

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between the:

CITY OF SOUTH AMBOY

"Public Employer"

-and-

PBA LOCAL 63 AND SOA

"Associations."

**INTEREST ARBITRATION
DECISION AND
AWARD**

Docket Nos. IA-2002-095 and IA-2002-096

**Before
James W. Mastriani
Interest Arbitrator**

Appearances:

For the Township:

John R. Lanza, Esq.
Thatcher & Lanza

For the Associations:

Richard D. Loccke, Esq.
Loccke & Correia

The City of South Amboy [the "City"] and South Amboy PBA, Local 63 [the "PBA"] are parties to a collective negotiations agreement covering rank and file police officers employed by the City. The City of South Amboy [the "City"] and South Amboy SOA, Local 63A [the "SOA"] are parties to a collective negotiations agreement covering superior officers employed by the City. Both Agreements commenced on July 1, 1999 and expired on June 30, 2002. Direct and voluntary negotiations between the parties were unsuccessful in reaching a new Agreement resulting in petitions for interest arbitration being filed by the PBA and the SOA.

I was appointed to serve as interest arbitrator by the New Jersey Public Employment Relations Commission in accordance with P.L. 1995, c. 425. Pre-arbitration mediation sessions were held on November 1, 2002 and February 5, 2003. At the mediation sessions the parties reduced the number of issues in dispute but could not resolve the impasse. At the conclusion of mediation, the City, the PBA and the SOA agreed to submit unresolved issues to "final offer" arbitration consistent with the statutory authority to select an alternate terminal procedure. Under this procedure, the arbitrator is confined to selecting between the last offer of the City and the Associations' last offer on economic issues in dispute as a single package and to select between the last offer of the City and the last offer of the Associations on each non-economic issue in dispute.

A formal interest arbitration hearing was held on February 25, 2003. At the hearing, the parties reached voluntary agreements on issues concerning vacation, holidays, uniforms and terminal leave payment. I received these agreements into evidence as stipulations of the parties and incorporate them into the Award. Testimony and documentary evidence were received from each party in support of their respective positions. The parties submitted post-hearing briefs and the City filed a reply brief received on April 25, 2003.

STIPULATIONS OF THE PARTIES

Vacations: The parties agree to the City's proposal that a "week" refers to 5 work days.

Holidays: The parties agree to the Associations' proposal that paragraphs 5 and 6 from Article V of the existing PBA contract shall be added to the SOA contract.

Uniforms: The parties agree to the Associations' proposal of a \$50.00 clothing allowance increase in each contract year.

Terminal Leave Payment: The parties agree to the Associations' proposal that retiring employees be provided with the individual option to receive Terminal Leave value in up to three payments over a period of up to 3 years.

FINAL OFFERS OF THE PARTIES

As required by statute, the City and the Associations submitted the following final offers:

The Associations

Economic

1. **Wages Increase** – the employee organizations propose a 3 year contract to succeed the prior agreement (J1 and J2) with annual increases as follows:

Effective July 1, 2002 – 3.95%

Effective July 1, 2003 – 4.0

Effective July 1, 2004– 4.5%

The above noted increases are meant to be across the board and effective for each rank, step and position covered by the contracts with the sole exception of the “Academy Rate” which is a separate pay rate set forth in the PBA contract (J-1, pg. 40). For the “Academy Rate” and for said rate only there would be a separate wage progression. The “Academy Rate” would remain the same (\$29,842) for the first contract year and would thereafter be increased by 2% effective July 1, 2003 and then increased by 3% effective July 1, 2004.

2. **Longevity** – The PBA/SOA proposed modification of the current longevity system by adding 1% to the 24 year plateau-level continues.

Non-Economic

3. **Preamble Modification** – The Associations propose the deletion of the fully bargained language at mid paragraph.
4. **Vacation Fragmentation** – The non-supervisory group (PBA) only proposes that their members receive the same vacation fragmentation option as currently exists with the SOA.

The City of South Amboy

Economic

1. **Term of Contract:** 3 Years (July 1, 2002 through June 30, 2005)
2. **Wages:**
 - A. The City accepts the Association's offer with the following salary increases for all current employees:

Year 1: 3.95% increase in base rate
Year 2: 4.0% increase in base rate
Year 3: 4.5% increase in base rate
 - B. A new salary scale shall be created for employees hired after March 1, 2003, broken down into 10 steps beginning with the first six (6) months and reaching the maximum upon the completion of 120 months.
3. **Health Benefits:** To be added to the existing language of Article II of the current collective bargaining agreement between the City and the Associations: All employees and participants will contribute ten (10%) to the cost of the health, prescription drug and dental program. Retired and otherwise qualified employees shall use Medicare as primary insurance.
4. **Longevity:** The City accepts the Association's Longevity proposal: One percent (1%) shall be added to the 24-year longevity plateau beginning in the second contract year.

Non-Economic

5. **Recognition:** "Full time" shall be inserted before police officers and superior officers.
6. **The Agreement:** The Agreement shall supersede any and all other agreements, written or oral, and past practices, as they relate to the terms and conditions of employment specifically referred to in this Agreement. Any modifications to this Agreement shall be in writing and executed by both the City and the Associations.

7. **Medical Examination:** The City will assume the cost of the annual medical examinations, but the costs will first be submitted to a current employer's medical insurance carrier with the City paying the applicable co-payment. Retirees would not be covered.

The City and the Associations have offered testimony and considerable documentary evidence in support of their final offers. I am required to make a reasonable determination of the above issues giving due weight to those factors set forth in N.J.S.A. 34:13A-16g(1) through (8) which I find relevant to the resolution of these negotiations. I am also required to indicate which of these factors are deemed relevant, satisfactorily explain why the others are not relevant, and provide an analysis of the evidence on each relevant factor. These factors, commonly called the statutory criteria, are as follows:

- (1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by (P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

- (2) Comparison of the wages, salaries, 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 the same or similar services and with other employees generally:

- (a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.

- (b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.

- (c) In public employment in the same or similar comparable jurisdictions, as determined in

accordance with section 5 of P.L. 1995. c. 425 (C.34:13A-16.2) provided, however, each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

(3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.

(4) Stipulations of the parties.

(5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976 c. 68 (C.40A:4-45 et seq).

(6) The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element, or in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers on the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in its proposed local budget.

(7) The cost of living.

(8) The continuity and stability of employment including seniority rights and such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations and collective bargaining between the parties in the public service and in private employment.

BACKGROUND

The City of South Amboy is one of 8 municipalities located in Middlesex County. At 1.55 square miles, it is the second smallest municipality in the County in geographic size. The City has 7,913 residents, and has the fifth smallest population in the County. While South Amboy does not rank high in size or population, it is strategically located with many toll roads and state highways running through or near its borders. It also serves as a commuter transportation hub to the New York Metropolitan area with rail, bus and ferry services.

The City has experienced some financial distress as reflected in not having achieved a budget surplus in five of the last eight years. However, through sound financial planning and strenuous redevelopment efforts, the City has entered a period of revitalization and is expected to generate substantial new ratables and revenues. The City is primarily residential with 2,163 of its 2,444 parcels of land dedicated to residences. As of 2000, the average median value of a one family house was \$135,800. The City's redevelopment plan has been very successful as evidenced by new residential developments in the City's waterfront area which has attracted high level housing at values exceeding \$500,000 per unit.

The police department is active with seven thousand calls for service annually. It must respond to a daily influx of commuter and traffic with many

commuters utilizing the transportation facilities within the City. The department is highly productive and efficient as reflected in the fact that there are 21 officers between the ranks of patrolman and captain. This represents a reduction of 8 officers since 1993.

Testimony and documentation was received concerning many aspects of the City's demographics, its financial posture, the workload of the police department, and comparability statistics with respect to law enforcement personnel within the County of Middlesex and within the State of New Jersey. Against this general backdrop, the parties have submitted the following arguments in support of their respective positions.

POSITIONS OF THE PARTIES

THE ASSOCIATIONS

Addressing N.J.S.A. 34:13A-16g (1), the interest and welfare of the public, the Associations describe the City as a "rapidly expanding municipality with exceptional growth in both its population, expansion and ratable growth." The Associations refers to an article written in the New Jersey League of Municipalities magazine noting the City's successful redevelopment efforts:

Current plans include the addition of hundreds of millions in new ratables that will generate more than 3.5 million in revenue for both school and municipal purposes. And, expectations are that a new high speed ferry service will bring additional revenues to the downtown business community and the city

treasury. The City has also received the coveted state designation of "Transit Village", one of only five in New Jersey.

The Associations presented evidence illustrating the new high speed ferry service and many land use projects recently completed or currently underway. The Associations indicate that the department's work load has substantially increased due to the City's rapid growth, the substantial commuter traffic flow from the ferry service and New Jersey Transit passengers, and the expansion and/or increase in the services the department provides.

The Associations, citing documentary evidence, contend that the department and the police officers have increased productivity levels. The Associations point to the decrease in the number of police officers employed today and the fewer promotional opportunities which exist compared with ten (10) years ago despite the work load increase. The following chart was presented in support of its position:

CHART NO. 1
Sworn Police Officers By Rank
Comparison Census of 1993 with 2003

(A)	(B) Census 1993	(C) Census 2003	(D)
Captain	3	1	-2
Sergeant	8	7	-1
Detective	4	1	-3
Patrolman	14	12	-2
Total	29	21	-8

The Associations point out that the City no longer maintains a Lieutenant's position, has reduced the number of Captains from three (3) to one (1), has one (1) less Sergeant, reduced the detective bureau from four (4) officers to one (1), and reduced the number of officers on the road by two (2). Nevertheless, testimony reflects that officers maintain excellent morale and pride in their duties. The reduction in department size has, according to the Associations, resulted in substantial savings to the City in salaries and benefits.

Addressing N.J.S.A. 34:13A-16g (2) and (3), the Associations contend that their base wages are "below the area average" and have "no offsetting non-base wage benefits". The Associations present the following chart comparing base wage rates for top step officers with municipalities they believe are comparable:

CHART NO. 2
2002 Base Rate Comparison Based on
PBA Exhibits for Top Step Police Officers

Woodbridge	\$70,755
Sayreville	67,184
Matawan	63,645
Holmdel	66,355
Neptune	65,340
Ocean Twp.	69,503
STFA	75,565
Bradley Beach	69,540
East Brunswick	70,018
Franklin Twp.	74,720
Manalapan	65,916
Piscataway	73,436
Carteret	64,715

Average	\$68,976
South Amboy Top Step Patrol Officer for 2002	\$64,912
South Amboy Police Officer Based compared to Average	(\$4,064) (6.261%)

Based upon the comparison chart above, the Associations contend that a base rate increase of 6.26% is needed in 2002 to reach the average of the communities it lists in the chart.

The Associations also present a chart representing the average base rate percentage increases for its comparables for contract years 2003-2005:

CHART NO. 3
Average Rates of Base Increase
Based on PBA/SOA Exhibits

	2003	2004	2005
Middlesex Pros.	4.75	4.75	
Woodbridge	4.	4.	
Ocean Twp.	4.25		
STFA	4.	4.	
STNCO	4.	4.	
Holmdel	4.8	4.8	4.8
Matawan	4.	4.	
Aberdeen	4.		
Bradley Beach	4.5		
Freehold	4.		
Manalapan	4.		
Piscataway	3.9	3.9	3.9
Averages	4.183%	4.207%	4.35%

The Associations point out that the total average rate increases in these jurisdictions exceed the rate increases it has proposed in its last offer which evidences a responsiveness to the budgetary concerns of the City.

With respect to their longevity proposal, the Associations refer to the City's submissions and point out that the average of the maximum longevity year is 24.1 years of service, thereby justifying its longevity proposal to add 1% to the 24 year plateau level.

The Associations assert that the City has failed to support its request to revise health care benefits to provide a two-tiered system or 10% contribution levels. The Associations emphasize that the Department "is working at a below average staffing level and hiring is likely in the immediate future." The Associations point out that the City's own comparable statistics fail to support its position as none of the comparables which the City has listed have a two-tiered medical benefits system or contribution levels.

As for the City's comparison of its officers to employment in the private sector, the Associations contend that private sector comparisons are not entitled to significant weight due to the unique qualifications, duties and responsibilities of a police officer and their obligation to act as law enforcement officer at all times and given the strict statutory regulations under which an officer must perform,.

Addressing N.J.S.A. 34:13A-16(g)4, the stipulations of the parties, the Associations simply indicate that the parties have elected to use the “last offer” form of arbitral submission leaving the Arbitrator with no conventional authority to fashion an award within the parties’ economic packages and must select one or the other. The Associations note the many issues which are in agreement and can be received as stipulations separate from their individual final offers.

Addressing N.J.S.A. 34:13A-16g (5), the lawful authority of the employer, and N.J.S.A. 34:13A-16g (6), the impact on taxpayers and residents, the Associations maintain that the City has no cap prohibition for the first fiscal year of the parties’ successor Agreements. The Associations note that the City has “met and dealt” with its cap considerations in the past and refers to the City’s budgets that were submitted into evidence. [See Ex. P-41]. According to the Associations, an award of their “last offer will have an extremely small and almost imperceptible impact on the Municipality.” The Associations point out that the parties’ wage rate positions are identical and the only difference in their longevity proposals is the effective date. According to the Associations, the only financial difference in longevity proposals is that one (1) member would receive \$718 in the first year of the Agreement under the Associations’ offer. The Associations object to the City’s proposal to add 48 months and 4 steps to the existing salary schedule.

The Associations provided a chart setting forth the total base rate value for 2002:

CHART NO. 4
Bargaining Unit Base Pay

(A)	(B) Census (See Ex. P-1)	(C) 2002 Base Rate (See Ex. J-1 & J-2)	(D) Column B x Column C
Captain	1	\$79,564	\$79,564
Sergeant	7	\$71,812	\$502,684
Detective	1	\$66,857	\$66,857
Patrolman	12	\$64,912	\$778,944
Total	21		\$1,428,049

Based upon this chart, a 1% increase in base rate is calculated at \$14,280. The Associations emphasize that the cost of its longevity proposal at \$718 in the first year of the Agreement represents a base wage rate percentage point of .0005%. The Associations refer to the City's exhibit which indicates that the "Police Department total salaries and wages dropped as a percentage of the 2000 municipal budget from 22% to 20.9% in the 2003 budget."

With respect to the City's proposal on medical benefits, the Associations contend that "[t]he employer seeks what is essentially a forfeiture of longstanding medical benefits and a complete revision of the economic provisions of the hiring policies for all new employees." The Associations maintain that the City's position is not awardable because it "retreated from a stipulation of the case in

moving back from the opposing party and adding to its take-aways in its last offer....” The Associations contends the following in their post-hearing brief:

In paragraph 1 of the employer’s last offer (Exhibit A-1) the City seeks contribution on both the prescription and dental programs, in addition to its health care contribution proposal. The City did not previously propose co-payment on both prescription drug and dental programs. Since the City is bound to a single last offer under the rulings in this case and the adoption of said stipulation by the Public Employment Relations Commission, the awarding of both prescription and dental co-payment makes the City’s position unawardable as a matter of law.

The Associations also contend that the City’s medical benefit proposal is unawardable because the City failed to quantify the value of its proposal. The Associations point out that the City has not negotiated a new contract with a new insurance carrier for medical benefits and thus the impact of the City’s proposal cannot be determined if it chooses to select a new carrier. The Associations also object to the City’s revised proposal affecting retired police officers be deleted and not be considered. According to the Associations, an arbitrator has “no authority to rule on any issue with respect to past retirees. Those persons who had previously retired from the City of South Amboy’s Police Department must be considered to have their benefits vested and not subject to negotiation or arbitration.”

With respect to the City’s proposal to add four (4) new steps to the salary guide, the Associations contend that it is extreme, unnecessary and should be

rejected as not having been justified. The Associations refer to the lost promotional opportunities as a result of the abolishment of the Lieutenant's position and that it would be unfair to extend the salary guide for police officers who now have few promotional opportunities.

The Associations maintain that the City has encountered significant cost savings as a result of employment attrition. The Association presented the following chart representing the cost savings of a reduced staff level in comparison to 1993:

CHART NO. 5
Savings to Employer through Arbitration
Based on 2002 Rates

(A) Rank	(B) Loss of Staff (See Chart 1)	(C) 2002 Base Rate (J-1/J-2)	(D) Column (B) x Column (C)
Captain	-2	\$79,564	\$159,128
Sergeant	-1	\$71,812	\$71,812
Detective	-3	\$66,857	\$200,571
Patrolman	-2	\$64,912	\$129,824
Total	-8		\$561,335

According to the Associations, the City has realized an annual savings of \$561,335 which, assuming base payroll for 2002 base wages, represents 39 salary percentage points.

The Associations indicate that the City is in good financial condition as evidenced by an extremely high collection rate, a below average tax rate, and a

rapidly expanding property values. The Associations point out that the City's actual collection rate in 2002 was 99.51% and that there are no indicators of any fiscal distress.

The Associations note the City is the recipient of an annual cost savings of \$126,809 as a result of legislation (S-1961) passed affecting pension cost abatement. According to the Associations, the cost savings represents 8.88% of base wages.

Addressing N.J.S.A. 34:13A-16g (8), the continuity and stability of employment, the Associations contend the private sector concepts of "area standards" and "prevailing wage" support an award of its offer. The Associations refers to the comparability data and proofs presented at hearing and discussed above under criteria g (2) and g (3). The Associations contend that the City's medical proposal is legally unawardable and lacked evidentiary support. The Associations maintain that the City's proposal for a ten (10) step salary guide is inconsistent with those in comparable agencies. With respect to their non-economic proposals, the Associations contend they (1) simply seek statutory compliance in the preamble language and (2) seek PBA vacation fragmentation, a concept that will have no detrimental impact upon the City since fragmentation can only occur with Department approval and has already existed within the SOA contract without harm or incident to the City.

Based upon the above, the Associations urge that its final offer be accepted in its totality.

CITY OF SOUTH AMBOY

Addressing N.J.S.A. 34:13A-16g (2) and (3), the City indicates that its officers "are better compensated, both in base salary and by way of their benefits, [than] all comparable municipalities in Middlesex County; and the South Amboy Police receive far more compensation [than] any other City employees." The City has included the following municipalities in its set of municipalities for comparison: Middlesex, Jamesburg, Metuchen, Dunellen, Highland Park, South River, Spotswood and Milltown. In support of this argument, the City presents the following chart comparing municipal population, geographic size, violent crime rate, top-step patrol salary, and maximum longevity:

Municipality	Population (2000 Est)	Sq. Miles	Violent Crime Rate (per 1,000) 2000	Top-Step Patrol Salary (2001)	% Difference	Longevity (Maximum)
South Amboy	7,913	1.55	1.1	\$64,912.00	--	11% at 24th year
Middlesex	13,717	3.5	1.0	\$62,518.00	(3.8)	8% at 21 st year
Jamesburg	6,025	0.84	3.5	\$62,191.00 (2002)	(4.4)	8% at 21 st year
Metuchen	12,840	2.74	1.0	\$60,875.00	(6.6)	10.5% at 25 th year
Dunellen	6,823	1.04	3.2	\$59,911.00	(8.3)	10% at 26 th year
Highland Park	13,999	1.84	0.6	\$59,017.00	(10.0)	7% at 26 th year
South River	15,322	2.81	2.6	\$59,000.00	(10.0)	8% at 20 th year
Spotswood	7,880	2.32	.09	\$58,124.00	(11.7)	10% at 28 th year
Milltown	7,000	1.57	1.3	\$55,477.00	(17.0)	8% at 26 th year

The City emphasizes that its officers have the highest top-step patrol salary and maximum longevity among the comparison group. With respect to its superior officers, the City compares 2001 base compensation for sergeants:

Municipality	Sergeant – 2001	% Difference
South Amboy	\$71,812.00	--
Middlesex	\$67,256.00	(6.8)
Metuchen	\$66,670.00	(7.7)
Jamesburg	\$65,922.00 (2002)	(8.9)
Dunellen	\$65,372.00	(9.9)
Highland Park	\$63,739.00	(12.7)
South River	\$63,500.00	(13.1)
Spotswood	\$62,600.00	(14.7)
Milltown	\$60,655.00	(18.4)

The City points out the salary difference between its officers and those in Milltown indicating that its sergeants earn over 18% more than those sergeants in Milltown even though the municipalities are “virtually identical” in population, geographic size, and violent crime rates.

The City also compares its officers to its civilian employees. According to the City, ten (10) of its officers earn more than the Public Works Superintendent, and only two (2) officers earn less than the City Clerk, “the highest-paid member of the South Amboy Administration, and even then, the Clerk’s salary exceeds the PBA’s lowest salaries by a mere \$366.00.”

Addressing N.J.S.A. 34:13A-16g (7), the City contends that its officers’ salaries have outpaced the cost of living. The City presented the following chart for comparison:

Year	Top Step Patrol Salary	% Increase Over Prior Year	CPI (1)*	Top Step Patrol if CPI (1) Applied	CPI (2)**	Top Step Patrol if CPI (2) Applied
Jan 1993	\$45,602.00	--	--	--	--	--
Jan 1994	\$47,882.00	5.0%	2.5%	\$46,742.00	3.0%	\$46,970.00
Jan 1995	\$50,276.00	5.0%	3.9%	\$48,565.00	3.9%	\$48,802.00
Jan 1996	\$52,287.00	4.0%	4.6%	\$50,799.00	4.9%	\$51,193.00
Jan 1997	\$54,379.00	4.0%	4.2%	\$52,933.00	4.3%	\$53,394.00
Jan 1998	\$56,554.00	4.0%	2.6%	\$54,309.00	3.0%	\$54,996.00
Jan 1999	\$57,685.00	2.0%	3.1%	\$55,993.00	2.9%	\$56,591.00
Jul 1999	\$58,838.00	2.0%	1.7%	\$56,945.00	2.2%	\$57,836.00
Jan 2000	\$60,015.00	2.0%	2.2%	\$58,198.00	2.1%	\$59,051.00
Jul 2000	\$64,416.00	4.0%	3.7%	\$60,351.00	3.5%	\$61,118.00
Jul 2001	\$64,912.00	4.0%	5.1%	\$63,429.00	4.2%	\$63,685.00

* CPI (1): Consumer Price Index: Urban Wage Earners and Clerical Workers – New York – Northern New Jersey – Long Island, NY-NJ-CT-PA

** CPI (2): Consumer Price Index: All Urban Consumers – New York – Northern New Jersey – Long Island, NY-NJ-CT-PA

With respect to its salary scale proposal, the City emphasizes that “it has a strong history of keeping its police officers compensated well above and beyond their peers both within the City and among their neighbors.” The City indicates that it intends to continue this trend but that four (4) additional salary steps are justified in order to “slow the overall growth of the salary guide, bringing the compensation of the City’s patrolmen in line with comparable municipalities.”

With respect to its health care proposal, the City points out that New Jersey employers have paid higher premiums than other employers in the nation since 1998. The City contends that “under the present system, it is no longer manageable within the constraints of the City’s budget.” According to the City, its medical insurance premiums increased 47.4% in 2002 and it expects an increase of at least 24% in 2003. The City acknowledged that it could not predict the cost increase for dental, prescription drug and life insurance benefits; however, even

assuming an increase equal to the 2002 CPI, the City contends that its costs would increase as follows:

Year	Medical	Dental	Prescription Drug	Life Insurance	Total	Increase from 2002	% Increase from 2002
2002	\$436,507.08	\$35,816.64	\$124,408.77	\$12,744.00	\$609,476.49	--	--
2003	\$541,268.78	\$37,320.94	\$129,633.94	\$13,279.25	\$721,502.91	\$112,026.42	18.4%
2004	\$671,173.29	\$38,888.42	\$135,078.57	\$13,836.98	\$859,558.21	\$250,081.92	41.0%
2005	\$832,254.88	\$40,521.73	\$140,751.87	\$14,418.13	\$1,027,946.61	\$418,470.12	68.7%

According to the City, even if its proposal for a 10% employee contribution for health, prescription drug and dental plans is awarded, its financial burden will still increase. The City presents the following chart in support of its position:

Year	Cost Without 10% Employee Contribution	Increase From 2002 Cost	Cost with 10% Employee Contribution	Increase From 2002 Cost
2002	\$609,476.49	--	--	--
2003	\$721,502.91	\$112,026.42	\$650,680.55	\$41,204.06
2004	\$859,558.21	\$250,081.92	\$774,463.23	\$164,986.74
2005	\$1,027,946.61	\$418,470.12	\$926,593.76	\$317,117.27

The City seeks to have its twenty-one (21) retired officers to use Medicare as primary insurance once they are eligible to do so. The City once again views its proposal as a necessary cost-saving measure.

As for its non-economic proposal, the City contends that requiring employees to submit their medical bills through the insurance carrier first rather than requiring the City to immediately cover the expense "will help streamline the payment procedures" and will "prevent any possible unnecessary expenses."

Addressing N.J.S.A. 34:13A-16g (6), the City maintains that it will face a significant cost increase if the Associations' offer is awarded. The City presents the following chart in support of its position:

Year	Total Base Salaries	Longevity	Uniform Allowance	Health Insurance	Total	Increase from 2002	Add'l Tax Pts.*
2002	\$1,585,696.00	\$99,406.70	\$16,750.00	\$609,476.49	\$2,311,254.19	---	---
2003	\$1,660,435.00	\$109,621.47	\$17,825.00	\$721,502.91	\$2,509,384.38	\$198,130.19	10.4
2004	\$1,733,144.00	\$124,296.81	\$18,975.00	\$844,142.70	\$2,735,974.02	\$424,719.83	22.29
2005	\$1,817,717.00	\$131,634.70	\$20,125.00	\$1,027,946.61	\$2,997,422.31	\$686,168.12	36.0

The City points out that its bond rating was downgraded by Moody's Investor Services from Baa1 to Baa2. The City refers to Moody's November 18, 2002 press release explaining the downgrade:

The downgrade reflects weakening in the City's financial position evidenced by reliance on one-time revenues and deferred charges resulting from budgetary shortfalls... The downgrade of the city's rating to Baa2 reflect the city's modest \$69,000 Current Fund reserve compared to a \$12 million budget coupled with our expectation that augmentation of these narrow reserves is not anticipated in the medium term. Also factored into the new rating level is the fact that approximately \$1 million in deferred charges associated with revenues that did not materialize and under-budgeting of expenditures (*particularly as it related to health insurance*) itemized in the 2002 budget will be eliminated in 2003... [N]o growth in reserves is anticipated in 2003. [emphasis added]

According to the City, it has the second worst bond rating of all 25 Middlesex County municipalities which will result in additional interest expense.

The City indicates that it has utilized its entire CAP allowance for fiscal year 2003 due to increased costs. The City points out that it passed "substantial emergency appropriations in order to cover increasing expenses such as, most notably, the spiraling costs of health insurance." The City also maintains that the State's budget deficits have prevented it from receiving an increase in State Formula Aid. The City acknowledges that its tax rate has remained stable over the past three (3) years but stresses that it was able to do so as a result of a series of non-recurring revenues resulting from redevelopment.

Addressing N.J.S.A. 34:13A-16g (1), the City contends that the Associations' offer will have an adverse impact upon the City and its taxpayers. The City refers to the "skyrocketing costs of health care" and stresses the need for employee contribution and a new salary scale. The City maintains that under the circumstances, its proposal is fiscally responsible while also being supportive of its police officers.

The City urges rejection of the Associations' position. It notes the following in its brief:

Overall, negotiations between the City and the Associations have resulted in a highly disproportionate number of concessions by the City. As seen in the City's Final Offer, it is not only willing to accept the Association's proposed salary increases but the City is accepting the Associations' proposed longevity increase as well. Furthermore, previous negotiations have resulted in the City agreeing to the

Associations' demands that (1) the paragraphs in the PBA contract regarding Holidays be added to the SOA contract; (2) the Associations' Uniform Allowance be increased by \$50.00 in each contract year; and (3) retiring employees be provided with the individual option to receive Terminal Leave value in up to three payments over a period of up to three years. So far in return, the Associations' one concession to the City has been merely to accept the City's proposal that, in regard to Vacations, a "week" refers to five working days. That makes it five to one in favor of the Associations. Surely, the time has come for the Associations' to stop taking so much advantage of the City's generosity and to start giving back as much as they have been receiving.

The City disputes the Associations' claim that it modified its medical benefits proposal in a manner inconsistent with the parties' procedural stipulation. The City contends that its proposal has always included hospitalization, major medical coverage, dental insurance and the prescription drug plan. The City refers to its February 21, 2003 final offer and its exhibits which compare costs for all of the coverages above which allowed it to revise its final offer accordingly. The City challenges the Associations' claim that current retirees have vested rights to medical benefits and refers to the defined contract period of the parties' Agreements.

Based upon the above, the City urges that its final offer be accepted in its totality.

DISCUSSION

I am required to render a decision reflecting a reasonable determination of all unresolved issues. As previously stated, because this is a Final Offer proceeding the arbitrator's authority is limited to a selection between each party's final position on economic issues as a single package and between each party's final position on non-economic issues on an item-by-item basis. The arbitrator does not have the authority to fashion an award on any issue independent from each party's final proposal. I must give due weight to the statutory criteria which I judge relevant and if any are deemed irrelevant, the reasoning for such a conclusion must be stated. Because I have already summarized the arguments of the parties in support of the evidence each has submitted, I will consider but not fully restate these arguments in this discussion section of the Award.

I first examine the non-economic issues in dispute which I have the authority to divide on an item by item basis. The Associations propose to modify the Preamble which would delete language commonly referred to as "fully bargained language." The City proposes to add language in the form of The Agreement clause which essentially would eliminate past practices. These proposals are as follows:

Preamble Modification

This Agreement, effective July 1, 1999, by and between the City of South Amboy, in the County of Middlesex, a municipal corporation in the State of

New Jersey, (hereinafter referred to as the "City") and the South Amboy Patrolman's Benevolent Association (hereinafter referred to as the "P.B.A.") [represents the complete and final understanding on all bargainable issues between the City and the P.B.A.] and is designed to maintain and promote a harmonious relationship between the City and the Employees who are represented by the P.B.A. in order that continuous efficiency and excellence in service be rendered by members of the South Amboy Police Department. (proposed language for deletion in brackets and underlined)

The Agreement

The Agreement shall supersede any and all other agreements, written or oral, and past practices, as they relate to the terms and conditions of employment specifically referred to in this Agreement. Any modifications to this Agreement shall be in writing and executed by both the City and the Associations.

I consider these proposals independently on their merits but provide the same analysis to both because of their intended potential impact on existing contract language and future contract interpretations. The Associations' proposal is intended to broaden the scope of issues which are grievable and/or negotiable by eliminating existing language which theoretically could narrow the scope of those issues. The City's proposal to add language is intended to narrow the scope of issues which are grievable and/or negotiable by adding language which theoretically could narrow the scope of those issues. I decline to award either of these proposals in the absence of any compelling evidence that the administration and/or interpretation of the collective negotiations agreements in the past requires modifying language to either theoretically broaden or narrow

issues which might be grievable and/or negotiable under the existing language in the Agreements. There is no evidence that the existing language in the Agreements has altered the parties respective obligations concerning the statutory mandate to bargain in good faith or to file grievances over mandatorily negotiable issues. Neither the City nor the Associations has met its burden to prove that its proposed modification be adopted. Accordingly, both proposals are denied and dismissed.

The City has offered a proposal concerning reimbursements for medical examinations. That proposal is as follows:

The City will assume the cost of the annual medical examinations, but the costs will first be submitted to a current employer's medical insurance carrier with the City paying the applicable co-payment. Retirees would not be covered.

The City contends that this proposal is reasonable because it would not affect an employee's coverage and the City will still bear its financial obligation. By having employees submit bills relating to their annual medical examinations to the City's medical insurance carrier first, instead of having the City cover this expense immediately after each employee's examination, the City contends that this will be of assistance in streamlining the payment procedures the City must go through in order to provide health benefits, thereby providing more control over its dealings with its insurance carrier. The Associations oppose this proposal. I am persuaded that the City's proposal has merit and it is awarded.

The proposal will ease administration of this benefit and although it will result in temporary inconvenience to the employee, the employee retains the full benefit and the City remains obligated to bear the full costs of providing this benefit. Accordingly it is awarded.

The non-supervisory group (PBA) proposes that their members receive the same vacation fragmentation option as currently exists with the SOA. The City opposes this proposal. The vacation provisions of both Agreements provide for the same amount of annual vacation leave based upon length of service. The SOA provision provides that vacation may be utilized in individual day units rather than in blocks of a week provided that prior approval of the department is requested and received. Unlike the SOA provision, the PBA provision requires that Police Officers shall select vacation on a weekly basis by seniority against other police officers on their respective shifts. The PBA proposal would allow for the same vacation fragmentation option that exists in the SOA agreement. I am persuaded that similar language on this issue should exist in both agreements. The SOA provision requires that the ability to take vacation in individual day units is subject to the prior approval of the department. This language will carry forward into the PBA agreement and thus minimize interference with law enforcement service delivery. The PBA's proposal is awarded and Article 9 – Vacation, Section 2 in the PBA agreement shall be modified to provide:

Police Officers shall select vacation on a weekly basis by seniority against other police officers on their respective shifts. Vacation may be utilized in

individual day units rather than in blocks of a week provided that prior approval of the department is requested and received. It shall be permissible for police officers and any superior officers to be on leave at the same time providing minimum manning requirements as determined by the sole discretion of the City are met.

The City proposes to modify the Recognition clauses to limit the bargaining unit to "full-time" police officers. The existing Agreement contains no reference to full-time or part-time and merely states "all police officers." There is insufficient evidence to award this proposal. There is no evidence that the City intends to hire any police officers on less than a full-time basis and there is also no evidence that the existing language "all police officers" is exclusionary with respect to any specific category of police officer other than superior officers, the police chief and all other employees of the City of South Amboy. Accordingly, this proposal is denied and dismissed.

The remaining issues are economic in nature. The Associations raise a threshold issue alleging that the City's economic proposal is "unawardable" because it believes that the City modified its last offer in a manner inconsistent with a procedural stipulation that the City or the Associations could revise its final offer but only to move closer to each other's final offer position rather than farther apart. Specifically, the Associations contend that the City's proposed co-payment for prescription drug and dental premiums violates this procedural agreement. The Associations believe that this final offer position was advanced for the first time when the City offered its last revision of position on February 28.

The Associations contrast this final offer with the City's prior final offer positions and contend that the City has moved away rather than closer to the Associations' final offer position. The Associations also object to the legality of the City's position on health insurance with respect to retired employees.

In response, the City points to its final offer submitted in preparation for hearing which referred to "all medical benefits" set forth in Article 2 of the parties' Agreements. In the City's view, the medical benefits issue includes all forms of health insurance including hospitalization, major medical coverage, dental insurance and the prescription drug plan. The City also refers to its Exhibits which reference not only medical coverage but also dental and prescription drug coverages. The City also challenges the Associations' position with respect to retirees by asserting that its collective negotiations agreements are for a defined period of time and have no provision for vesting of any sort.

After review and consideration of the parties' positions on these procedural issues, I reach the conclusion that the City's final offer proposal should be reviewed on its merits. The Associations' are correct that the City's position on prescription and dental benefits was more specifically delineated in its revised final offer position but I conclude that the revision was well within the ambit of the medical insurance issue and therefore it must be considered. I also conclude that the City's final offer did not, in its totality, move farther away from the Associations' final offer because the City's final revision also included

improvements in its salary and longevity proposals. I reach no conclusion on the legality of the retiree issue. This objection is beyond the scope of my authority. I will consider this issue on its merits as part of the totality of the health insurance proposal. A post-award procedure is available in the event that there is reason to review the legality of the City's proposal.

I now consider the parties' economic proposals. As stated above, my authority is limited to a selection of either party's last offer on economic issues on a package basis. This means that I cannot modify any of the final offer positions on individual issues or as a package nor segregate one proposal from another or from the package as a whole. The statutory criteria have been considered as well as the arguments and evidence expertly advanced by respective counsel. I conclude that all criteria are relevant to the resolution of the dispute, although as set forth, not all have been accorded identical weight. As required by law, I must also calculate the total net annual economic changes for each year of the three year award.

I first note that the positions of the parties differ mainly in the areas of health insurance and the restructured salary schedule sought by the City. This conclusion is not offered to minimize the parties' differences but simply to point out that the City and the Associations positions on the salary increase percentages for each of the three years is identical, and the difference on the longevity modification is limited only to which year the modification is

implemented. Although their respective final offers differ on the structure of the salary schedules, each has proposed some revision to the existing schedules. The Association's have proposed to freeze the academy rate in the first year of the Agreement and to limit the increase in that rate by 2% in the second year and 3% in the third year while the City has proposed a ten step schedule for new hires wherein they would reach maximum upon the completion of 120 rather than the current period requiring the completion of 72 months.

For the reasons set forth, and after thorough consideration of the entire record of the proceeding, I conclude that the final offer economic package of the Associations is more reasonable than the City's and it is hereby awarded.

Two of the statutory criteria deal directly with municipal finances. N.J.S.A. 34:13A-16(g) 5 and 6 concern the lawful authority of the employer and the financial impact of an award on the governing unit, its residents and taxpayers. The financial issues also encompass N.J.S.A. 34:13A-16(g)1, the interests and welfare of the public inasmuch as that factor also requires consideration of the statutory limitations imposed upon the employer by virtue of the "CAP" law [P.L. 1976, c. 68 (C.40A:4-45.1 et seq.)]. These factors are relevant and entitled to substantial weight because an award which interferes with the public employer's statutory obligations or adversely impacts the financial underpinnings of the governing unit would also be inconsistent with the interest and welfare of the public.

In assessing these relevant factors, I first turn to the economic differences which exist between the parties respective positions. Bargaining unit base pay (both units) as of 2002 was \$1,428,049. One percent equates to \$14,280. The parties' proposals of 3.95%, 4.0% and 4.5% yield a 12.45% increase averaging 4.15% annually. A 3.95% increase yields \$56,407 for the first year of the agreement commencing July 1, 2002. A 4.0% increase effective July 1, 2003 yields an additional \$59,378 for the second year of the agreement. A 4.5% increase effective July 1, 2004 yields an additional \$69,472 for the third year of the agreement. These three annual economic changes yield a total increase in new annual payroll costs of \$185,257 above the annual payroll costs in 2002.

The costs of the two final offers with respect to salary are identical. The parties positions on the longevity issue reflect insignificant differences in respective cost. The longevity increase will affect one bargaining unit member and the 1% increase in the longevity step yields \$718. The difference in the final offers on this issue is whether this longevity adjustment commences in the first year of the agreement as proposed by the Associations or in the second year of the agreement as proposed by the City.

These additional expenditures on employee salaries and longevity which result from the proposals advanced in each party's final offer are virtually identical and are within the City's lawful authority and financial abilities without having adverse financial impact on the City's residents and taxpayers. It follows

that the financial substance of these proposals are consistent with the interest and welfare of the public. Those interests have also been well served by the City's management of its police department and the ability of the police officers to meet increasing demands for service notwithstanding the static nature of the staffing levels which, in fact, have substantially decreased over the last several years. This reflects an extremely productive department which serves the public's health, safety and welfare.

The City contends that its willingness to match the Associations' proposals on the salary and longevity issues is a major factor supporting an award of its total economic final offer package because it believes its offer on the other economic issues is generous. The City asserts that its match of the Associations' proposals on these issues should prompt the awarding of its cost savings proposals concerning health insurance co-payments and a new salary schedule elongated by an additional 48 months or 4 years of service in order to reach maximum. In reviewing the merits of these proposals, I have considered the fact that both of the City's proposals for changes in health insurance and in the salary schedule must be awarded precisely as proposed because I am without the authority to segregate one proposal from the other or from the package as a whole or to modify either proposal.

The City's proposal on the salary schedule is directed mainly towards cost savings in the future rather than in the immediate. The adding of an additional 48

months or 4 years in order to reach maximum step would yield substantial cumulative savings in the salaries paid to each police officer hired in the future. For example, upon completion of 72 months of service, which currently serves as the maximum step, a new hire would, on July 1, 2002, under the City's proposal, receive approximately \$14,000 less at this step under its proposed salary schedule than under the existing schedule in that year alone. It would then take an additional four years for that new officer to reach the same maximum salary as what is currently earned after 72 months of service. Because the salary at every step of service after the Academy would be substantially less under the City's proposal compared to the existing schedule over the eleven year period, the actual cumulative savings during the 120 months or 10 years of service after Academy would, based upon the 2002 salary guide schedule, be \$70,591 per officer. The Associations' proposal would also yield some cost savings but these savings would not be significant in relation to the City's proposal because the savings would only occur during the new hire's academy level step.

When the parties' positions on the salary schedule issue are compared, I conclude that the Associations proposal to be more reasonable. An extension of time to reach maximum salary is not uncommon. In fact, the record reflects that the last agreement between the parties extended the salary schedule by one year by adding an additional seventh step requiring an additional twelve months of service. The adding of an additional four steps or 48 months as proposed by the City would substantially impact the South Amboy salary schedule in relation to other departments in Middlesex County including the departments which the

City deems to be most comparable. These include Dunellen which has seven steps after the Academy Rate, Highland Park Borough which has a six year salary schedule, Jamesburg which has a five year schedule with an additional step at the tenth year, Metuchen Borough which has six steps, Middlesex Borough which has six steps, Milltown Borough which has five steps, South River Borough which has six steps, and Spotswood Borough which has seven steps. For example, a maximum step 6 police officer in Metuchen in 2002 would be receiving \$63,158 compared to \$49,476 under the City's offer and a maximum step 5 police officer in Milltown would be receiving \$57,696 in 2002 compared to \$45,876 under the City's offer. Although South Amboy does have a higher maximum salary than these departments, a comparison of salary increases in these departments during the same years as here reflect percentage salary increases at substantially the same levels as offered by the Associations and the City resulting in comparable raises without evidence of extensions in salary schedules by an additional 48 months or 4 years as proposed by the City. The City's proposed salary schedule could negatively affect the continuity and stability of employment for future officers by having less comparable salaries during the first nine years of employment when compared with the salary schedules of these other municipalities and substantially less cumulative earnings during a future police officer's first ten years of employment. Also, this issue does not stand alone and if awarded must also be accompanied by an award of the City's health insurance proposal to require all employees to make a 10% contribution towards medical, dental, prescription and life insurance.

In support of its health insurance proposal, the City has introduced many exhibits into evidence reflecting trends showing increasing costs in health insurance both nationally and locally. The evidence supports the City's claim that it has borne substantial increases in health insurance costs as a result of the renewal of its insurance policy in May of 2002. The City points out the rising costs through a comparison of the following monthly periods:

	3/1/02 through 4/1/02	1/1/03 through 2/1/03
Husband and Wife:	\$634.77	\$935.65
Single:	\$291.01	\$428.95
Parent & Child:	\$425.10	\$626.60
Family:	\$741.98	\$1,093.68

The City has annualized its projected 2003 costs for health insurance, dental, prescription drug and life insurance at \$112,026 over the \$609,746 it paid in 2002. The City currently assumes the full cost of medical benefits in accordance with the following plan set forth in the collective negotiations agreement:

1. The City hereby agrees to assume full cost of providing the following medical benefits to the employees covered by this Agreement and their families:
 - A. Hospitalization equivalent to the former Blue Cross 365, Blue Shield UCR, and Rider J, and
 - B. Major medical coverage equivalent to the former expanded Connecticut general plan, and

C. Dental insurance coverage equivalent to the former Connecticut general dental plan:

<u>Fee Schedule:</u>	<u>UCR</u>
Deductible:	\$25.00 with \$75.00
Max	aggregate per family per year
Basic & Prosthodontic Limit	\$1,000.00
Orthodontic:	750.00
Basic co-insurance:	80/20
Prosthodontic & orthodontic co-insurance	50/50

- D. 1. Prescription plan with a one (\$1.00) Dollar deductible at a local pharmacy. Effective March 1, 2001 the public employer shall have the right to modify the prescription plan so as to provide for a \$5.00 co-payment for generic medication and a \$10.00 co-payment for brand name medication.
2. Effective January 1, 1998, upon retirement or death of an employee covered by this Agreement, the City shall supply and/or continue to pay the cost of all medical coverages as set forth above for retiree, retiree's/ decedent's spouse and retiree's/ decedent's dependent children.
3. It is hereby agreed by the PBA that the City may exercise its right to change insurance carriers so long as the coverages enumerated in this agreement are maintained at their equivalent levels.
- D. Each employee covered by this Agreement shall have the individual right to waive medical benefits coverage offered by the public employer. A Police Officer who waives the right to medical benefits following compensation, provided that the Police Officer

supplies proof of coverage under other health care plan provisions:

<u>Type</u>	<u>Amount</u>
Single	\$1,000
Parent/Child	\$1,250
Husband/Wife	\$1,500
Family	\$1,750

The modification shall be effective no earlier than April 1, 2001.

The City has expended effort in researching and negotiating for alternative policies and carriers. In its final offer prior to its last revision on February 28, 2003, the City proposed that it contract with the New Jersey State Health Benefits Plan. Its revised proposal would require all employees to contribute 10% towards the premiums for all insurance coverages presumably under the same benefit levels which currently exist under its existing programs for delivery of health insurance. In response, the Associations urges rejection of the City's final offer because this proposal would have to be awarded along with the City's proposal to implement the ten year salary schedule, because no other police departments in Middlesex County have contracted for a 10% co-payment of health insurance premiums, and because the proposal is "unawardable" based on the lack of certainty of what the premium costs would be if the City, as is currently contemplated, contracts for a new health insurance carrier.

I have examined the agreements in the eight municipalities the City cites as comparable communities. The Agreements reflect various health insurance plans, none of which require premium cost sharing. The City's proposal would

require an assumption of 10% of premium costs by each employee. Based upon February 2003 premiums, the employee cost would range from \$515 annually for single coverage to \$1,312 annually for family coverage. The City's stated objective to ease its financial burden with respect to providing health insurance is not unreasonable. However, I am persuaded that the absence of any similar arrangement in the County coupled with the City's proposal to extend the salary schedule by four additional steps and four years reaches too far into existing levels of compensation and benefits in one three year contract term for the City's final offer to be deemed more reasonable than maintaining the status quo on these two issues.

In rendering my selection of the final offer packages, I place substantial but not exclusive weight on comparisons with other employees performing the same or similar services in the same or similar comparable jurisdictions [N.J.S.A. 34:13A-16(g) 2(c)]. The increases in salary herein are substantially similar to the averages submitted in those jurisdictions submitted for review by both the Associations and the City. The relative standing of South Amboy within Middlesex County will not be altered by the salaries awarded. In the absence of authority to fashion an award independent of the parties' final offer positions, I have concluded that the concessions proposed by the City, when considered as a totality are not reasonable given the absence of similar changes in comparable communities within the County and the impact which those changes might have on the continuity and stability of employment of future employees hired by the City [N.J.S.A. 34:13A-16(g) 8]. I have also given substantial weight to the criteria

concerning the effect of the award's financial impact [N.J.S.A. 34:13A-16(g) 6] as well as the fact that the award will not compel the employer to exceed its lawful spending limitations [N.J.S.A. 34:13A-16(g) 5]. In addition to the prior references to the issue of financial impact, I note that the City has managed its finances effectively. It has an outstanding rate of tax collection, has reduced the percentage of the police portion of its municipal tax rate and has stabilized its tax rate over the last three years. The overall compensation presently received by the employees is a relevant factor and I have considered the fact that the terms of the Award do not extend beyond a wage adjustment except for the minimal modification in the longevity schedule [N.J.S.A. 34:13A-16(g) 3]. The cost of living is also a relevant factor but is not given significant weight given the similar final offers of the parties on salary [N.J.S.A. 34:13A-16(g) 7] and the data with respect to law enforcement settlements within the County. A similar conclusion is reached with respect to comparison of wages and benefits in private employment in general and public employment in general [N.J.S.A. 34:13A-16(g) 2(a)(b)]. The stipulations of the parties [N.J.S.A. 34:13A-16(g) 4] are incorporated herein and after consideration of these stipulations, I conclude that they do not serve to support selection of either of the final offers submitted by the City or the Associations in any significant way.

Accordingly, and based upon all of the above, I respectfully render the following award:

AWARD

1. All proposals by the City and the Associations not awarded herein are denied and dismissed. All provisions of the existing agreements shall be carried forward except for those modified by the terms of this Award.

2. Duration – (PBA & SOA) there shall be three year agreements effective July 1, 2002 through June 30, 2005

3. Salaries – (PBA). The salary schedule, Appendix A-2A (employees hired after 3/2/01) shall be adjusted at each step of the salary schedule by 3.95% effective July 1, 2002, 4.0% effective July 1, 2003 and 4.5% effective July 1, 2004. The “Academy Rate” will remain the same (\$29,842) for the first contract year and will thereafter be increased by 2% effective July 1, 2003 and then increased by 3% effective July 1, 2004. All adjustments shall be retroactive to the effective date. These adjustments are reflected in Appendix A-2A below. Salary schedules A-1 and A-2 shall be adjusted according to these terms assuming any existing employee remains on those schedules. If they are no longer relevant they may be removed from the agreement by mutual consent.

Police Officers	7/1/02	7/1/03	7/1/04
Academy Rate (1 st 6 months)	29,262	29,847	30,742
Balance of first year (2 nd 6 months)	32,698	34,006	35,536
During 2 nd year	36,499	37,959	39,668
During 3 rd year	43,275	45,006	47,031
During 4 th year	49,325	51,298	53,606
During 5 th year	55,375	57,590	60,181
During 6 th year	61,425	63,882	66,756
Maximum (upon completion of 72 months)	67,476	70,175	73,332
Detective	69,497	72,277	75,530

4. Salaries – (SOA). The salary schedule, Appendix A shall be adjusted at each rank by 3.95% effective July 1, 2002, 4.0% effective July 1, 2003 and 4.5% effective July 1, 2004. All adjustments shall be retroactive to the effective date.

	07/01/02	07/01/03	07/01/04
Police Sergeant	74,648	77,634	81,128
Police Captain	82,706	86,015	89,885

5. Longevity – (PBA & SOA) The 24th year plateau level shall be increased by 1% effective July 1, 2002.

6. Medical Examinations – (PBA & SOA) The City will assume the cost of the annual medical examinations, but the costs will first be submitted to a current employer's medical insurance carrier with the City paying the applicable co-payment. Retirees would not be covered.

7. Article 9 – Vacation, Section 2 (PBA) shall be modified to provide:

Police Officers shall select vacation on a weekly basis by seniority against other police officers on their respective shifts. Vacation may be utilized in individual day units rather than in blocks of a week provided that prior approval of the department is requested and received. It shall be permissible for police officers and any superior officers to be on leave at the same time providing minimum manning requirements as determined by the sole discretion of the City are met.

8. Stipulations of the Parties

A. **Vacations:** The parties agree to the City's proposal that a "week" refers to 5 work days.

- B. **Holidays:** The parties agree to the Associations' proposal that paragraphs 5 and 6 from Article V of the existing PBA contract shall be added to the SOA contract.

- C. **Uniforms:** The parties agree to the Associations' proposal of a \$50.00 clothing allowance increase in each contract year.

- D. **Terminal Leave Payment:** The parties agree to the Associations' proposal that retiring employees be provided with the individual option to receive Terminal Leave value in up to three payments over a period of up to 3 years.

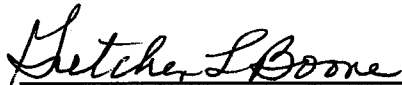
Dated: October 17, 2003
 Sea Girt, New Jersey



James W. Mastriani

State of New Jersey }
 County of Monmouth }ss:

On this 17th day of October, 2003, before me personally came and appeared James W. Mastriani to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed same.



GRETCHEN L. BOONE
 NOTARY PUBLIC OF NEW JERSEY
 My Commission Expires 8/13/2008