 million (this includes the general stabilization fund balance of \$10.1 million, the Nuclear Plant Mitigation stabilization fund balance of \$4.9 million and the Pavement Management Plan Stabilization fund balance of \$1.6 million). Assigned fund balance, which represents amounts designated for the 2019 budget as well as amounts that have been reserved for the use of liquidating prior period purchase orders and contracts totaled \$4.4 million. Committed fund balance, which represents the Town's various capital articles, totaled \$5.6 million. Fund balance Restricted relates to \$1.7 million restricted for future debt service. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. At year-end, unassigned fund balance equaled 11.0% of total general fund expenditures, while total fund balance equaled 15.8% of the same amount. (p. 9)

* * *

Pension and Other Employee Benefits Financial Highlights

The Plymouth Contributory Retirement System (the System) was established to provide retirement benefits to Town employees, the Town Housing Authority employees, and their beneficiaries. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary fund financial statements. At the end of the year, the System had accumulated net position of \$177.7 million. This represents an increase of \$22.6 million from the previous year. The increase was the result of favorable market conditions that resulted in a net change in fair value of investments of \$24.9 million offset by an increase in retirement benefits.

The Other Postemployment Benefit Trust fund (the Trust) was established during 2012 to account for assets relating to the pre-funding of the Town's Other Postemployment Benefit liability. During 2018, the fund reported \$944 thousand of employer contributions and earned \$228 thousand in investment income resulting in accumulated net position of \$3.8 million at the end of the year. (p.10)

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NOTE 2 – PROPERTY TAX LIMITATION

The amount that can be raised by the Town tax levy is governed by Proposition 2 ½. The gross tax levy for 2018 was \$162,811,487, which was \$7,976,950 less than the levy limit allowable for the year as computed under Proposition 2 ½. (p.35)

NOTE 10 - STABILIZATION FUND

Massachusetts General Law Ch.40 §5B allows for the establishment of Stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of Town Meeting and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of Town Meeting.

At year end, the balance of the General Stabilization Fund is \$10,055,440 and is reported as unassigned fund balance within the General Fund. During 2018, the fund earned \$36,787 of investment income. The general stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval.

At year end, the balance of the Nuclear Plant Mitigation Stabilization Fund is \$4,917,051 and is reported as unassigned fund balance within the General Fund. During 2018, the fund earned \$27,171 of investment income. The Nuclear Plant Mitigation Stabilization fund balance can be used for general and/or capital purposes upon Town Meeting approval. . . (p.51)

* * *

Note A – Stewardship, Compliance and Accountability

A. Budgetary Information

. . . The original 2018 approved budget authorized approximately \$224.0 million of

appropriations and other amounts to be raised. During 2018, the Town meeting also approved appropriation increases totaling approximately \$10.9 million. (p. 79)

Union's Position for Ability to Pay

PPSOA argued the Town has the ability to pay for their proposal based on UX 7A- 7R. Specifically, the Standard and Poors Town of Plymouth, Massachusetts: General Obligation; Notes dated May 24, 2018 (UX7A) and May 9, 2019 (UX7B) rates Plymouth at AA+/Stable. The rating is supported by the fact that Plymouth has a strong economy, strong management financial policies and practices, a strong budgetary performance with balanced operating results in the general fund and a slight operating surplus at the total government-fund level in FY2018 and has very strong liquidity. Also, DOR's DLS At A Glance Report for Plymouth (UX7C) establishes that the Town has cash reserves of \$16. 88 million to pay for the Union's proposal. In addition, as presented in the Town's FY2019 Official Statement (UX7P, p. 25), PPSOA maintains that "Plymouth is enjoying a steady and healthy increase in tourism and that the residential real estate market remains very strong".⁷

Plymouth's argument that the closing of the Power Station will have an extreme impact on the Town's ability to pay is meritless given the S & P Notes that state there will not be a significant impact because of the successor PILOTs Plymouth has negotiated with Entergy Nuclear of \$9 million for FY2018 and \$8.5 million in FY2019. Also, the S & P Note for May 9, 2019 discussed that new growth, i.e. a projected 1,120 new housing unit to be completed during FY2020 and FY2021, and additional taxing capacity under the levy limit will mitigate the effect of the plant's closure on finances. In addition, although the excess levy capacity has been decreasing over several fiscal years, the Union contends that the Town can pay a wage adjustment by drawing from available monies in Free Cash, the Stabilization Fund and the Overlay Reserve.

The Union has also reduced the impact of implementing their proposal by making it effective on July 1, 2017 instead of July 1, 2015. Furthermore, the cost of the proposal is lessened because it is spread out over four years by adding four steps and proposing a reduction in the first four steps of the current Agreement. As a result, the total cost of the proposal on base salary is only \$19,317 and no Superior Officer will reach the top step in this Agreement. Finally, the Town has included employees in their costing of PPSOA's proposal that have retired or received promotions removing them from the bargaining unit. When these positions are filled, the incumbents will be placed at a lower salary than those who have departed. The Union argued, "By improperly including them in the calculation, the Town's documents over-inflate the cost to the

⁷ Union Brief, p. 25.

Town of implementing the Union's proposal. As such, they do not constitute substantial evidence supporting the Town's claim that the cost of implementing the Union's proposal would be prohibitively high.”⁸

PPSOA maintains that the Panel should find that Plymouth has the ability to pay and award their proposal. However, the Union reminds the Panel, if they believe PPSOA's current proposal is not proper there are other means to provide a wage adjustment, e.g. adding new steps to the current wage matrix, increasing the rate of the current four steps and/or adopting a combination of both. Having said this, the Union believes the Panel's award should move the Superior Officers' wages closer to the average wage rate of the comparable communities, which is \$80,225 for Sergeants and \$94,627 for Lieutenants.

Town's Position for Ability to Pay

The Town argued that they do not have the ability to pay for the unreasonable and excessive wage proposal presented by the Union. Director of Finance Lynne Barrett's (Director Barrett) cost analysis set forth in TX3-TX7 demonstrated that the Union's proposal is not \$19,317 but almost double that figure at \$37,417 because PPSOA's cost does not account for other compensation benefits, e.g. education incentive and overtime pay, that are derived off of the base salary. In FY2019, the total compensation cost increases significantly when another step is added with or without a 2% cost-of-living increase (COLA), i.e. without a COLA the pay increase would be \$164,622 (TX5) and with a 2% COLA increase would be \$210,099 (TX6). Overall this results in Superior Officers receiving across-the-board wages increase of 6% over the next two years and an additional 3% in the third year for more than half of the bargaining unit who had not reached the new top step.

Plymouth contends they cannot pay for the wage increases and/or the change in the wage matrix for several reasons. First, the decommissioning and shut down of the Power Station has created financial uncertainties. Director Barrett said without rebuttal that the Town was forced to take a conservative approach to fiscal management because of the likelihood the tax revenue from the Power Station would be dramatically reduced. Second, the Union's argument that free cash can be used to fund the wage adjustment they are seeking is irrelevant. The Department of Revenue (DOR), Division of Local Services, defines free cash:

. . . a revenue source which results from the calculation, as of July 1, of a community's remaining, unrestricted funds from operations of the previous

⁸ Ibid. p. 26.

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 ending, plus unexpended free cash from the previous year

... Under sound financial policies, a community would strive to generate free cash in an amount equal to 3-to-5 percent of its annual budget ... As a non-recurring revenue source, a prudent use of free cash would be to fund one-time expenditures, a capital purpose or to replenish other reserves. If projected as a revenue source to support the ensuing year's operations, the amount used would be restricted to a percentage of total free cash.⁹

Given that a wage adjustment is a recurring expense then based on DOR definition it cannot be used for that purpose.

Third, PPSOA's contention that the Town's stabilization fund can be used to pay for their wage proposal is also immaterial. According to Massachusetts General Laws, Chapter 40, Section 5B municipalities can establish a special reserve fund and the monies appropriate into the fund can be transferred from one FY into the next. However, the townspeople control the establishment of a fund, if money is appropriated into a fund and it can be used for other intentions with a two-thirds vote. According to DOR:

Stabilization funds allow a town to save money for future years or avoid borrowing for capital projects. For example, towns often fund such items as fire trucks or building repairs from these funds. Use of a fund avoids having to incur debt and saves the interest cost of borrowing.¹⁰

Based on the above, the Panel should conclude that Plymouth does not have the ability to for PPSOA's extreme proposal to adjust the Superior Officers' wages.

Discussion

Clearly, the S & P Notes of May 24, 2018 and May 9, 2019 (UX7A and UX7B) overwhelming support the Town has the ability to pay. This information is discussed in detailed above so it will not be reiterated here but the Panel highlights the following points to back up our determination Plymouth has the ability to pay. One, the Town has a strong economy despite the fact that the Power Station, which is the largest taxpayer,

⁹ Town Brief, p. 19.

¹⁰ A Guide to Financial Management for Town Officials, 19, Massachusetts Department of Revenue <http://www.mass.gov/dor/docs/dis/pub1/misc/town.pdf>; Town Brief, p.9

will be steadily decreasing payments Plymouth. Two, the Town was also proactive to lessen the impact of decommissioning the Power Station by establishing a Special Purpose Mitigation Fund of \$4.89 million. Three, Plymouth has a strong management structure that provides good financial policies and procedures and follows recommended guidelines to maintain that good financial standing. Four, the Town has a strong budgetary performance in FY2018 by having a balanced operating result in the general fund of 0.1% of the expenditures and a slight surplus across all governmental funds of 1.1% of expenditures. Five, real estate and personal property taxes generated 68.8% of the general fund revenue and property tax collections have averaged 98% for the last three years. Six, financial officers are predicted there will be another surplus in FY2019.

Seven, Plymouth's budgetary flexibility is very strong because of available FY 2018 fund balances of 15% of the operating expenditures or \$37 million. Eight, the Town is maintaining a 3.8 million unused levy capacity in FY2019, which is about 1.5% of the general funds expenditures. Per the S & P Note, unused levy capacity is viewed as additional operating flexibility because the levy can be raised without an operating override. Nine, Plymouth's liquidity is very strong considering that available cash is 18.8% of the total governmental-fund expenditures and 2.9x governmental debt service in FY2018. Ten, the S & P Note expressed concern over the Town's weak debt-and-contingent-liability profile and specifically it sees the large pension and OPEB obligations as a credit weakness because Plymouth does not have a plan to address the obligation. Despite this concern, S & P does not expect to change the AA+/Stable rating during FY2020 and FY2021.

Although, the Panel understands that portions of available cash should not be used for recurring expenditures such as wage adjustments, the Panel determined given that the Town has an S & P AA+/Stable rating, a strong economy, a FY 2018 and FY2019 surplus and available cash then Plymouth has the ability to pay a reasonable wage adjustment, if it is determined by the Panel that is appropriate.

ISSUE #1

ARTICLE XXIV WAGES AND APPENDIX D

ECONOMIC WAGE REOPENER

Current Language

- A. Wages: The wage schedule is replaced with Appendix A.
Salaries to reflect COLA increases:

FY16 (effective July 1, 2015) increase of 2%
FY17 (effective July 1, 2016) increase of 2.5%
FY18 (effective July 1, 2017) increase of 3%

Appendix D – Economic Wage Reopener

Upon completion of the Classification and Compensation study, the Plymouth Police Superior Officers Association may request the Town to reopen contract negotiations. The Town shall agree to reopen negotiations to consider the classification and compensation of the Plymouth Police Superior Officers Association.

Union Proposal

1. Effective July 1, 2017

- A. Since the Pay Plan is based on the FY 2017 wages and therefore does not include the 3% wage increase that was effective July 1, 2017, it is necessary to increase all steps on the Proposed Pay Plan by 3% before moving the bargaining unit officers onto the new Pay Plan. Then place each member of the bargaining unit on the new step from the Town of Plymouth Compensation and Benefit Study (page 39) with the 3% update, that is equal to or greater than their current step as identified in the current (2015-2018) collective bargaining agreement as of July 1, 2017.
- B. The difference in salary (retroactive pay) shall be paid to each member in a separate check at the first available pay period after agreement.

2. Effective July 1, 2017

Remove the current wage schedule from Appendix A of the current collective bargaining agreement and replace it with the Wage Schedule (Pay Plan) from page 39 of the current Town of Plymouth Compensation and Benefits Study with the 3% July 1, 2017 increase included.

3. Effective June 30, 2018

Remove Step 1 of the pay plan and renumber so that Step 2 becomes the new Step one and changes all others to have a 7 step plan. This is to guarantee that when someone is promoted they receive a wage increase.

4. In addition, anyone promoted since June 30, 2018 shall also be placed on the Pay Plan step that is equal to or greater than the step the member was placed on at the time of his/her promotion as identified in the current Superior Officers collective bargaining agreement as of July 1, 2017. This guarantees that no one has their pay rate reduced as a result of being promoted or as a result of the new pay plan.

Town Proposal

Effective June 30, 2018 add to the CBA language the establishment of a "premium" step (2) percent higher than the current senior step for each rank, and effective for each bargaining unit member who has completed a minimum of seven (7) years in that rank. This premium step will be applied to the employee on their regular step raise month (either July or January) in FY19. This 2nd senior step is not retroactive and will not be implemented until FY19.

Union Position

Premium Step:

PPSOA argued that the Town's proposal should not be awarded because it only impacts six employees at the top step of the current schedule and the Study clearly found that when a compensation wage comparison of Plymouth Superior Officers is made with the comparable communities all Sergeants and Lieutenants are paid significantly less. Therefore, an equitable wage adjustment should be across-the-board. The Union contends their proposal is more equitable because it is based on the results of the Study and increases the wages of Sergeants 4% and Lieutenants 10% while Plymouth's proposal only 2% higher than the current top step of each rank. Furthermore, the proposal is prospective to FY2019 and does not deal with the reopener.

Wage Proposal:

The Study's findings and recommendations supports PPSOA wage proposal for the following reasons:

1. The Study found that all police officers' wages were lower as compared to the comparable communities even when considering total compensation. The Study stated, "At a minimum, these [police officer] positions should match the market benchmarked". (UX4F, p.22)
2. Despite the fact that the Education Incentive figures were not resolved, the Study still recommended that a new wage matrix be implemented to address the disparity between the Superior Officers and the comparable communities. The Study's wage matrix reflects the Study's finding that significant wage increases are warranted, specifically at the top step for Sergeants and at all steps for Lieutenants.
3. The Study's base salary and benefits charts of the average of the comparable communities demonstrates the Town's Sergeants base salary is \$8,912 or 12.5% lower. For Lieutenants the Base salary is \$11,904 or 14.3% lower. Even when all the benefits are taken into account in the Study's final reversion of the compensation and

benefits charts on pages 82 and 83, Sergeants are paid \$1,544 or 1.5% lower and Lieutenants are paid \$2712 or 2.4% lower than the comparables.

4. The Union acknowledged the Study found employee benefits are above average to the comparables but the Study still proposed the wage increases and the 8 step plan, which is the basis for the Union's proposal. PPSOA argued "... the benefits received by the Plymouth Superior Officers may be up to par, but this does not obviate the need for the wage increases proposed by the Study and by the Union to address the wage disparities."¹¹

With regard to the Union's wage proposal they put forth the following arguments to support the proposal:

1. Based on data in UX5A, pp. 9, 10, 12 and 13, the Union contends that the Town's final version of total compensation (UX4K) underrepresents what Plymouth Sergeants and Lieutenants make when equated to the comparable communities. Hence, the Town's contention that the Study does not support PPSOA's proposal because the benefits received by the Superior Officers balance out their base wages, which are behind the comparable market, is meritless and Plymouth did not present data to back up their claim.
2. The Union argued that there must be some adjustment to the Study's recommendations to meet the goals and analysis of the Study and to reflect actual events. The Study was clear that the wage adjustment occur as soon as possible to avoid turnover and poor morale.
3. The Town's contention that the 3% is a new proposal that should not be considered and/or the panel does not have jurisdiction over is meritless. PPSOA argued "... the 3% COLA increase be included along with the adoption of the 8 step Pay Plan constitutes no more than a clarification of the Union's proposal when actually applied in the current landscape"¹².
4. Plymouth's argument that PPSOA's proposal is a radical structural change is irrelevant because it adds steps where the Town's proposal also adds a step. Furthermore, contrary to Plymouth's research there is a JLMC decision where two additional steps were awarded to a wage schedule in City of Taunton, JLMC 09-17F (2011)
5. In any event, the reopener, which was proposed and drafted by the Town and accepted by the Union, was bargained so Plymouth could receive the results of the Study.

¹¹ Union Brief, p. 19-20.

¹² Ibid. p.20.

Town Position

The Town argued that PPSOA's proposal is not properly before the Interest Arbitration Panel for two reasons. One, the Union inappropriately filed at the JLMC for a petition for jurisdiction over the Town's objection because the parties had not reached impasse and the Town had fulfilled their obligations under the July 1, 2015 - June 30, 2018 Agreement. Two, at the 3A hearing PPSOA stated their wage increase was the same wage increase the Study recommended. However, on September 5, 2019¹³, the Union emailed an updated wage adjustment that included an additional 3% COLA increase. This is regressive bargaining, which constitutes bad faith and the Union's data does not justify the proposed increases. Plymouth contends PPSOA cannot change their proposal on a certified issue after the 3A hearing. To allow a party to change their position "... severely prejudice the Town's ability to arbitrate the proposed wage increase, and has the potential to bind the Town to terms neither the JLMC or the Town contemplated when the 3A hearing was held and the issues were certified for arbitration".¹⁴

The Town argued PPSOA provided Agreements (UX5B) from the comparable communities to support their purported July 1, 2017 maximum salary but the pay and benefit rates are either incorrect or not supported by the Agreements and documents submitted in five out of the seven comparables for Sergeant and five out of the eight comparables for Lieutenants. (UX5A) Consequently, the Union's attempt to establish that Plymouth is behinds the comparables in maximum salaries is meritless. Also, the Union's data ignored the fact that the Superior Officers received a 3% COLA increase on July 1, 2017; a significant increase that was not received by the comparable communities in FY2018. Given that the maximum salary data is incorrect Plymouth maintains PPSOA's data regarding education incentive is also unreliable and does not support the Union's position.

To counter the Union's position that the maximum base salaries of Superior Officers are lower than the comparable communities, the Town argued that they provide better than average insurance benefits for the Superior Officers when equated to the comparable communities. The Study established that Plymouth pays more for health insurance than any other community excluding Boston. Plymouth provides Deferred Compensation by matching 15% of an employee's weekly contribution for all employees who contribute. In FY2018, the 15% amounted to a maximum of \$ 2,738 and this figure increases annually with the IRS maximum contribution. None of the comparable communities provides this significant benefit. In addition, the Town offers more vacation leave time than most of the comparable communities. Superior Officers receive 30

¹³ At the Interest Arbitration Hearing the Parties stipulated that the Union's modified proposal was delivered to the Town on September 5, 2019.

¹⁴ Town Brief, p. 7.

days of vacation, which is more than four out of seven communities for Sergeants and five out of eight communities for Lieutenants.

The Town requests that the Panel not impose a radical change to the Parties compensation structure by adopting a wage matrix that has not been negotiated between by the Parties. It has long been accepted by JLMC panelists that interest arbitration is a conservative procedure where panels do not impose drastic changes offered by either unions or employers. Plymouth contends the adoption of an eight step wage matrix is a radical departure from the existing wage scale that only the Superior Officers would acquire and the impact between the Town and other bargaining units/nonunionized employees would be drastic.

The Town contends the Panel does not have sufficient information to conclude that Superior Officers' wages rates are not equivalent to comparable communities. Such a radical change to the wage matrix at a time when Plymouth has declining tax revenues and nothing to replace the revenue is untenable. Finally, there is JLMC precedent not to unilaterally award a drastic change in a wage matrix without the Parties having the ability to bargain over the issue. Therefore, the Town respectfully requests the Panel to award the Town's proposal.

Discussion

After reviewing all the evidence and arguments of the Parties, the Panel has made the following determinations. First, we believe that total compensation, which includes benefits, should be used in the overall analysis of what is a reasonable compensation for Superior Officers. Having determined this, we do not find that deferred compensation should be added into total compensation here because employees do not receive the benefit automatically. Instead, Officers elect to open a deferred compensation account and the Town matches 15% of the employee's weekly contribution without exceeding the IRS maximum yearly, regular contribution. Some Sergeants and Lieutenants may elect to do this while others do not and the evidence did not establish that all Superior Officers elected the deferred compensation benefit.

Second, Plymouth's contention that they provide better than average health insurance benefits than the comparables was not supported by the evidence. The Town consistently referenced that they contributed 77.5% of the health insurance but on June 30, 2018 the premium costs for Plymouth and the employees changed to a 75%/25% split. When you compare the 75%/25% split with the information contained in the Study's comparable Benefits Survey for the Town of Plymouth – Police Union

(UX4F, p.103), Bourne is below at 50%/50% split and Billerica is 68%/32% for the family plan but is 88%/12% for an individual, Bourne and Taunton have the same split as Plymouth and Weymouth is higher at 80%/20%.

Third, regarding paid vacation leave¹⁵, between year 16 and 20 years of service, Taunton offers the most leave at 42 days. Weymouth and Billerica offer the same number of days as Plymouth, while Falmouth offers 22 days and Barnstable and Bourne offers 20 days. Therefore, the Town offers more days than three comparables; however, the average amount of days between the comparables is 25.6 vacation days, which is the same as Plymouth. Looking at over 20 years of service, again Taunton has the most leave with 49 days and Plymouth comes in second by offering 26 days at year 20 and then adds an additional vacation day every subsequent year. Barnstable, Billerica and Weymouth offer 25 days and Bourne offers 20 days. Therefore, the Town offers a better vacation leave benefit and more compensation than five out of the six comparable communities.

Fourth, the Panel considered the Town's argument that the Union's data in 5A was incorrect or not supported by the comparable Agreements and found their argument to be irrelevant for two reasons. One, Vice President Bonasera said the only figures he changed on UX5A were the Educational Incentive pay rates. All the other compensation and benefit figures remained as the Study reported out in the original report (UX4F, pp. 82-83), the first revised report (UX4I, pp. 82-83), the second revised report (UX4J, pp. 82-83), on the Town's final revised report (UX4K, pp. 82-83) and on UX5A. If Plymouth has an issue with the minimum/maximum pay rates or benefit pay rates being incorrect the answer lies with the Study's HRS consultants who researched and acquired the rates. Two, although the Panel acknowledges PPSOA's position that comparing new hire to new hire or maximum to maximum education incentives is more appropriate than comparing a mixture of new hire and maximum education incentives comparables, the Panel chose to use the Study's data found in the Town's final revised

¹⁵ UX4F, p. 103 – The communities of Barnstable, Billerica, Bourne, Taunton and Weymouth were used because they are included in the Study's total compensation data (UX4K, pp. 82-83). Mansfield's data was not used because it was not included in UX4K, pp. 82-83.

total compensation comparison. (UX4K, pp. 82-83) Hence, even if the Union's data on minimum and maximum salary rates and/or benefits is incorrect, the Town's figures and rates were used by the Panel for determining total compensation.

Fifth, the Panel concluded when using the Town's total compensation data (UX4K, pp. 82-83), excluding the Town of Charlton because it is an improper comparable community as explained in the Background/Comparables section above, Sergeants lagged by 4.8% and Lieutenants lagged by 5.9% behind the comparables. The Town argued that these percentage lags are not true because health insurance and vacation leave are not added in. The Panel finds this argument is irrelevant because these same benefits are received by the comparables but they are also not included in the Study or on UX4K, pp. 82-83 in a monetary fashion. Therefore, the Panel finds these lags are true because an "apples to apples" comparison has been made. Based on this, the question becomes so what happens now?

Obviously, the Parties seeks to have their wage proposal awarded and after considering both proposals the Panel rejected them. As the Town argued and this Panel believes interest arbitration is a conservative process and Parties should not expect that novel and untried solutions and/or proposals that seek a significant change from a mature Agreement will be awarded. We understand that the Study found that the wages of Sergeants and Lieutenants were lower than the comparables and they recommended that the Town implement a new wage matrix. However, the Study also noted that "[A]ll union positions need to go through a collective bargaining process" and "[I]t is important for management and unions to work together in a fair and equitable manner to implementation of the proposed plans and pay ranges. . ." (UX4F, p.24)

Implementing a new wage matrix, despite the Town's Study recommending it, is a significant change that should not be awarded in an interest arbitration. If a new wage matrix is to be implemented it must occur through the give and take of negotiations. The Panel also believes the Town's proposal to establish a premium step is not appropriate when the step does not affect all the Superior Officers and the Study did not differentiate between Superior Officers on the top step and all other Superior Officers.

Instead, the Study discussed that the wages of all police officers were lower than the market and depicted the problem in UX4K, pp. 82-83.

Having said this, based on the Study's findings, recommendations and data the Panel determined we have sufficient information to award a 3.5% COLA increase for all Sergeants and Lieutenants retroactive to July 1, 2017. The Panel awards the increase in an effort to bring the Superior Officer's FY2017 maximum annual base salary up in the last year of the Agreement -FY2018- and decrease the lag between Plymouth's Superior Officer and the comparables. As to the Town's argument that the Union inappropriately filed at the JLMC for a petition for jurisdiction because the parties had not reached impasse and the Town had fulfilled their obligations under the July 1, 2015 - June 30, 2018 Agreement. The JLMC, following the process set forth in the statute, invoked jurisdiction, held a 3A hearing and appointed this Panel to resolve the Parties' contractual dispute. The Panel has followed their charge and completed their responsibilities.

Award

Effective July 1, 2017 a retroactive 3.5% COLA increase shall be implemented.

ISSUE #2

ARTICLE XVII – HEALTH AND WELFARE INSURANCE

DENTAL, LONG TERM DISABILITY AND LIFE INSURANCE COST SPLITS

Current Language

The Parties agree that effective July 1, 2016 the contribution for employee health, welfare and insurance plans will be based on a rate of 77.5% contribution by the Town and 22.5% contribution by the employee. Effective June 30, 2018 the contribution will be based on a rate of 75% contribution by the Town and 25% contribution by the employee.

Long Term Disability and dental plans at a 80/20 contribution rate are offered to those employees who choose the Point of Service (POS) Plan. In addition, employees who elect the LTD option relinquish two contractual benefits – annual sick leave incentive (Article XXXI) and retirement sick leave buyback (Article XXX) and have their accumulation of sick days as provided in Article VIII, section 1(A), reduced from 1700 hours to 1530 hours.

Note: With regard to Life Insurance there is no language in the Agreement; however, the parties agreed in the Memorandum of Agreement for the July 1, 2015 to June 30, 2018:

Life Insurance increased to \$15,000 for active employees (this is not to be incorporated into the new CBA and will take effect as soon as practicable)

Town Proposal

Effective June 30, 2018, or as soon thereafter as practicable, the Dental Insurance and Long Term Disability and Life Insurance contribution splits will match the health insurance contribution splits.

Union Proposal

No change to the current splits for Dental, Long Term Disability and Life Insurance.

Town Position

None

Union Position

The Union is not opposed to this concept as long as other bargaining units have made the change. Therefore, the Union is willing to change the split to 75% to 25% prospectively if and when the other unions have made the change.

Discussion

The Panel determines there is no compelling reason to change the contribution splits for Dental, Long Term Disability and Life Insurance.

Award

The current contract language shall remain as status quo.

Summary of the Award

Issue #1: Article XXIV – Wages and Appendix D – Economic Wage Reopener


Effective July 1, 2017 a retroactive 3.5% COLA increase shall be implemented.

Issue #2: Article XVII –Health and Welfare Insurance


The current contract language shall remain as status quo.


Bonnie J. McSpirtt, Neutral Arbitrator, Chair

12/20/19
Date


Frank Frederickson, Management Committee Member

12/20/19
Date


Michael Perreira, Labor Committee Member

12/20/19
Date