

STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

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In the Matter of the Interest	*	
Arbitration between	*	
	*	
	*	DECISION
	*	AND AWARD
BOROUGH OF MOUNTAINSIDE	*	
	*	
	*	
-and-	*	
	*	Docket No.
	*	IA-2007-044
MOUNTAINSIDE P.B.A., LOCAL 126	*	
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	*	
	*	
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Before: Joel M. Weisblatt, Arbitrator

Appearances:

For the Employer

Apruzzese, McDermott, Mastro & Murphy

By: Frederick T. Danser, Esquire

For the Union

Loccke, Correia, Schlager, Limsky & Bukosky

By: Richard D. Loccke, Esquire

D E C I S I O N

The Borough of Mountainside (the "Borough" or the "Employer") and the Mountainside P.B.A., Local 126 (the "PBA" or the "Union") are parties to a collective bargaining agreement which had a duration through December 31, 2006. Negotiations for a successor agreement reached an impasse and a Petition to Initiate Compulsory Interest Arbitration was filed. Pursuant to the Rules and Regulations of the Public Employment Relations Commission, the undersigned Arbitrator was duly appointed to serve in this matter.

The Arbitrator met with the parties on May 17, 2007 and June 5, 2007 in an effort to assist them in achieving a voluntary resolution to their dispute. The impasse persisted. Evidentiary hearings were scheduled and held on August 30, 2007.

The parties were provided with the opportunity to argue orally, present documentary evidence and examine

and cross-examine witnesses. An extensive record was created.

The entire record has been carefully considered. The evidence has been evaluated in light of the nine statutory criteria set forth in *N.J.S.A. 34:13A-16(g)*.

The parties failed to mutually agree to a terminal procedure. Therefore, under *N.J.S.A. 34:13A-(d)(2)* the dispute shall be resolved through a determination by conventional arbitration. This resolution shall be reached through application of all of the relevant statutory criteria, giving due weight as appropriate, to the issues presented by the unsettled elements in dispute.

Statutory Criteria

N.J.S.A. 34:13A-16(g) provides as follows:

g. The arbitrator or panel of arbitrators shall decide the dispute based on a reasonable determination of the issues, giving due weight to those factors listed below that are judged relevant for the resolution of the specific dispute. In the award, the arbitrator or panel of arbitrators shall indicate which of the factors are deemed relevant, satisfactorily explain why others are not relevant, and provide an analysis of the evidence on each relevant factor:

(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 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, that 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 P.L.1976, c. 68(C.40A:4-45.1 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 of 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 a proposed local budget.

(7) The cost of living.

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

(9) Statutory restrictions imposed on 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 section 10 of P.L. 2007, c.62 (C.40A:4-45.45).

Final Offers

PBA Final Offer

The final offer presented by the PBA contains three items, all of which are economic. They are:

(1) Duration: The PBA proposes four (4) calendar year contract to follow the most recent signed Agreement (January 1, 2003 through December 31, 2006). The term of the new Agreement would therefore be January 1, 2007 through December 31, 2010.

(2) Salary: The PBA proposes five percent (5%) annual increase on an across-the-board basis in each calendar year of the contract to be effective on each successive January 1.

(3) Holiday Fold-In: The PBA proposes that the entire holiday benefit to be folded in and paid along with regular payroll. As such the holiday benefit so paid would be utilized for all calculation purposes. This modification would

take place on the first day of the new contract,
January 1, 2007.

Borough Final Offer

The final offer submitted by the Borough contains
four economics items. They are:

(1) Term of Contract: The Borough proposes a
three-year contract from January 1, 2007 through
December 31, 2009.

(2) Salaries: The Borough proposes that the
salaries in effect on December 31, 2006 for all
ranks covered by this Agreement shall be increased
each year of the new contract by across-the-board
(ATB) increases as follows:

1/1/07 - 3.50%

1/1/08 - 3.75%

1/1/09 - 3.75%

(3) Longevity Pay: The Borough proposes that
police officers hired on or after January 1, 2007

will not be eligible for or compensated for longevity.

(4) Medical Insurance: The Borough proposes that Section A of Article XI shall be modified as follows:

The provisions of the State Health Benefits Program shall be maintained at the Borough's expense during the term of this Agreement except as herein provided:

Effective January 1, 2008 all members of the negotiating unit will pay forty (\$40.00) per month to the Borough of Mountainside as a contribution for health insurance by means of payroll deduction.

Positions of the Parties

Position of the PBA

The PBA contends that its final offer is the more reasonable and it seeks an award ordering the implementation of its offer as the resolution the issues in dispute in this impasse. The Union's arguments address the statutory criteria.

The PBA asserts that the Police Department is a "full service law enforcement agency" and that it does well in meeting the needs of the public. It points out that there are a great many calls for service and that they are of quite a variety in nature. It insists that, given staffing levels, the Officers are very busy and have maintained a high measure of professionalism in their police work. The Union maintains that there are clear indications that the force has become significantly more productive in response to increased work pressure. It notes that the interest and welfare of the public are "well protected" by the members of this bargaining unit and the Department as a whole.

The PBA places considerable emphasis on the comparability criterion. It argues that "there is nothing special about the Mountainside Police pay rates." The PBA draws an "area comparison" of selected communities, noting that the 2006 base salary in Mountainside is lower than that in: Summit, Springfield, Chatham Township, Chatham Borough, and also Scotch Plains. It further points out that the pay raises in its selected area comparison group are in full support of its final offer in this case. An examination of the PBA's chart reveals the most common salary increase figure among its comparison group to be 4.0% and the range to be from a low of 3.75% in Scotch Plains to a high of 4.9% in Chatham Township. The PBA suggests that the proposed 5.0% increases would make up for the existing shortfall in the salary rate.

The PBA stresses that there is no basis under the comparability criterion to grant the Employer's proposal for medical insurance premium contribution. It notes that among the comparison group that the Union has selected, there is only one example of a

contribution, Warren Township, where the amount is only \$35.00 per year.

The PBA contends that comparison data provides strong support for its proposal to fold the holiday pay benefit into base pay. Drawing upon a county-wide comparison group in Union County, the Union points out that only four other municipalities do not fold holiday pay into the base salary for police officers. The PBA characterizes the holiday fold-in position as "a modest proposal to give some slight enhancement" to the pay program.

The PBA further argues that the Employer has failed to provide convincing comparison evidence to support its positions. The Union asserts that the Borough has not provided "significant empirical data" as statutorily required.

With respect to the sub-criterion relating to private sector comparisons, the PBA presents arguments as to why such comparisons are worthy of less weight. It initially addresses the nature and various

requirements of the law enforcement position held by a municipal police officer, stressing the fact that an officer is required to act when circumstances require a response "without regard to whether one is on duty status" or with regard to one's location. With respect to the wage element, the Union notes that the geographic mobility of private sector work tends to potentially depress wage pressures while the labor market place for police officers is fixed and not mobile. The PBA suggests that comparisons to those performing the same or similar functions is more meaningful.

With respect to overall compensation, the PBA claims that unit members have lower benefit levels than comparable other departments in key areas. Those lower benefits identified include: sick leave; longevity; holiday pay; and health benefits.

The Union notes that there were no substantive stipulations between the parties. It states that that criterion will not have an impact on the determination of the issues to be resolved herein.

The PBA addresses the lawful authority criterion with a focus on the Cap Law. It relies upon a reading of the Borough's 2007 Budget to assert that the statutory Cap limit for appropriations within the Cap is \$6,373,265.12 [Exhibit P-28, Sheet 3C] and that the amount actually appropriated under the Cap [Sheet 19] is \$6,153,733.00. This appropriations is nearly \$220,000 below the Cap limit. For perspective, the Union provides the calculation that each 1% of unit-wide salary is equal to \$17,422. It stresses that the budget was prepared with appropriations well within the lawful authority of the Employer.

The Union argues that the impact of an interest arbitration award providing its position as the resolution of the entire dispute "will have essentially no impact on the residents and taxpayers." It claims that the entire total base pay cost for police services is just over \$1.7 million. For the Budget years 2004, 2005 and 2006, the PBA maintains that the results of operations regenerated surplus of in excess of \$1.2 million in each year. It further points out that the

Borough actually realized revenues in excess of those anticipated in the budget by between \$879,752 and \$1,143,255 over the three year period of 2004-2006. The Union contends that the budget fund balance is consistently at a high level and that the tax rate has changed at "an extremely small increase per year." It also describes the tax collection rates as remaining at "a very high level" and the percentage of the tax levy dedicated to municipal purposes as "very small." Lastly, it notes strong growth in the equalized value of property in the jurisdiction.

The PBA suggests that the taxpayer satisfaction can be measured by the degree to which the residents turn out to vote on the school district budget (about 50% of the total levy), the only property tax component for which they have an opportunity to vote. It claims that only 12.8% of registered voters actually voted on the school budget.

Under the eighth statutory criterion, the PBA argues that the "prevailing rate" and "area standards" are important considerations. It characterizes its own

position seeking to achieve the average, over multiple years, stressing the fold-in of holidays into base pay.

The PBA concludes that it has presented "an overwhelming preponderance of evidence" that its final offer is more reasonable. It seeks a ruling in favor of that final offer, awarding its terms as the resolution of all issues in dispute.

Position of the Borough

The Borough contends that its final offer is most reasonable under the statutory criteria. It assails the PBA final offer as "excessive" and it seeks to have the Employer's offer awarded as the resolution of the disputed items.

The Borough argues that the application of the public interest criterion, when applied to the facts of this case, establishes its offer as more reasonable. The primary focus of this public interest argument is upon the financial impact of the PBA proposal, noting both the salary and pension elements. It acknowledges that certain comparative factors might support the

Union's holiday fold-in proposal but insists that "the timing of the request is bad." The Borough notes the magnitude of the recent and current increases in the pension obligation. The Employer claims that there is no public interest to be served "by enhancing the financial commitment to an already lucrative defined benefit pension plan."

The Borough notes that the pension implications of the holiday fold-in proposal of the Union include a 24% contribution rate on the increased base salary levels resulting from any fold-in. While it maintains that the holiday fold-in provision should be denied in its entirety, it notes that any consideration must be cognizant of the contribution factor.

The Employer places substantial emphasis on the comparability criterion. The initial focus is upon the private sector comparisons. Citing Exhibit B-31, the Borough identifies average wage increases for the contract period in the range of 3.3% to 3.4%, depending on what contract year is considered. It argues that

this factor must be given weight under the statute and cannot be discounted, as suggested by the Union.

Citing the same exhibit, the Employer notes that the average public sector (taken in general) wage increases for 2007 and 2008 to be 3.2% for contracts negotiated in 2006. It stresses the fact that its offer for those two years provides increases of 3.5% and 3.75%, respectively. The Employer takes specific notice of the terms of the contracts negotiated between the State of New Jersey and its unions representing civilian employees. It points out that the salary increases ranged between 3.0% and 3.5% for the four years and that the agreement included new contributions toward health insurance and pensions. It asserts that, "when the yardstick of the State settlement is considered by this Arbitrator there is no question that the Borough final offer compares more favorably than does the final offer by the PBA."

With respect to a county-wide comparison of the PBA contract to those performing the same jobs in other municipalities, the Employer states that "the police

officers in Mountainside enjoy a very high standard of salaries and benefits." It specifically points out that the salary rate comparison includes holiday pay for some jurisdictions and not for Mountainside. The Borough claims that when salary rates are considered together with holiday pay, Mountainside police officers rise from the fifth highest paid in the county to second, behind only Summit, [noting Exhibits B-39 and B-64].

Relying upon Exhibits B-51 through B-61, the Borough summarizes that a comparison of base salary, longevity and holiday pay reveals no deficiency in the Mountainside contract. Indeed, it asserts that the PBA pay and benefits "are competitive to outstanding in all respects when compared to the other municipalities in Union County."

In its final comment with respect to the comparability criterion, the Borough maintains that the settlement of its prior contract was very competitive with its closest comparative group, Scotch Plains, Westfield and Clark. The Employer insists that that

previous contract contained no shortfall in terms of salary rate increases.

The Borough draws a specific comparison with the police contract recently negotiated in Rahway. The parties to that contract have agreed to an annual contribution of \$40 toward health insurance premiums (to increase to \$50 on 7/1/10). They have also agreed to the elimination of longevity for new hirees, as proposed by the Employer, herein.

With respect to the overall compensation currently provided under the PBA contract, the Employer characterizes the salary rates as "excellent" and points out that the benefits of longevity, holiday, pension, vacation, personal leave, sick leave and retirement and terminal leave are also provided. The Borough asserts that the health benefits package is very costly and has been increasing in major proportions since 2004. It argues that this fact supports the concept of employee contribution to the health insurance premiums. The Borough maintains that its proposal for a premium contribution is modest and

its overall offer continues to sustain an excellent compensation package.

With respect to the lawful authority criterion, the Borough addresses the Local Government Cap Law and the recently legislated ninth criterion reflecting the new statutory limits relating to the local tax levy. The Employer argues that the application of these two criteria should not be limited to whether the result of the arbitration award would cause a conflict with the statutory restrictions. It suggests that the legislation must be applied in recognition of an expression of "an overriding policy of restraint consistent with providing necessary government services." It seeks an application of the broad purpose of the legislation. The Borough concludes that its final offer with "components of fiscally responsible wage increases and moderate cost containment" is more reasonable under this criterion.

The Borough argues that the final offer proposed by the PBA contains cost increases so substantial as to have an excessive financial impact on the governing

unit and the taxpayers. The Employer points out that it is not necessary to prove that the community cannot afford the package proposed to determine that the financial impact criterion might serve to provide the basis for deciding a more reasonable result. It assails the 5% annual salary increases proposed by the PBA and also the impact of folding the holiday pay into base salary. In the end, the Borough concludes, it is the moderate offer and cost containment provisions that make its offer more reasonable under this criterion.

The Employer points out that the cost of living criterion is supportive of its offer. It relies upon Consumer Price Index figures of the U.S. Department of Labor to claim that the cost of living increased by only 2.5% in the period ending in June of 2007. It emphasizes the fact that its salary increase offer for 2007 is a full percentage point higher at 3.5%. It also notes that the PBA salary rate has outpaced the cost of living over time and that its current salary increase proposal is "per se unreasonable."

The Borough asserts that the record proves that the continuity and stability of employment in Mountainside is excellent. It notes that there have been no layoffs of police personnel in recent memory. It describes job security of members of the bargaining unit as "unmatched." The Employer suggests that implementation of its final offer will enhance the continuity and stability of employment.

In conclusion, the Borough insists that its final offer is the more reasonable under the statutory criteria. It characterizes the PBA final offer as "unreasonable" and maintains that the record compels the selection of its final offer to form the award resolving the issues in dispute herein.

Discussion and Analysis

The issues in dispute in this interest arbitration are well-defined and clearly expressed and supported by the parties. They can be summarized as follows:

(1) Duration: The PBA seeks a 4-year contract through December 31, 2010 and the Borough proposes a 3-year contract to expire on December 31, 2009.

(2) Salary: The parties propose across-the-board salary increases as set out below:

	<u>PBA</u>	<u>Borough</u>
Effective 1/1/07	5.00%	3.50%
Effective 1/1/08	5.00%	3.75%
Effective 1/1/09	5.00%	3.75%
Effective 1/1/10	5.00%	N/A

(3) Medical Insurance: The Borough seeks to have all unit members contribute \$40.00 per month toward health insurance premiums, effective January 1, 2008. The PBA opposes this proposal in its entirety.

(4) Holiday Fold-In: The PBA final offer proposes that the entire holiday benefit be folded in and paid along with regular pay, effective January 1,

2007. The Borough opposes this proposal in its entirety.

(5) Longevity: The Borough proposes that police officers hired on or after January 1, 2007 not be eligible for or compensated for longevity. The PBA rejects this proposal in its entirety.

It is noteworthy that the PBA had presented a proposal to switch the work schedule to "steady shifts" but the parties agreed, at the hearing, to separate that issue and allow for the discussion of that topic outside the interest arbitration process. They agreed that the Arbitrator would retain jurisdiction over that separate issue. Should the parties fail to resolve it, the PBA would retain the option to pursue the matter in interest arbitration. Additionally, the PBA's original proposal to modify the Grievance Procedure to delete all references to a Borough or Employer grievance was previously agreed to by the parties and shall be incorporated in the new contract.

Although the issues in dispute are identified as separate items above, it is important to understand

that each does not exist in a vacuum. The issues are determined herein, as components of an overall package that best represents the application of the statutory criteria to the evidence presented. There is an inherent inter-relationship between and among the issues.

The **Interest and Welfare of the Public** is always a relevant criterion in resolving an interest arbitration dispute. There are numerous elements to the public interest factor but the Arbitrator believes that this initial criterion is always worthy of substantial weight in determining the most reasonable resolution of the parties' dispute. Consider that the services rendered by the employees at issue are a particularly critical aspect of providing for the public safety. The Borough's ability to attract, retain and promote highly qualified police officers has a direct impact on the quality of life of its residents. Fiscal responsibility is another component of the public interest that is directly relevant to the considerations in this interest arbitration. The public interest elements of the CAP Law must also be

considered. Finally, the recognition of the quality of service and the benefits to the public of increased productivity are within the relevant elements of the public interest criterion.

Mountainside is a community of a little over 4 square miles in area with a population listed as 6,602 in the 2000 Census [Exhibit B-2]. The median family income (as of the 2000 census) is \$105,773 [Exhibit B-2]. The community is located on both sides of Route 22, in Union County. The residential makeup of the Borough is almost entirely [95%] owner-occupied housing and the median value in 2000 of a single family home was \$346,100 [Exhibit B-2]. Approximately 25% of the population of the community is over the age of 65 [Exhibit B-2].

The record includes testimonial evidence that the current morale of the Police Department is high and that the officers have a great working relationship with the citizens. The atmosphere was described as one of "mutual respect." The staffing level of the Department has remained the same over the last ten

years but there was evidence that the workload has become busier. Specific note was made of enhanced training and numerous new and extended services that the Department is providing to the community. The activity of the Department was characterized as "more efficient."

The Arbitrator finds that the salary rates of unit members are relatively strong in the labor marketplace. The Borough is correct when it argues that its proposed increases are more reasonable than the 5.0% annual increases set forth in the PBA's final offer under the public interest criterion. The salary increases awarded herein are closer to those proposed by the Employer but balanced moderately (by 0.25% per year over three years) to insure that the unit will retain its relative position in the labor market. The Arbitrator is quite certain that the increases awarded herein of 3.75%; 4.00%; 4.00% and 3.75% for 2007, 2008, 2009 and 2010, respectively, will maintain the competitive level of salaries of unit personnel. This will continue to secure the Borough's ability to

attract and retain highly skilled and qualified police officers.

The record has established that there have been substantial increases in the health care premium costs of the coverage provided under the contract to unit members [Exhibit B-66]. The Arbitrator notes that health care increases have been a common theme in collective bargaining as costs have been rising for almost all forms of coverage. There is clearly a measure of public interest in addressing the cost increase trends for health care, within the norms of the labor market. This is reflected in evidence of trends toward cost containment for health care. Exhibits B-28, B-29 and B-30 provide some broad and general indications that weigh only tangentially with respect to the case at hand.

The Employer's effort to address health insurance cost containment, as a matter of the public interest, is bolstered by specific trends found in the closest geographic labor market. Exhibit B-59, reflecting a summary of collective bargaining agreements for law

enforcement personnel, individually placed in this record, reveals with particularly relevant specificity that there have been extensive efforts to address health insurance cost containment in police contracts in Union County. An analysis of greater depth will be found under the *Comparability* criterion. However, it is important to recognize that in 11 out of the 20 other communities with contracts in the record, there have been substantive measures to address health care cost containment.

All-encompassing direct premium contributions are required in only one of those jurisdictions (Rahway) but there are numerous provisions having a similar effect. For example, there are quite a few contracts that require employees to contribute the difference between a PPO or POS plan and the traditional coverage, if they care to retain a traditional plan. Others have simply done away with the traditional plan option establishing a substantial cost savings for the employer. Another example is the implementation of plan limits on recent new hires, providing them with lower cost options. The trend is clearly established;

there is convincing evidence that the labor market for police officers in Union County includes numerous substantive efforts to contain health care costs through collective bargaining. This is significant with respect to the importance of maintaining a competitive salary and benefit package to attract and retain qualified police officers because it reveals that the Borough will be able to remain competitive despite the implementation of a moderate cost containment component in health insurance.

One of the elements of the public interest is fiscal responsibility. The resolution of the salary and benefit issues in this dispute is designed to create a balance that is fiscally prudent and financially responsible. To that end, the salary rate increases are very close to those actually proposed by the Employer but they clearly retain a competitive salary structure for the employees. The Employer's proposal for cost containment in the area of health insurance is provided for at the level proposed. Further, the balanced package awards the PBA's proposal to fold in the holiday pay, albeit not until 2008. The

Arbitrator is abundantly confident that providing this benefit, which is a norm in the labor market for police officers, is fiscally responsible as part of the overall package of contract changes awarded herein. On balance, the economic items awarded will prove to form a responsible result in terms of the fiscal concerns of the public.

The public interest criterion also includes a component concerning the Cap Law budgetary restrictions on the municipality. In the case at hand, there is clear and convincing evidence that the Cap Law restrictions present no difficulties with respect to the awarded resolution of this dispute. There will be no conflict between the provisions of the Cap Law and the impact of the implementation of the contract provisions addressed in this proceeding. The public interest, as measured by the legislative restrictions on the Borough's budget, will be duly served.

It is interesting that the Employer argues that the legislative efforts to restrict appropriations and the local tax levy reflect a trend toward advancing

concern over the tax burden. It suggests that the conceptual meaning, rather than merely the calculation in the statute, be given weight by the Arbitrator. In another vein, the PBA argues that the extraordinarily low turnout of only 12.8% [Exhibit P-31] for the public vote to approve or disapprove the local school budget (representing about 50% of the local tax burden) should be considered an indication of low taxpayer dissidence. The Arbitrator has given some weight to each of these "conceptual" arguments, especially as they fall within the area of the public interest.

The terms embodied in the resolution of this dispute are carefully constructed to balance moderate and competitive salary increases with the other proposals advanced by the parties that are supported by evidence relevant to the public interest criterion. The Arbitrator finds that diminishing the longevity benefit as part of this package would take the result out of balance; that proposal is not in the public interest. There is a public interest in the four-year duration of the contract. One year is already retroactive and the duration allows the parties to live

with the contract before having to return to the bargaining table. It also allows for longer range budget planning. The ability of the Borough to continue to provide the public with a strong and effective police services will be maintained by the resolution of disputed issues awarded herein.

The **Comparability** criterion warrants substantial weight in deciding the terms and conditions of employment that form the most reasonable resolution of the issues in dispute in this interest arbitration. Both parties devoted considerable emphasis in their presentations to the various components of comparability. The Arbitrator has given consideration to comparisons: with employees in the private sector, generally (there are no private sector employees performing the same or similar functions as these police officers); with employees in the public sector, generally; and with employees who perform the same or similar functions with comparable employers.

The Public Employment Relations Commission annually distributes a private sector wage survey for

use in interest arbitration proceedings. This wage survey is developed by the New Jersey Department of Labor and Workforce Development. The most recent version of this wage survey was distributed on September 21, 2007 and the Arbitrator takes notice of the data provided. The total net change in private sector average annual wages for the State of New Jersey was 4.6% from 2005 to 2006. That same figure for the change from 2004 to 2005 had been 3.1%. In Union County, private sector average annual wages increased by 4.7% from 2005 to 2006 after having increased by 4.0% the prior year. This private sector data clearly reveals that the salary rate increases awarded herein and the economic items as a whole are well within an appropriate range when considering the private sector in New Jersey and Union County.

Exhibit B-31 provides data with respect to collective bargaining agreements negotiated in 2005 and 2006. It establishes that the average wage increase negotiated in contracts in 2006 was 3.3% overall; for 2005 the figure was 3.2%. For state and local government workers the range of averages was from 3.0%

to 3.5% over the same two years. These are national figures calculated by the Bureau of National Affairs and published in a bulletin of January 2007.

The New Jersey Department of Labor and Workforce Development report provides general comparisons in the public sector as well. For the year 2006, the average annual wage for all government workers (all levels of government) in the state increased by 3.4% and for local government by 3.3%. Those increases for 2005 were 1.9% and 2.8%, respectively. They have been given some consideration in formulating the final package, herein.

Exhibits B-35 and B-36 provide evidence as to the contract negotiations reaching an agreement between the State of New Jersey and the unions representing the bulk of organized state workers. The settlement of these contracts provided for a four-year contract with salary increases of 3.0% in two years and 3.5% in the other two. The agreement also provided for a substantial element of employee contribution toward the

cost of health insurance premiums. The Arbitrator has attributed due weight to this evidence.

The most compelling element of the *Comparability* criterion is that which compares the unit at hand with employees performing the same or similar functions for comparable, similar jurisdictions. There is not one single answer to the question of which jurisdictions are appropriate for comparison. The Employer presents a comparison group based on all communities in Union County. This is clearly a relevant comparison group. Although it includes some municipalities with very different characteristics than Mountainside, it includes communities that are in the same geographic area, that share the same county tax implications, that compete in the same labor marketplace, and that share many similarities in terms of the impact of area roads and traffic. Additionally, the Arbitrator finds that certain closer comparisons are warranted by narrowing the group to more proximate communities.

The initial data examined is drawn directly from all the collective bargaining agreements in evidence

and from summary information in Exhibit B-40. The maximum salary rates of patrolmen are compared without the addition of longevity benefits, for Mountainside, the salary rate increases awarded herein are applied:

Maximum Salary Municipal Patrolmen - Union County

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Berkeley Hts	79,925	83,522		
Clark	79,206	82,176	85,258	
Cranford	74,639	77,624	80,729	83,958
Elizabeth (7/1)	78,060	80,402		
Garwood				
Kenilworth	79,450	83,025		
Linden	80,772	84,003		
Mountainside	82,611	85,915	89,352	92,702
New Providence	84,700	88,088	91,612	95,735
Plainfield				
Rahway (7/1)	80,001	83,201	86,529	89,990
Roselle	75,858	77,280		
Roselle Park				
Scotch Plains	82,835	85,941		
Springfield				
Summit				
Westfield	78,714	80,486(1/1) 82,297(7/1)	89,652	
Winfield	56,266			

It is important to point out that in New Providence, Linden, Elizabeth and Westfield(2009) the above salary

figures include some or all holiday pay for all years. Additionally, in New Providence, Linden, Berkeley Heights, Westfield, Elizabeth and Cranford the above salary rates include some level of clothing allowance having been rolled into the salary schedule.

Municipal Police - Percentage Salary Increases

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Berkeley Hts	4.5	4.5		
Clark	3.75	3.75	3.75	
Cranford	3.75	4.0	4.0	4.0
Elizabeth (7/1)	3.0	3.0	3.0	
Garwood				
Kenilworth	4.5	4.5		
Linden	4.0	4.0		
Mountainside	3.75	4.0	4.0	3.75
New Providence	4.25	4.0	4.0	4.5
Plainfield				
Rahway (7/1)	4.0	4.0	4.0	4.0
Roselle	3.8	1.9 (for 6 mos)		
Roselle Park				
Scotch Plains	3.75	3.75		
Springfield				
Summit				
Westfield	4.0	2.5 (1/1) 2.5 (7/1)	3.75	
Winfield	4.0			

The above chart displays all the percentage increases for municipal police maximum patrol rates in Union County applicable to the years at issue herein. There is a remarkable center to the data presented. Twenty-two of the thirty-two (excluding the four in Mountainside) separate salary rate increases fall within the range of 3.75% to 4.0% annually. Of the remaining ten rate increases only the three in Elizabeth fall below the range of 3.75% to 4.0%; all the others are higher than 4.0%, although the split 2.5%/2.5% in 2008 in Westfield actually has a payout cost of about 3.75% for that year, although the rate increase becomes 5.0% on July 1, 2008. It is hard to imagine a more defined central range; it is narrow (only 0.25% wide) and yet, incredibly, more than 70% of the various annual increases fall within the range. Further, none of these salary rate increases include the value of additional adjustments such as holiday pay or clothing allowance added to base salary. This is particularly compelling evidence for the salary increases awarded herein.

The Arbitrator has carefully considered the evidence with respect to comparing health benefits throughout municipal police contracts in Union County. The contract in Rahway [Exhibit B-61] is the only one which provides the same approach to cost containment sought by the Employer. In fact, it provides for an monthly contribution of \$40 by all unit members toward the cost of the premium; that amount is to increase to \$50 in 2010. However, there is clear evidence of a trend toward cost containment efforts throughout the county.

In Berkeley Heights, the contract provides for the POS plan at no cost but there is a monthly contribution of \$35 for the traditional plan. In Cranford, employees in the traditional plan must pay the difference in premium costs between that plan and the "Direct Access" plan. In Fanwood, employees hired before January 1, 1997 have a choice of a fully paid HMO or PPO but no traditional option. For Fanwood officers hired after that date only the HMO is fully paid, an upgrade to the PPO is available for employees paying the additional premium costs. In Kenilworth,

employees enrolling in the traditional plan after January 1, 2005 shall pay the difference in cost for dependent coverage. In Linden, police officers hired after January 1, 2005 shall be limited to choose among the managed care plans. The New Providence contract provides for a fully paid option of a POS plan and those seeking PPO or traditional coverage pay the difference in premium costs. In Roselle Park, those in their first three years of employment are provided only with a fully paid HMO but may pay a differential for traditional coverage. In Scotch Plains, police officers hired after January 1, 2002 have a fully paid POS benefit with an option to pay the differential for more expensive plans. The Summit contract provides for payment of the differential between the PPO and the traditional plan. Finally, in Westfield, the most recent contract eliminated traditional plan coverage and provides a PPO for all employees.

While Rahway police officers are the only ones paying a premium contribution in all circumstances, the above delineation reveals that there are numerous contracts providing for the payment by police officers

for insurance coverage, especially for traditional plan coverage. The fact is that police employees with traditional health insurance plan coverage in the following jurisdictions pay a contribution toward their premiums: Berkeley Heights; Cranford (if hired after 7/1/06); Kenilworth; New Providence; Rahway; Roselle Park (future hires under 2003-05 contract); Scotch Plains (if hires after 1/1/02); and Summit. Further, police unit employees in Fanwood, Linden (if hired after 1/1/05) and Westfield have no access to traditional plan coverage under their contracts.

Exhibit P-8A provides a list of Union County police departments where the contract provide for holiday pay to be rolled into base salary as proposed by the PBA in this dispute. That document provides as follows:

Departments that have holiday pay rolled into base pay

- Westfield
- Fanwood
- Summit
- Berkeley Heights
- Springfield
- Cranford
- New Providence
- Roselle Park
- Union
- Elizabeth

Plainfield
Scotch Plains
Garwood
Linden
Roselle

Departments that do not have holiday pay rolled into the base salary

Clark
Kenilworth
Hillside

Rahway does not roll holidays into the base pay, they provide holidays as paid leave time. This comparative evidence is very supportive of the PBA's proposal to roll holiday pay into the base salaries.

The comparisons with respect to longevity benefits present something of a mixed bag. There is some meaningful support for the change sought by the Borough but also numerous examples consistent with retaining the status quo. There is even one single example, Rahway, of a contract where health insurance cost containment and the grandfathering of longevity was achieved in a single set of negotiations. The longevity benefit has been grandfathered out for employees hired after a certain date in contracts in: Linden; New Providence; Rahway; Springfield; and

Westfield. In Summit the benefit was replaced by a deferred compensation plan for employees hired after January 1, 2001.

There are quite a few contracts that continue to include a percentage longevity benefit. They include: Union; Scotch Plains; Roselle; Kenilworth; Hillside; Garwood; Fanwood; and Berkeley Heights. The Clark and Plainfield contracts both provide for flat dollar longevity benefits. On balance, retaining the *status quo* with respect to longevity is more reasonable under the comparability criterion.

The Arbitrator draws a narrower comparison group based upon geographic location, general size, residential makeup and proximity to Route 22. This comparison group includes Mountainside, Westfield, Scotch Plains, New Providence and Berkeley Heights. In this context it is instructive to chart again some of the factors previously observed as part of the county-wide comparison.

The salary rate and increase comparisons revisited in the narrower group reveal:

	2007	2008	2009	2010
Mountainside	82,611 3.75%	85,915 4.0%	89,352 4.0%	92,702 3.75%
Westfield**	78,714 4.0%	80,486/82,297 2.5%/2.5%	89,652* 3.75%	
New Providence	84,700* 4.25%	88,088* 4.0%	91,612* 4.0%	95,735* 4.5%
Scotch Plains	82,835 3.75%	85,941 3.75%		
Berkeley Hts	79,925 4.5%	83,522 4.5%		

* holidays & clothing included in rate

** 2008 rates and increases split 1/1/08 & 7/1/08

All four of the above communities, other than Mountainside, include holiday pay in base pay whether reflected in their salary guides or not.

Of the five municipalities in the narrower comparison group, two have grandfathered the longevity benefits. In New Providence employees hired after December 31, 1997 are not eligible for longevity and in Westfield the same is true for those hired after January 1, 1996. Berkeley Heights and Scotch Plains continue to provide percentage longevity benefits. In Berkeley Heights the maximum level is 11% and it is

reached after 21 years. In Scotch Plains the maximum level is 10%, requiring the completion of 23 years service. The Mountainside maximum longevity payment is 10% after 24 years for those hired before June 18, 1996 and 8% (also after 24 years) for those hired after that date.

The Mountainside contract currently provides for 13 holidays (at 8 hours per day). Scotch Plains and Westfield also have 13 contractual holidays, noting that the Westfield contract rolls the holiday pay into the salary guide, effective January 1, 2009. The Berkeley Heights contract provides for 14 paid holidays at time and one-half. The New Providence salary guide includes holiday pay within the base salaries listed.

The compensation received by Mountainside PBA bargaining unit members is quite competitive and reasonably situated in comparison to the narrow group drawn herein. Consideration of salary, longevity and holiday pay as a package allows for a clear picture of the relative standing of the compensation structure. The determination set forth in this Decision and Award

is designed to reasonably retain that relative standing. This cannot be done with exactitude because the various components in all the jurisdictions are subject to change but it is, none the less, intended to reflect the appropriate response to that flux.

One final area for the narrow comparison group is that of health benefits. All of the other jurisdictions in this group have enacted contractual cost containment of health insurance costs. In Westfield, the most recent contract eliminated the traditional plan coverage for all employees. In Scotch Plains, employees hired after January 1, 2002 receive POS coverage and may pay the differential to receive more costly plans including the traditional plan. In New Providence all employees have been moved to the POS plan (effective January 1, 2004) and those selecting PPO or traditional coverage must pay the premium differential. In Berkeley Heights, effective November 1, 2006, the contract provides that employees enrolled in the POS shall pay no contribution and that those choosing the traditional plan shall pay a premium

contribution of \$35 per month. PPO coverage is available with a per visit co-pay of \$15.

The comparability evidence is compelling that some measure of cost containment through contract negotiations is reasonable and appropriate. The parties herein have been unable to resolve the issue through structuring their own mutually acceptable version of cost containment. Therefore the Arbitrator is required to rule as the reasonableness of premium contributions as part of the overall package awarded and in the context of the evidentiary record. On balance, the Employer's proposal for moderate flat dollar premium contributions is found to be more reasonable than the PBA's opposition to the implementation of a cost containment measure.

The **Overall Compensation** presently received by Mountainside PBA bargaining unit members is quite competitive. As was apparent from the comparisons above, the salary rates, health benefits, and longevity compensation are all reasonable. Paid leave benefits, vacation and sick leave, are also reasonable and

competitive. It is also important to note that the pension benefits enjoyed by unit members are excellent.

The overall compensation received by the police officers is very good and reflects the importance of the functions they perform in public service. They are reflective of the demands of the job responsibilities, the off-duty response requirements, the potential hazards inherent in the task and the need for integrity and to sustain public trust.

The overall compensation package currently received by unit members, although very good, is well within the bounds of the norms found in the evidence. The changes awarded herein are moderate in salary and provide some significant new direction with respect to health care and holiday pay. These are clearly within the norm for the labor market and are carefully measured changes to maintain a balanced compensation package that is neither lacking nor unreasonably generous. The overall compensation criterion has been given meaningful weight in deciding the form and substance of the resolution of the issues in dispute.

There are no substantive **Stipulations of the Parties** with respect to the issues in dispute herein. Procedurally, as noted earlier, the issue of steady shifts has been removed from consideration in this Decision and Award by the mutual consent of the parties. This criterion has been given no weight in determining the most reasonable resolution of the issues in dispute.

The **Lawful Authority** criterion and the **Statutory Restrictions** criterion present truly parallel considerations under the issues and evidence presented in this dispute. Both of these criteria present concerns that the Arbitrator must consider relating to legislated budgetary limits faced by the Employer. Specifically, they relate to the Cap Law restrictions on municipal budget appropriations and also upon more recent legislative restrictions with respect to the tax levy.

Exhibit P-28 is the Borough Municipal Budget for 2007. Sheet 3C of that document indicates that the maximum allowable appropriations under the Cap Law for that year is \$6,373,265. Sheet 19 of the same document establishes that the Borough appropriations for 2007 was \$6,153,771, or \$219,494 below the statutory limit. Similarly, in the 2006 Municipal Budget [Exhibit P-29] the appropriations subject to the Cap limit was set at \$234,455. Additionally, the 2005 Municipal Budget [Exhibit P-30] completes the establishment of a pattern of appropriations well below the statutory restriction as that year the lawful authority would have allowed appropriations \$279,436 above those budgeted.

This pattern of the Borough's ability to meet its budgetary needs at levels consistently below those allowed by statute are to be commended. This is a reflection of a sound financial footing and an indication that the Borough can serve the public needs without the need to tax and appropriate funds to the limit of its lawful authority. It is a sign of fiscal responsibility and commitment to the public interest.

The Arbitrator finds that there is nothing in the substance of this award that will cause that financial foundation to change at all. With respect to the fifth and ninth criteria, the evidence is quite clear that there is absolutely no threat that the impact of this Decision and Award will result in any concern that the Borough will not continue to be well-within the legislative limits placed on the budget process.

The **Financial Impact** criterion requires the Arbitrator to consider how the issues in dispute will affect the governing unit, its residents and its taxpayers. The record at hand includes documentation (audit reports, annual financial statements and municipal budgets over a period of several years) of the financial factors affecting the Borough and its taxpayers. This evidence provides a picture of the pattern of financial trends and the potential impact of the substance of the issues in dispute.

The financial health of the community is particularly clear from the data found in the budgets, financial statements and audit documents noted above.

Property values, as measure in assessed valuation and particularly in equalized valuation have shown steady increase over the period on the record. The equalized values set forth in the 2006 Audit [Exhibit P-23] are as follows for the years indicated:

2006	\$1,852,630,393
2005	1,676,486,468
2004	1,488,462,039

Further the tax collection rates revealed in that same document show a high rate of collection and consistency in that success. The rates for the years 2004 through 2006 all fall between 98.41% and 98.50%. The ability to maintain a reasonable fund balance from year to year and the history of replacing a substantial portion of surplus allocated as revenue is noted.

The Arbitrator applying the costing methodology used by the Borough has reached some meaningful cost comparisons with respect to the parties position and the issues in dispute. The Borough based its costing mechanism on a base of \$1,843,200 for 21 employees' base salaries, longevity and holiday pay as of the end of 2006. For 2007, the Borough calculates the cost increase of its proposal as \$64,512 and that of the PBA

as \$92,160. The 2007 cost of the salary increase (3.75%) awarded herein, is therefore, \$69,120 for the entire unit, or only \$4,608 more than that proposed by the Employer. For 2008, the Borough costs the PBA proposal as having an increase of \$96,768 and its proposal as \$71,539. The 4.0% awarded salary increase in 2008 has a cost, under the mechanism used by the Borough, of \$76,493 for the entire unit, or only \$4,954 more than that of the Employer's position. For 2009 the PBA proposal costs out at \$101,606 and the Borough calculates its own offer at an increase of \$74,221. Similarly, the 4.0% increase awarded for 2009 is \$79,553 for the entire unit, or \$5,332 more than that proposed by the Employer. With respect to the salary increase for 2010, the Arbitrator awarded an increase of 3.75% which represents \$77,564 for the entire unit over the 2009 adjusted base salary totals.

The cost of the base salary figures and awarded increases discussed above can be charted as follows, recalling that the 2006 year end base figure was calculated by the Borough to include base wages,

longevity and holiday payments. That base totaled \$1,843,200.

2007 increase: \$69,120	2007 adjusted base: \$1,912,320
2008 increase: 76,493	2008 adjusted base: 1,988,813
2009 increase 79,553	2009 adjusted base: 2,068,366
2010 increase 77,564	2010 adjusted base: 2,145,929

These calculations represent the impact of the changes in the salary rates, including the impact on longevity and holiday pay.

The Arbitrator is fully cognizant of the fact that there will be an added pension contribution cost, beginning in 2008, associated with rolling the holiday pay into base salary. It must also be noted that the implementation of the Borough's proposal to contribute \$40 per month toward health insurance premiums will produce an annual cost reduction in the amount of \$480 per unit member.

The record is abundantly clear; the package awarded herein will not have any unreasonable financial impact on the governing body, its residents or its taxpayers. There is absolutely no indication that the award would cause any increase in the municipal purpose

tax rate and it certainly appears that no existing services or future services would be jeopardized by the cost of the award.

The most significant evidence with regard to the **Cost of Living** criterion is found in Exhibit B-76, a report from July 2007 citing data from the Bureau of Labor Statistics. That document shows that the Consumer Price Index for all urban consumers (CPI-U) had risen by 2.5% in the 12-month period from June of 2006 through June of 2007. That figure was only slightly lower than the national rate of for all cities 2.7%.

The cost of living data on the record, in the form of the CPI, supports the Borough's contention that its salary increase offer is more reasonable than that of the PBA. This criterion has been given some weight in determining the most reasonable resolution of the disputed issues.

The Arbitrator agrees with the Union that the **Continuity and Stability of Employment** criterion includes the concepts of "area standards" and

prevailing rates". These are certainly factors ordinarily and traditionally considered in the determination of wages and other terms and conditions of employment. In the case at hand, the wages earned by unit employees are clearly within the prevailing rates and need no boost beyond the central range of salary increases, in this case from 3.75% to 4.0%. Further the area standards seem to support both the rolling-in of holiday pay and some meaningful cost containment with respect to health insurance benefits.

The Borough is correct that unit members enjoy a very substantial measure of job security. It urges a result that would not interfere with the history of continuity and stability of employment. The Arbitrator is in agreement and finds that the contract that will result from the Decision and Award herein will leave the parties in a position to extend their long history of stability of employment.

The **duration** of the contract set forth in the Award shall be from January 1, 2007 through December 31, 2010. It is clearly in the public interest to

provide for the additional year sought by the PBA, beyond the three offered by the Borough. The first year of the contract period has already expired. The fourth year will provide the parties with a full, typical contract term between negotiations. This allows the parties to live with the terms of the agreement without being in a perpetual state of preparing for and conducting bargaining sessions. It provides for some longer range budget planning, with certain definitive cost factors established in advance. The fourth year was important to establish a balanced package, keeping certain factors otherwise indicated by the by other criteria in proper context. The fourth year increase is designed to be moderate and particularly in keeping with the comparability and financial impact criteria.

The **salary** rates in the contract shall be increased as follows:

Effective January 1, 2007 - 3.75%

Effective January 1, 2008 - 4.00%

Effective January 1, 2009 - 4.00%

Effective January 1, 2010 - 3.75%

These salary increases are especially driven by the public interest and comparability criteria. However, the financial impact criterion was given substantial weight as well in deciding the salary question. Additionally, the overall compensation, cost of living, lawful authority and continuity of employment criteria were given meaningful weight in setting the salary increases in the package awarded.

The increases are within the well-established central range of rates that dominate the record herein, between 3.75% and 4.0% annually. As asserted by the Employer, they reject the somewhat excessive increase rates found in the Union final offer but they are moderately above the increases sought by the Borough. They are balanced and will retain the strong competitive nature of the compensation package without having any unreasonable impact on the budget.

The Employer's proposal with respect to cost containment regarding the **health insurance** benefit:

The provisions of the State Health Benefits Program shall be maintained at the Borough's expense during the term of this Agreement except as herein provided:

Effective January 1, 2008 all members of the negotiating unit will pay forty (\$40.00) per month to the Borough of Mountainside as a contribution for health insurance by means of payroll deduction.

shall be awarded as a component of the package. This is reasonable under the public interest, overall compensation, continuity of employment, comparability and financial impact criteria.

The record contained extensive evidence of municipal police contracts in Union County having implemented various substantial forms of cost containment relating to health insurance. The proposal of the Borough was essentially identical to the current phase of the same issue negotiated in the Rahway contract. However, there are numerous contracts containing some form of premium contribution, mostly in terms of the cost of retaining or selecting a plan more expensive than the POS or perhaps PPO base plan. In some instances the traditional option was eliminated entirely. There were many forms of cost containment negotiated and the Employer's proposal herein was within the range established by other parties and it was found to be reasonable.

It is worth pointing out that unit members' salaries will rise to over \$92,700 in the life of this agreement, plus the impact of longevity benefits and the holiday pay rolled into base, will take unit members' salaries considerably above that level. It is not unreasonable, therefore, to balance the package with a provision seeking a premium contribution of \$40 per month to retain an excellent health benefit plan.

The PBA's proposal to roll **holiday pay** into base salary is found to be quite reasonable under the record herein, however the Arbitrator finds the appropriate effective date for that roll-in to be January 1, 2008, rather than the year before. This benefit change is warranted under the comparability and public interest criteria. It is nearly universally found in municipal police contracts in Union County and it is present in all the contracts of the narrow, closest comparison group. The cost impact of the change is not problematic and holiday pay conversion would present absolutely no issue with respect to the lawful

authority of the employer. The eighth criterion also includes elements that support this provision.

The January 1, 2008 implementation date was chosen as an element of balance. It coincides with the cost containment component sought by the Borough and awarded herein. On the practical side, it avoids the issue of the retroactive application of the structural change.

The Arbitrator carefully considered the alternative suggestion by the Employer that only a percentage of the benefit be rolled in. There was an attractive aspect of that concept, in recognition of increased pension contribution costs associated with the change. However, in balance the roll-in was awarded as proposed just as the health insurance cost containment factor was awarded as proposed. In the end the package is balanced, fair and reasonable in light of the evidence and the statutory criteria.

The Borough's proposal to restrict **longevity** payments to only those employees hired before January 1, 2007 is hereby rejected and shall not be awarded

herein. The most significant criteria in reaching the conclusion with respect to this issue are those of the public interest and comparability. The Arbitrator finds that to award this element of the Borough final offer would take the current package out of balance and that it would not produce a result in the public interest. This award has already provided for a very substantial element of cost containment, that establishing contributions by employees to their health insurance premiums. Further, there is significant comparison evidence supporting the continue of the benefit as it currently exists.

It is noteworthy that the contract has already established two tiers for longevity pay, one level for employees hired prior to June 18, 1996 and another for those hired after that date. The result has been to eliminate the 5-year level of longevity pay and to reduce all the other levels by 2%. Hence the maximum level is 8% for those hired in the last eleven and a half years and 10% for those hired earlier. This is an area where the Employer has already achieved some measure of cost containment through collective

bargaining in the past. There was insufficient support in the record to make further changes in this proceeding.

The Arbitrator does acknowledge that there were a few examples, under the comparability data, that lent some support to the Employer's proposal. Most notable were comparisons with New Providence and Westfield. Also the Rahway experience provided some supporting evidence for the Employer, especially in terms of timing and context. However, on balance the record weighed heavily in support of maintaining the status quo in the contract with respect to longevity and that result shall be awarded herein.

The Arbitrator finds it appropriate to reiterate that the issues set forth and resolved in the Award herein are linked and intertwined as part of a package. There may be separate discussion sections in this Discussion and Analysis however, one cannot lose sight of the package in its entirety. The final result must be reasonable in its totality, not merely on an issue by issue basis. The Award herein is balanced and

reasonable as a total package resolving all the issues
in dispute at interest arbitration.

A W A R D

For the foregoing reasons IT IS HEREBY ORDERED that all issues in dispute at interest arbitration in Docket No. IA-2007-044 shall be resolved as follows:

(1) The duration of the contract shall be from January 1, 2007 through December 31, 2010.

(2) The salary rates in the contract shall be increased as follows:

Effective January 1, 2007 - 3.75%

Effective January 1, 2008 - 4.00%

Effective January 1, 2009 - 4.00%

Effective January 1, 2010 - 3.75%

(3) The Medical Insurance provision of the contract shall be modified to provide as follows:

The provisions of the State Health Benefits Program shall be maintained at the Borough's expense during the term of this Agreement except as herein provided:


Effective January 1, 2008 all members of the negotiating unit will pay forty (\$40.00) per month to the Borough of Mountainside as a contribution for health insurance by means of payroll deduction.

(4) Holiday Pay Fold-In: Effective January 1, 2008, the entire holiday benefit shall be folded in and paid along with regular payroll. As such the holiday benefit so paid would be utilized for all calculation purposes.

(5) The Employer's longevity proposal is hereby rejected; the contract shall retain the *status quo* with respect to the longevity provision.

(6) The parties mutual agreement in negotiations to delete references to Borough or Employer grievances from the Grievance Procedure shall be incorporated in the contract.

Dated: December 31, 2007
Skillman, N.J.



Joel M. Weisblatt
Arbitrator

On this 31st day of December, 2007, before me personally came and appeared Joel M. Weisblatt, 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 the same.



Attorney-at-law