

**COMMONWEALTH OF MASSACHUSETTS
JOINT LABOR MANAGEMENT COMMITTEE**

**IN THE MATTER OF
INTEREST ARBITRATION
BETWEEN**

NATICK PATROL OFFICERS ASSOCIATION

-AND-

TOWN OF NATICK

JLMC-15-4930

AWARD

A. CONTRACT DURATION; ARTICLE XXVIII

The collective bargaining agreement will have a duration of July 1, 2015 through June 30, 2018.

B. WAGES; ARTICLE VII

- (1) Effective July 1, 2015, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Salary Rates in effect on June 30, 2015.
- (2) Effective July 1, 2016, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Salary Rates in effect on June 30, 2016.
- (3) Effective July 1, 2017, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Salary Rates in effect on June 30, 2017.

C. IN-SERVICE; ARTICLE XIII

In addition to all other compensation to which an officer is entitled to receive in accordance with the terms of this Agreement, the salary for all officers who receive educational incentive benefits under Article XII, Educational Incentive, shall be increased by 4% at each step of the salary scale and such increase shall be deemed base pay for all purposes. Each member of the Union who receives compensation under Article XII Educational Incentive shall complete 16 hours of in-service training annually on their own time. Such training shall be approved in advance by the Chief of Police. *Effective July 1, 2017, any such officer who fails to complete such training within the annual period shall be docked the equivalent of 16 hours of earned leave, not*

including sick leave.

In addition to all other compensation to which an officer is entitled to receive in accordance with the terms of this Agreement, the salary for all officers who do not receive educational incentive benefits under Article XII. Educational Incentive, shall be increased by 7.7% at each step of the salary scale, and such increase shall be deemed base pay for all purposes. Each member of the Union who does not receive compensation under Article XII (Educational Incentive) shall complete 24 hours of in-service training annually on their own time. Such training shall be approved in advance by the Chief of Police. *Effective July 1, 2017, any such officer who fails to complete such training within the annual period shall be docked the equivalent of 24 hours of earned leave, not including sick leave.*

D. EXTRA PAID DETAILS; ARTICLE XVIII

- (1) Upon contract execution, Patrol Officers working a Town detail will receive \$44 per hour for all detail hours worked.
- (2) Upon contract execution, Patrol Officers working a private detail will receive \$48 per hour for all detail hours worked.

E. ACCREDITATION

Add a new Article, after Article XXXXI, as follows:

The parties agree to work together towards receiving accreditation certification from the Commonwealth of Massachusetts. Upon receiving accreditation, the officers shall receive an annual stipend of \$500 paid in a check separate from the weekly paycheck. This stipend shall remain in effect as long as the Department maintains accreditation certification.

F. VACATIONS; ARTICLE XV

Status Quo.

G. SPECIALIST PAY; ARTICLE XXXII

Effective July 1, 2017, Specialist Pay is increased by \$250.

H. EDUCATION STIPEND; ARTICLE XII

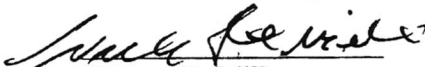
Effective July 1, 2017, the following non-Quinn Bill education stipends are increased as follows:

Associate's Degree: \$2,500 to \$3,500

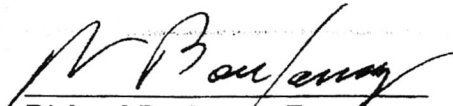
Bachelor's Degree: \$5,000 to \$6,500

I. NIGHT SHIFT DIFFERENTIAL; ARTICLE VIII

Effective July 1, 2017, the Night Shift Differential is increased from 6% to 7%.


William DeMille
Union Representative

Dated: 6/14/18


Richard Boulanger, Esq.
Chairman and Neutral Panelist

Dated: 6/13/18


Daniel Morgado
Management Representative

Dated: 6/14/18

I. INTRODUCTION

The Joint Labor-Management Committee (JLMC) interest arbitration panel (panel) is composed of Union Representative, William DeMille; Neutral Panelist and Chairman, Richard Boulanger, Esq.; and Management Representative, Daniel Morgado. The panel was appointed by the JLMC to resolve a contract dispute between Natick Patrol Officers (“Union”) and the Town of Natick (“Town”). The parties submitted the following issues at the hearing: Contract Duration; Wages; In-Service; Details; Accreditation; Vacations; Specialist Stipend; Education Incentive; and Night Shift Differential.

The interest arbitration hearing was held on February 15, 2018 at the Natick Town Hall, Natick, Massachusetts.

The Union was represented by Mr. Alan McDonald, Esq.. Detectives Jason Sutherland and Kevin Delehanty were called as witnesses by the Union.

Ms. Karis North, Esq. represented the Town. Acting Town Administrator William Chenard and Police Chief James Hicks were called as witnesses by the Town.

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

In formulating its arbitration Award, the 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.

In formulating its Award, the panel applied all of the statutory elements to the evidence. The panel reviewed and applied relevant internal and external comparability data to the parties' issues. It also considered the Town's ability to pay for the Award's financial aspects. In light of the evidence submitted, the majority of the panel concludes that the awarded proposals are justified, and that the Town has the requisite ability to pay for the financial components of the Award, as discussed in more detail below. The terms of the parties' July 1, 2012 to June 30, 2015 collective bargaining agreement shall remain in effect in the July 1, 2015 through the June 30, 2018 contract, except as modified herein by the panel, or by the parties.

The panel acknowledges the inherent dangerousness of police work, and appreciates the risks undertaken by Patrol Officers in the performance of their duties and responsibilities. The parties agreed that the following communities comprise the external universe: Arlington; Andover; Belmont; Braintree; Burlington; Chelmsford; Dedham; Needham; Norwood; Reading; and Westwood. (T-61-62)¹ Furthermore, total compensation, excluding details and overtime earnings, was utilized for comparison purposes by the parties. (T-122-124).

The panel awarded the Town's pattern of wage increases of 2% annually for the three (3) year contract period. Based on internal and/or external comparability data, and the Town's

¹T- is the symbol for the February 15, 2018 hearing transcript followed by the page number(s).

ability to pay, the panel increases the following stipends in light of the Union's proposals: Night Shift Differential, Specialist stipend, Education Incentive, and Detail Rates. The panel did not award the Union's Accreditation proposal. The panel adopted the Town's proposal on Accreditation stipend and In-Service training. It did not award the Town's Vacation proposal.

II. FINDINGS AND OPINION

A. CONTRACT DURATION; ARTICLE VIII

1.) The predecessor contract had a July 1, 2012 to June 30, 2015 term.

2.) TOWN:

The Town seeks a July 1, 2015 through June 30, 2018 collective bargaining agreement.

3.) UNION:

The Union seeks a July 1, 2015 through June 30, 2018 contract.

4.) DISCUSSION:

Both parties propose a three (3) year agreement from July 1, 2015 through June 30, 2018.

5.) AWARD

The collective bargaining agreement will have a duration of July 1, 2015 through June 30, 2018.

B. WAGES; ARTICLE VII

1.) Effective July 1, 2012: 0% wage increase;
Effective July 1, 2013: 2% wage increase;
Effective July 1, 2014: 2% wage increase;

2.) UNION PROPOSAL:

Effective July 1, 2015: 4% wage increase;
Effective July 1, 2016: 4% wage increase;
Effective July 1, 2017: 4% wage increase;

3.) TOWN COUNTER-PROPOSAL:

Effective July 1, 2015: 2% wage increase;
Effective July 1, 2016: 2% wage increase;
Effective July 1, 2017: 2% wage increase;

4.) **DISCUSSION:**

The Town negotiated the 2% wage increase pattern in fiscal years 2016, 2017 and 2018 with all bargaining unit employees except the Patrol Officers. Police Superiors and all Firefighters bargained the 2% Town-wide pattern wage increase. Base salary adjustments (catch-up payments) to Police Dispatchers do not apply to Patrol Officers who compare favorably to universe Patrol Officers. (See Town Exhibit #1.) The Union also justifies its compensation increase proposal by pointing to the Superior Officers' rank differential adjustments negotiated in the 2015-2018 collective bargaining agreement. (T-73) A rank differential is maintained due to supervisory responsibility of Superior Officers. The Town Fire Department also has rank differentials. (See Union Exhibit #1.) The Union argues that the total base salary increase to Superior Officers was considerably higher than the 2% wage increase pattern because the Patrol Officer salary upon which the rank differential is calculated was increased by 7.7%. (See Union Exhibit #1, Tab 2.) The panel took into account that increase, and Firefighter stipendiary increases by augmenting Patrol Officer stipends and incentives. Furthermore, Patrol Officers' compensation is competitive with that of Town Firefighters, and with that of external universe Patrol Officers. (See Town Exhibit #1, Tab 7 and Union Exhibit #1, Tab 3.) Consequently, there is no basis to deviate from the Town-wide wage pattern.

According to the Town, the total cost of its Patrol Officers' financial package is \$507,655.31, and the cost of funding the Union's total compensation increase proposal is \$1,360,335.08. (T-92-93) (See also Town Exhibit #1.) By offering the wage increase pattern to the Patrol Officers bargaining unit, the Town is admitting that it has an ability to pay for the wage increase. (T-68-72) Moreover, the Town's financial indicators disclose impressive cash

reserves to subsidize not only the wage increase, but other awarded financial proposals. The Town's Free Cash amount in FY16 was \$9,212,607. (See Union Exhibit #1, Tab 5.) In FY17 Free Cash was \$12,088,395. (See Union Exhibit #1, Tab 5.) Free Cash in FY18 is \$9,528,960. (See Union Exhibit #1, Tab 5.) The Town's Stabilization Account in FY16 totaled \$15,245,182. (See Union Exhibit #1, Tab 5.) The Town's Overlay Surplus was \$1,283,443 in FY17. (See Union Exhibit #1, Tab 5.) 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. (T-97-98, 100-103) Mr. William Chenard, Acting Town Administrator at the time of the hearing, testified that per the Town's self-imposed financial formula, it has designated \$2.5 million in Free Cash for operating expenses. (T-98) At the same time, the Town appropriately spends Free Cash to reduce its OPEB liability. (T-98-99, 108, 116-118) As Standard and Poors noted:

The stable outlook reflects S&P Global Ratings' opinion that Natick will likely maintain its very strong reserves, supported by very strong management. We believe the town's participation in the broad and diverse Boston MSA provides additional rating stability. Therefore, we do not expect to change the rating within the outlook's two-year period.

However, we note rising pension costs related to the weak funded status of the pension plan could pressure the town's debt-and-contingent-liability profile. For now, budgetary performance and flexibility remain unaffected by those long-term liabilities due largely to the town's very strong management and budgetary flexibility. Should these pressures require management to draw down reserves over time to maintain balanced operations, we could lower the rating. (See Union Exhibit #1, Tab 5.)

The Town's AAA bond rating cannot be improved upon. (T-99) The Standard and Poors report includes the following factors:

- Very strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Very strong management, with strong 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 2016;
- Very strong budgetary flexibility, with an available fund balance in fiscal 2016 of 23% of operating expenditures;
- Very strong liquidity, with total government available cash at 32.4% of total-governmental-fund expenditures and 4.9x governmental debt service, and access to external liquidity we consider strong;
- Strong debt-and-contingent-liability position, with debt-service-carrying charges at 6.6% of expenditures and net direct debt that is 53.2% of total-governmental-fund revenue, as well as low overall net debt at less than 3% of market value and rapid amortization, with 76% of debt scheduled to be retired within 10 years, but significant medium-term debt plans and a large pension and other-postemployment-benefit (OPEB) obligation; and
- Strong institutional framework score.

Very strong economy

We consider Natick's economy very strong. The town, with an estimated population of 35,864, is located in Middlesex County in the Boston-Cambridge-Newton MSA, which we consider broad and diverse. The town has a projected per capita effective buying income of 177% of the national level and per capita market value of \$214,802. Overall, the town's market value grew by 4.7% over the past year to \$7.7 billion in fiscal 2017. The county unemployment rate was 3% in 2016.

Natick, a primarily residential community, approximately 18 miles from Boston, is part of the Greater Boston area. The town has an established local economy that has experienced steady growth over the years. The property tax base is 77.9% residential and 19.6% commercial and industrial. Assessed value (AV) has reached \$7.7 billion in fiscal 2017, and officials are projecting AV will continue to grow. Mathworks, the town's leading employer, is a software developer that has recently expanded its Lakeside campus; the company expects to add an estimated 700-1,000 jobs.

5.) AWARD

- (4) Effective July 1, 2015, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Salary Rates in effect on June 30, 2015.
- (5) Effective July 1, 2016, a 2.0% across-the-board wage increase applied to all steps and

- columns of the Base Salary Rates in effect on June 30, 2016.
- (6) Effective July 1, 2017, a 2.0% across-the-board wage increase applied to all steps and columns of the Base Salary Rates in effect on June 30, 2017.

C. IN-SERVICE; ARTICLE XIII

1.) In the 2012-2015 collective bargaining agreement at Article XIII, Patrol Officers receiving a 4% incentive forfeit eight (8) hours of earned leave, exclusive of sick leave for failure to complete sixteen (16) hours of in-service training annually. Patrol Officers receiving a 7.7% incentive forfeit eight (8) hours of earned leave, exclusive of sick leave for failure to complete twenty-four (24) hours of in-service training.

2.) TOWN PROPOSAL:

Increase forfeiture amounts to sixteen (16) hours for 4% incentive recipients, and twenty-four (24) hours for 7.7% recipients.

3.) UNION PROPOSAL:

Status Quo.

4.) DISCUSSION:

As a result of negotiations, the In-Service payment was recently rolled into the base. The evidence discloses that at the current eight (8) hour forfeiture rate, many Patrol Officers are not completing In-Service Training, despite the Town's payment of the 4.4% and 7% incentives. Consequently, as adjustment is necessary.

5.) AWARD

In addition to all other compensation to which an officer is entitled to receive in accordance with the terms of this Agreement, the salary for all officers who receive educational incentive benefits under Article XII, Educational Incentive, shall be increased by 4% at

each step of the salary scale and such increase shall be deemed base pay for all purposes. Each member of the Union who receives compensation under Article XII Educational Incentive shall complete 16 hours of in-service training annually on their own time. Such training shall be approved in advance by the Chief of Police. *Effective July 1, 2017, any such officer who fails to complete such training within the annual period shall be docked the equivalent of 16 hours of earned leave, not including sick leave.*

In addition to all other compensation to which an officer is entitled to receive in accordance with the terms of this Agreement, the salary for all officers who do not receive educational incentive benefits under Article XII. Educational Incentive, shall be increased by 7.7% at each step of the salary scale, and such increase shall be deemed base pay for all purposes. Each member of the Union who does not receive compensation under Article XII (Educational Incentive) shall complete 24 hours of in-service training annually on their own time. Such training shall be approved in advance by the Chief of Police. *Effective July 1, 2017, any such officer who fails to complete such training within the annual period shall be docked the equivalent of 24 hours of earned leave, not including sick leave.*

D. EXTRA PAID DETAILS; ARTICLE XVIII

1.) Per the 2012-2015 collective bargaining agreement at Article XVIII, Patrol Officers receive \$42 per hour for a Town detail and \$45 per hour for a private detail.

2.) UNION PROPOSAL:

The Union proposes a detail rate of time-and-one-half based on the maximum rate of the highest paid Patrol Officer.

3.) TOWN COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

The external universe detail rates justify an increase in the detail rates paid herein.

5.) **AWARD**

- (1) Upon contract execution, Patrol Officers working a Town detail will receive \$44 per hour for all detail hours worked.
- (2) Upon contract execution, Patrol Officers working a private detail will receive \$48 per hour for all detail hours worked.

E. **ACCREDITATION**

- 1.) Patrol Officers do not receive an accreditation stipend.

2.) **UNION PROPOSAL:**

- A 1% increase in base pay per year effective July 1, 2015;
- A 2% increase in base pay per year effective July 1, 2016;
- A 3% increase in base pay per year effective July 1, 2017;

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

- A \$500 stipend when the Town receives accreditation.

4.) **DISCUSSION**

Superior Officers currently receive a five hundred dollar (\$500) stipend for their work on accreditation. However, the evidence reveals that Patrol Officers are less involved in the policy development process than are Superior Officers. Furthermore, there is little to no universe justification for the Union's proposal. Nonetheless, they should be compensated for their involvement in policy implementation, but only after accreditation has been achieved.

5.) **AWARD**

Add a new Article, after Article XXXXI, as follows:

The parties agree to work together towards receiving accreditation certification from the Commonwealth of Massachusetts. Upon receiving accreditation, the officers shall receive an annual stipend of \$500 paid in a check separate from the weekly paycheck. This stipend shall remain in effect as long as the Department maintains accreditation certification.

F. VACATIONS; ARTICLE XV

1.) Article XV provides that bargaining unit vacations accrue on an annual basis.

2.) TOWN PROPOSAL:

The Town proposes to change the annual accrual basis of vacation to a monthly earnings formula.

3.) UNION COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

The evidence does not convince the panel that a modification from an annual accrual basis to a monthly accrual basis is justified.

5.) AWARD

Status Quo.

G. SPECIALIST PAY; ARTICLE XXXII

1.) The current pay is \$1,000.

2.) TOWN PROPOSAL:

Status Quo.

3.) UNION COUNTER-PROPOSAL:

Increase pay to 5% of base pay.

4.) DISCUSSION

The external universe comparability data supports an increase. The Town has an ability to pay for the increase. The increase is modest, and applies to a minority of bargaining unit employees. (T-57) Therefore, the cost is well within the Town's ability to pay.

5.) **AWARD**

Effective July 1, 2017, Specialist Pay is increased by \$250.

H. **EDUCATION STIPEND; ARTICLE XII**

1.) Patrol Officers hired before July 1, 2009 receive Quinn Bill benefits if they are eligible.

(T-59) If eligible, Patrol Officers hired after July 1, 2009 receive the following stipends:

Associate's Degree:	\$2,500
Bachelor's degree	\$5,000
Master's Degree/Juris Doctor	\$10,000

2.) **UNION PROPOSAL:**

Quinn Bill-identical benefits for all Patrol Officers having an Associate's, Bachelor's, or Master's/Law Degree.

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

Effective July 1, 2016, increase the Associate's Degree stipend by \$500 and the Bachelor's Degree stipend by \$1,500.

4.) **DISCUSSION**

As acknowledged by the Town in its proposal, educational benefits to non-Quinn Bill recipients should be increased. Moreover, the Town negotiated an increase in the Firefighter educational stipend. However, the panel is not convinced that educational stipends to non-Quinn Bill eligible Patrol Officers hired after July 1, 2009 should be at the pre-July 1, 2009 Quinn Bill levels. The Town has an ability to pay for the education stipend increase as discussed in more detail above in the **Wage Increase** issue.

5.) **AWARD**

Effective July 1, 2017, the following non-Quinn Bill education stipends are increased as

follows:

Associate's Degree: \$2,500 to \$3,500

Bachelor's Degree: \$5,000 to \$6,500

I. NIGHT SHIFT DIFFERENTIAL; ARTICLE VIII

1.) The current Night Shift Differential is 6%.

2.) UNION PROPOSAL:

Increase the Night Shift Differential to 8%.

3.) TOWN COUNTER-PROPOSAL:

Status Quo.

4.) DISCUSSION

Based on the external universe Night Shift Differential payments, and the recently negotiated EMT Firefighter stipend paid to all Town Firefighters, an increase from 6% to 7% in Patrol Officer Night Shift Differential is justified. The Town has an ability to pay for the increase based on its cash reserves, more specifically Free Cash, as discussed in more detail above in the **Wage Increase** issue.

5.) AWARD

Effective July 1, 2017, the Night Shift Differential is increased from 6% to 7%.