

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between:

BOROUGH OF FAIRVIEW

"Public Employer"

-and-

FAIRVIEW PBA LOCAL NO. 45

"Union."

**INTEREST ARBITRATION
DECISION
AND
AWARD**

Docket No. IA-2000-74

**Before
James W. Mastriani
Arbitrator**

Appearances:

For the Employer:

John L. Schettino, Esq.
Giblin & Giblin

For the Union:

Richard D. Loccke, Esq.
Loccke & Correia

I was appointed arbitrator by the New Jersey Public Employment Relations Commission in accordance with P.L. 1995, c. 425, in this matter involving the Borough of Fairview [the "Employer" or "Borough"] and Fairview PBA Local No. 45 [the "PBA"]. Pre-arbitration mediation sessions were held. Because the impasse was not resolved, two formal interest arbitration hearings were held. Testimony was received from Lieutenant Michael Scala, Municipal Auditor Steven Wielkotz, Joseph Rutch - Chief Financial Officer, the Honorable Vincent Bellucci - Mayor of the Borough of Fairview. Both parties introduced evidence. Post-hearing briefs were submitted and received on April 1, 2001.

FINAL OFFERS OF THE PARTIES

The Borough and the PBA submitted the following final offers:

The PBA

1. **Duration** -- January 1, 2000 to December 31, 2002.
2. **Salary (Article IX)** -- The PBA proposes that all steps shall be increased as follows:

6.0% effective January 1, 2000
6.0% effective January 1, 2001
6.0% effective January 1, 2002.

3. Holiday Fold In (Article XX) -- The PBA proposes that holidays be folded into base pay and be used for all computation purposes.

4. Terminal Leave (Article XXIV) -- The PBA proposes that this Article be modified to reflect that if an employee dies that the employee's estate shall be entitled to the full value of the terminal leave benefit.

5. Work In Higher Rank -- The PBA proposes that the 60 day waiting period for pay in higher rank be deleted.

The Borough of Fairview

1. Duration -- January 1, 2000 through December 31, 2002.

2. Salary

Employees hired after January 1, 2000

<u>Patrolman</u>	<u>Effective 1/1/00</u>
Academy Rate	\$25,000
Step 1	\$27,500
Step 2	\$30,000
Step 3	\$33,000
Step 4	\$36,000
Step 5	\$40,000
Step 6	\$45,000
Step 7	\$49,000
Step 8	\$53,000
Step 9	\$57,500
Senior Officer	\$62,886

Employees hired on or before January 1, 2000

Effective January 1, 2000	1% increase
Effective January 1, 2001	1% increase
Effective January 1, 2002	1% increase

3. Longevity (Article XVI) -- Two percent (2%) of annual base for every four (4) years of completed service, to a maximum of six percent (6%).

4. Vacations (Article XVIII)

An officer shall receive one (1) vacation day each month of service with the Department during the year in which the officer was appointed.

2-5 years of service:	ten (10) days
6-10 years of service:	fifteen (15) days
Above 11 years of service:	twenty (20) days

5. Personal Leave (Article XIX) -- Amend to reflect that employees shall receive two (2) personal days per year and will not be permitted to carry over personal days.

6. Terminal Leave (Article XXIV) -- Amend the present practice as follows:

- After ten (10) years of completed service - 1 month
- After twenty (20) years of completed service - 2 months
- After twenty-five (25) years of completed service - 3 months
- After thirty (30) years of completed service - 4 months

The Borough also proposes that the employees receive twelve sick days per year and shall be permitted to accumulate up to a maximum of five unused days per year. Upon retirement, employees at their option will be paid for accumulated sick days either in time with full pay and benefits or in cash at the employee's then existing rate of pay. Sick leave accumulation shall not exceed twenty [20] work days.

7. Pay Cycle – employees to be paid on a biweekly basis.

The Borough and the PBA have offered extensive testimony and substantial 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 Borough of Fairview has approximately 10,500 residents. The Borough is located in the southeast section of Bergen County bordering northern Hudson County.

As of 2000, the Borough of Fairview is composed of 15 Police Officers, 7 Sergeants, 3 Lieutenants, a Deputy Chief and a Police Chief. Staffing has been reduced by several employees over the last few years. All but the Chief are represented by the PBA. The police department deploys five patrol shifts consisting of three police officers and a desk sergeant who work on rotating

shifts. The Chief, Deputy Chief, Lieutenants and Detectives work Monday through Friday.

The Borough is primarily a residential community. As of 1998, the average median value of a one family house was \$184,000. The assessed valuation in 1999 was \$528,029,880. The tax rate has remained stable totaling 3.04 in 1999, 3.14 in 1998, 3.22 in 1999 and 3.15 in 2000. The municipal portion of the total tax rate in 2000 was 1.291. The tax rate yielded a tax levy of \$16,975,485 in 1999, a \$48,000 increase over 1999 and a \$565,000 increase over 1997.

Mayor Vincent Bellucci testified on behalf of the Borough. Mayor Bellucci testified that the stabilization of taxes has been a priority policy goal in his administration. He testified that labor agreements between the Borough and two non-law enforcement bargaining units, Local 29 and Local 911, were restructured to provide for new salary guides and benefits schedules for future hires and that the Local 29 contract resulted in an increase in hours worked from 30 to 35 hours per week over a two year period. According to the Mayor, the Borough's proposals in this proceeding seeking a substantial elongation in the salary guide and benefit reductions for future hires is consistent with his policy seeking long-term tax stabilization.

The record reflects that the Borough's fiscal policies during the last few years have resulted in the Borough being in a more favorable financial position than in previous years. Budget revenues realized in 1999 increased by more than one million dollars from 1997 and fund balances have increased as well as unexpended balance of appropriation reserves. Tax collection rates increased from 94.31% in 1998 to 97.68% in 1999. In 1999 the increase in the tax collection rate above the 95.40% which was anticipated yielded an additional \$397,000. The Borough's credit rating as rated by Moodys is "A". The Borough is not a wealthy community. It has a low per capita income relative to the other municipalities in the County of Bergen.

The police department is an active one and has recently experienced a decrease in the crime rate, although certain crimes, including burglary, have increased. Testimony from Lieutenant Michael Scala reflects that training has increased and that many programs and services have been offered to the community including broadened community police programs and anti-violence classes in the public schools. The police officers received defibrillator training and most of them have earned EMT certifications. The number of police officers in the department has decreased from 20 in 1997 to 15 in 2000. There have been no new hires.

POSITIONS OF THE PARTIES

PBA, LOCAL 45

Initially, the PBA addresses N.J.S.A. 34:13A-16(g)1, the interest and welfare of the public. The PBA characterizes the Borough as a suburb of New York with urban features and a challenging and active law enforcement environment. It cites the Bergen Record as recently indicating that the Borough is ethnically mixed – one-third native English speakers, one-third Spanish speakers, and the other third includes individuals of Mediterranean, Middle Eastern and Asian backgrounds. According to the PBA, there are a number of Borough officers who speak more than one language.

Lieutenant Scala indicates that crime was on the rise in the Borough between 1998 and 1999: total robberies increased 25%; burglaries - 27%; residential burglary – 17%; business burglary – 60%; motor vehicle theft – 23%; and domestic violence complaints – 20%.

According to the PBA, the Department has offered the public a variety of new services including, but not limited to, the following: expanded community policing, bicycle patrol, anti-violence classes in schools, and emergency medical technician training of most officers. Further, the Department recently assisted the State Police with apprehending a tractor trailer full of cocaine within the

Borough. These activities reflect that the Borough possesses urban characteristics.

The PBA points out that while the Department has expanded its services to the public that the Department now employs less patrol officers in 2000 than it did in 1997. In addition, the PBA asserts that promotional opportunities have been limited by the fact that a vacant Captain's position has not been filled and that since 1997 the Borough employs one less Sergeant. Further, due to the reduction in the number of superior officers, the remaining superior officers have greater supervisory responsibilities. Based upon the Borough's urban climate, the expansion of police services during a period in which the number of officers employed decreased, and the increased responsibilities of police officers in general, the PBA maintains that its members have served the interest and welfare of the public by providing services protecting the Borough's health, safety and welfare.

Addressing N.J.S.A. 34:13A-16(g)2, the comparison of wages and other conditions of employment, the PBA compares the 1999 top step base pay of the Borough's officers to those of New Jersey State Troopers and to those belonging to units in the following 19 municipalities in Bergen County: Allendale, Cliffside Park, Cresskill, Edgewater, Elmwood Park, Fort Lee, Garfield, Hackensack, Hasbrouck Heights, Lyndhurst, Maywood, New Milford, Ridgefield, Ridgefield Park, River Edge, Saddle Brook, South Hackensack, Teaneck and Tenafly.

According to the PBA, the average top step base pay of this comparison group is \$69,150 while the Borough's top step base pay is \$62,886 - \$6,264 less than the group average. Of the nineteen, only Cliffside Park had a lower top step base pay than the Borough. The PBA asserts that 9.9% wage increases would be necessary in order for their top step base pay to remain current with the average wages of the comparables, an increase greater than that which the PBA proposes.

The PBA maintains that the Borough's comparison group also supports the PBA's proposal. The Borough's comparison group includes units from the following 20 municipalities: Carlstadt, Cresskill, Edgewater, Englewood, Glen Rock, Hackensack, Hasbrouck Heights, Haworth, Hoboken, Leonia, Little Ferry, Lyndhurst, North Arlington, Northvale, Ridgefield, South Hackensack, Totowa, Waldwick, Wallington, and Woodbridge. According to the PBA, the average top step base pay of the Borough's comparison group is \$68,929.00 while the Borough's is \$6,043.00 less than the average. According to the PBA, its comparison to southern Bergen County municipalities is more relevant than the Borough's comparison; nevertheless, the average top step base pay of the comparison groups is within \$225.00 of each other. The PBA contends that both comparison groups support its position that the Borough officers are among the poorest paid officers in Bergen County.

In addition to low pay, the PBA contends that the Borough's officers receive less maximum vacation time than its comparison group average. In this comparison, the PBA includes units from the following 21 municipalities: Allendale, Cliffside Park, Cresskill, Edgewater, Elmwood Park, Englewood [SOA], Garfield, Glen Rock, Hackensack, Hasbrouck Heights, Lyndhurst, Maywood, New Milford, North Arlington, Ridgefield, Ridgefield Park, River Edge, Rutherford, Saddle Brook, South Hackensack, Teaneck [SOA and PBA]. According to the PBA, the average maximum vacation time for this comparison group is 27.8 vacation days whereas the Borough's officers receive a maximum of 24. Compared to the Borough's comparison group, the average maximum is 27.3 days. The Borough included units from the following 21 municipalities: Carlstadt, Cliffside Park, Cresskill, Edgewater, Englewood, Hackensack, Hasbrouck Heights, Haworth, Hohokus, Little Ferry, Lyndhurst [SOA and PBA], North Arlington, Northvale, Norwood, Ridgefield, Ridgewood, Saddle Brook, South Hackensack, Totowa, Wallington, and Wood Ridge.

The PBA also indicates that Borough officers receive the lowest clothing allowance (\$500) of its comparison group consisting of the State Troopers and units from the following 17 municipalities: Allendale, Cliffside Park, Cresskill, Edgewater, Elmwood Park, Fort Lee, Garfield, Glen Rock, Hackensack, Hasbrouck Heights, Lyndhurst, Maywood, New Milford, North Arlington, Ridgefield, Ridgefield Park, and Saddle Brook. The next lowest to Fairview's is \$550 and the group average is \$758.

The PBA provides a chart of base rate increases for 2000, 2001 and 2002 which includes State Troopers and units in the following 25 municipalities: Allendale, Closter, Cresskill, East Rutherford, Edgewater, Elmwood Park, Englewood [SOA and PBA], Fort Lee, Glen Rock, Hasbrouck Heights, Harrington Park, Lodi, Lyndhurst, Maywood, Moonachie, New Milford, North Arlington, Ridgefield, Ridgefield Park, Ridgewood, River Edge, Rutherford, Saddle Brook, Teaneck [SOA and PBA], Tenafly. Based upon the information provided by the PBA, the average base rate increases for this group comparison was as follows: 2000 – 4.12%, 2001 – 4.06%, and 2002 – 4.07%.

The PBA refers to the Borough's rate comparisons as further support of its proposals. According to the PBA, the Borough included the State Police NCO and the units from the following municipalities in its chart comparing rate increases for 2000, 2001 and 2002: Carlstadt, Cliffside Park, Edgewater, Hasbrouck Heights, Haworth, Hohokus, Little Ferry, Lyndhurst [SOA and PBA], Northvale, Ridgefield, South Hackensack, Totowa, Wallington, and Wood Ridge. The PBA calculated the average base rate increases for the Borough's group as follows: 2000 – 3.94%, 2001 – 3.93%, and 2002 – 4.25%. The PBA cites this information, along with its own comparisons, as strong support for awarding its proposals. According to its calculations, the difference between the averages of the comparison groups over the three year period is 13 hundredths of a percent (PBA's – 12.25%, Borough's – 12.12%).

According to the PBA, in order for Borough officers to attain the average base pay rate commencing January 1, 2000, the top step base pay rate would have to be increased by 9.96%. And thereafter, in order to maintain the average base rate pay, the base rate would have to be increased over the next three years as follows: 4.12%, 4.06%, 4.07%. The PBA indicates that the total of its proposed increases of 6% per year is less than the total increase required to maintain the base rate average of its comparison group. Coupled with the fact that the Borough has voluntarily granted greater increases to some Borough employees, the PBA's proposal is reasonable and must be awarded in order to reach a level that is competitive with its comparison group.

The PBA suggests that the Borough's reliance upon the salary increases of the Borough's blue collar units of 3.5% in determining the rates for the Borough's police officers must be discounted since there is no data for review to determine how the blue collar employees within the Borough compare to those employed outside of the Borough. In addition, the PBA contends that private sector comparisons are not entitled to significant weight due to the unique qualifications, duties and responsibilities of a police officer [i.e. obligation to act as law enforcement officer at all times] and given the strict statutory regulations under which an officer must perform. The PBA relies upon language contained in an award issued in Ridgewood, IA-94-141.

Addressing N.J.S.A. 34:13A-16(g)5, the lawful authority of the employer, the PBA maintains that the Borough has not encountered Cap problems and can fund the PBA's proposals without exceeding its lawful authority. The PBA indicates that the Borough elected to utilize only 2.5% of the 5.0% Cap maximum permitted by statute in its 2000 budget. According to the PBA, the Borough could have budgeted an additional \$173,508 in 2000 within the Cap, but did not do so.

The PBA asserts that its proposals will not interfere with the Town's statutory obligations and would not have adverse financial impact on the governing body or its residents. Specifically, the PBA calculates that the maximum allowable general appropriations within the Cap for 2000 was \$7,517,260. But, the PBA points out that the Town appropriated only \$7,371,175 in 2000. Accordingly, the PBA calculates that the excess unused amounts within the Cap for 2000 was \$146,085. The PBA points to the testimony of Municipal Auditor Steven Wielkocz who indicates that the Borough does not have a Cap problem. According to the testimony and the budget documents, the Borough going into 2000 has a Cap bank of \$403,394.

The PBA considered the Borough's Cap bank and the costs associated with increasing the bargaining unit's salaries by one (1) percentage point. According to the PBA, the following chart represents the base pay of unit members:

BARGAINING UNIT BASE PAY

(A)	(B)	(C)	(D)
Captain	0	\$75,528	0
Lieutenant	3	\$71,597	\$214,791
Sergeant	7	\$67,182	\$470,274
Patrolman	15	\$62,886	\$943,292
TOTAL	25		\$1,628,355
			1% = \$16,283

Based upon the chart, the total base pay for three (3) Lieutenants, seven (7) Sergeants and fifteen (15) patrolmen is \$1,628,355 and a salary increase of one percent (1%) would cost the Borough \$16,283. When compared to the Borough's Cap, the Cap ceiling represents over 24 percentage points.

Addressing N.J.S.A. 34:13A-16(g)6, the financial impact on the governing unit, its residents and taxpayers, the PBA contends that there will be no adverse impact if its proposals are awarded. According to the PBA, the Borough can fund the PBA's proposals with the absorbed savings associated with the reduction in the number of Captains, Sergeants and Patrolmen. The PBA contends that the Borough, from 1997 to 2000, saved over \$380,000 annually by not filling several vacancies, and when considering benefits such as longevity and pension payment, the savings is even greater. In support of its position, the PBA refers to the following information that was presented as evidence at the hearing:

- The municipal tax rate from 1999 to 2000 dropped. The 1999 total rate was \$3.11 and the 2000 rate was \$3.15 per 100 of assessed value. This was

established through the testimony of the employer's own witness Fairview Chief Financial Officer Joseph Rutch on cross-examination of January 8 (Tr. P. 90, L. 15 to P. 91, L. 3).

- The picture of high taxes painted by Mr. Rutch on direct was a comparison of tax rates not equalized tax rates. On cross-examination several of these anomalies were identified. Mr. Rutch acknowledged that the equalization ratio figure for Fairview in 2000 was only 85.3% (P-49 Tr. P. 92, L. 2-6).
- A comparison of equalized tax rates, properly calculated, puts the tax rate in Fairview lower than Hackensack and lower than Lodi, just to name a few.
- The Borough of Fairview has received a commitment for \$320,000 to be sent from Alpine under a Mount Laurel contract. This money will be utilized to build and upgrade properties within the Borough which will result in an improved ratable base. This was established through Mr. Rutch on cross-examination (Tr. P. 93, L. 5 to P. 95, L. 7).
- The reserve for uncollected taxes shows an anticipation of 95.4% (Municipal Budget, B-37 / P-39, Sheet 3, Line 3). The amount that could have been utilized is 97.68% (P-44, Sheet 22, Line 13). The difference between the amount that could have been estimated and the amount that was in fact estimated, is 2.28%. When compared to the total tax levy for the preceding year of \$17,093,322.00 (P-44, Sheet 22, L. 5) this results in a "reserve cushion" of \$397,426. This is not flexibility. This is cash.
- The surplus anticipated in the 2000 Budget is \$600,000, a significant increase over the 1999 Budget Surplus of \$145,000. This is over a quadrupling of the surplus anticipated.
- The Borough of Fairview has taken the unusual position of listing interest on investments on the "Schedule of Miscellaneous Revenues Not Anticipated" (AFS, P-44, Sheet 20). It seems a problem of logic not to anticipate interest which is earned on monies on deposit in the bank. The proper place one would think for interest on investments is the line captioned "Interest on Investments and Deposits" which is part of the statutory sheet 4 budget form. Here this municipality elected not to put the money on the budget line item so designated but rather carried the \$100,006.00 (interest on investments) as monies not anticipated in the AFS sheet 20. Notwithstanding this strange placement, there is still over \$100,000 of interest on investments.
- Noteworthy on the Annual Financial Statement (P-44) at Sheet 20, "Schedule of Miscellaneous Revenues Not Anticipated" is the revenue from cable TV franchise contracts. How can one not anticipate fees received from a contract? In any event, there is another \$23,742 so listed under monies not expected to be received.

- Fairview Police Officers represent significant revenue sources to the Borough. The Municipal Court in 1999 alone turned in over \$246,000 in fine money (Municipal Budget, B-37 / P-39, Sheet 4).
- The results of operations have improved significantly in the last 3 years. In 1997 there was a minus \$22,608 which improved to \$82,040 positive for 1998. This amount grew again to \$1,026,426 in 1999. This is extremely important because it indicates the amount of surplus generated during the year. Conceptually it gathers or summarizes the closing entries to operations of the various "holding" accounts. (Source AFS, P-44, Sheet 19). Budget revenues have grown significantly in the last 3 years. The excess in the amount realized over the amount anticipated in 1997 was \$112,888.00. That same calculation for 1999 was \$727,631. This is over a 500% increase. (Source - AFS, Sheet 19).
- The unexpended balance of appropriation reserves has grown steadily over the last 3 years available. In 1997 there was canceled from year 1996 \$39,294. 1998 cancelled from the year 1997 a total of \$56,465. In 1999 canceled from the year 1998 was \$150,071. This establishes an increasing budget cash flexibility. (Source - AFS, Sheet 19).
- The Schedule of Fund Balances, Current Fund has improved. In the most recent year, 1999, there was a balance of December 31, 1999 of \$1,126,255.00. Only \$600,000 was utilized in the succeeding year budget. Compare to 1996 where there was \$588,758 on balance as of 12/31 and \$341,000 was utilized in the succeeding year. The surplus has doubled since 1996. The most recent calculations leaves almost 50% available for the succeeding year, 2001. (Source - 1999 Report of Audit, P-47).
- The tax rate has remained fairly stable over the last 4 years with a significant decrease for the year 2000.
- The borrowing power of this municipality is only partially utilized. The statutorily permitted debt limit of 3.5% permits debt of \$21,266,902. The net debt is only \$7,360,283. The remaining borrowing power is \$13,906,619. This is well below the debt limit. The PBA is not suggesting that the public employer borrow to fund an award of the PBA's last offer position. Rather the PBA is suggesting that this municipality is far different than the dim picture attempted to be painted by the employer at hearing.
- Fairview has one of the lowest debt per capita in Bergen. It ranks no. 57 out of 70 towns.
- Fairview has one of the lowest tax levies per capita ranking 67 among 70 towns.

- The collection rate for current taxes in the Borough of Fairview is above state average. In 1998 it was 94.31%. In 1999 it grew to 97.68%. The delinquencies in Fairview form a very small portion of the total levy, only 2.32% (Report of Audit, P-47, P. 85).
- There is no heavy tax burden on the voters as is identified by the percentage of voters who turned out in the most recent school budget ballot. Only 14% of the eligible voters even bothered to cast a ballot (P-61). Obviously some voted for and some against the proposition. This is significant because the Board of Education makes up almost exactly 50% of the tax levy. One cannot vote for a state, county or municipal budget directly under New Jersey Law since one must do so through elected officials. The exception is the school budget. Coincidentally this is the largest single part of the tax levy. Apparently there is no heavy load in Fairview.

In addition, the PBA points out that the Borough will save \$51,997 annually in 2000 and in 2001 as a result of a reduction in the amount the Borough must contribute to the Police and Fire Pension System. This amount represents approximately 3.2 base wage percentage points. The PBA also indicates that the Borough has reduced its expenses associated with solid waste and its transfer system because of a recent agreement it signed with BFI Transfer Systems. For these reasons, the PBA claims that the Borough cannot assert that the PBA's proposals would cause adverse financial impact.

In addition to the above, the PBA contends that its proposals, if awarded, would have very little impact on the Borough's residents. The PBA maintains that a resident currently paying a tax bill of \$4000 pays \$368.80 per year for all of the bargaining unit's present wages (\$30.73 per month). According to the PBA, each percentage point increase will cost that taxpayer \$3.68 a year or 30.7 cents per month even assuming that all of the costs are derived from tax increases.

Addressing N.J.S.A. 34:13A-16(g)7, the cost of living, the PBA asserts that this factor alone should not control the outcome of my Award. The PBA maintains that the Borough's Patrolmen, when considered to other municipalities, are paid below average even though all employees are subject to the same cost of living considerations.

Addressing N.J.S.A. 34:13A-16(g)8, the continuity and stability of employment, the PBA relies upon the testimony and evidence presented at hearing. The PBA emphasizes that the fold-in of holidays into base pay is a significant issue and a consistent trend in labor agreements. According to the PBA, its members will benefit through a higher creditable base pay and the public will benefit by having police coverage of holidays at regular pay rates as opposed to overtime rates.

The PBA also refers to its terminal leave benefits proposal. The PBA seeks to have terminal leave benefits guaranteed to be paid to the spouse of an officer who dies before retirement. The PBA notes that the Borough has made such a payment in the past. However, in the absence of contract language, the Borough is not obligated to do so and the PBA simply seeks to protect the surviving spouse in a manner in which the Borough has voluntarily elected to do.

The PBA also seeks to eliminate the sixty (60) day waiting period before an officer receives the higher rate of pay for performing the work of a higher rank. The PBA contends that the Borough had kept several positions vacant and has saved money by having lower ranked officers perform the duties on a temporary basis.

For all of the above reasons, the PBA seeks acceptance of its last offer in its entirety.

BOROUGH OF FAIRVIEW

The Borough asserts initially that has always paid its police officers more than a competitive wage considering the Borough's ability to pay. The Borough contends that the benefits received by the PBA are better than the benefits received by other police officers in many Bergen County municipalities. The Borough claims that the compounding effect of the PBA's proposals must be considered and the increases sought by the PBA are excessive and will have a significant negative impact upon the Borough's tax rate and its fiscal stability.

With respect to the statutory criteria, the Borough first addresses N.J.S.A. 34:13A-16(g)1, the interest and welfare of the public. The Borough contends that its proposals are fair and reasonable, unlike those offered by the PBA. According to the Borough, the PBA's proposals ignore the Borough's financial

status and the taxpayers' ability to pay. The Borough points out that it has a large population of senior citizens, has been unsuccessful in attracting new commercial and industrial businesses, and also has lost State aid. The Borough refers to the Borough's 1998-2000 Supplemental Municipal Property Tax Relief Act Discretionary Aid Application and the 1996 Municipal Stress Index as evidence of the Borough's fiscal needs. According to the Borough, it received \$500,000 and \$480,000 in State aid in 1999 and 2000 respectively and that only five (5) municipalities received greater amounts of State aid than the Borough. However, the Borough is not permitted to anticipate discretionary aid for the 2001 budget. Further, the Borough indicates that the Borough ranks 77 out of 567 municipalities on the Municipal Stress Index. The Borough notes that between 1995 and 2000 that it had a net property assessment reduction from approximately \$537.2 million to \$529.0 million.

In addition to the above, the Borough points to several factors in support of its contention that its economic future does not support the PBA's proposals: the Borough may lose its discretionary aid, it must pay \$190,000 of principal and interest on the \$900,000 tax refunding bond issue, its first payment in the amount of \$50,000 resulting from a special emergency appropriation for the revaluation of real property is due in 2001, it owes \$50,000 in 2001 for the down payment of two (2) fire trucks and an ambulance, it must begin budgeting for apartment building garbage collecting, and the 2001 municipal budget introduced by the Mayor and Council reflected a twelve (12) point tax increase.

According to the Borough, its budgeted average school spending per pupil for 1999-2000 is more than \$2000 less than the State average (\$5,413 compared to \$7,532). The Borough also claims that the teachers in the school district are the lowest paid in Bergen County and that the mean salary for teachers in the school district for 1998-1999 was \$38,112 compared to the State average of \$44,873.

The Borough indicates that the Board of Education introduced a budget for the 2001-2002 school year that requires an increase in the tax levy of approximately thirteen (13) points. Thus, taking into consideration the budgets introduced by both the Borough and the Board, residents are already facing a twenty-five (25) point tax increase even without considering the effect of the Borough's property revaluation. According to the Borough, it has been unsuccessful in bringing in new commercial and industrial business. Thus the only way for the Borough to afford salary increases is either to (1) increase its rateables, (2) reduce payroll through job elimination or (3) restructure the salaries and benefits of new hires. The Borough also notes that it has privatized other municipal services and restructured the salaries and benefits of other municipal employees.

The Borough next addresses N.J.S.A. 34:13A-16(g)2, the comparison of wages and other benefits, and g(3), the overall compensation presently received

by the employees. According to the Borough, the wages and benefits received by its Patrolmen are extremely competitive with those officers employed elsewhere in Bergen County municipalities. The Borough indicates that its officers receive the following benefits which it claims to be the highest in Bergen County: five (5) personal days per year, fourteen (14) paid holidays, maximum longevity of fifteen percent (15%), and up to one (1) year of terminal leave pay. Further, the Borough contends that its officers work the least amount of hours per week in Bergen County (33.5 hours inclusive of a half hour lunch and two 15 minute breaks each day) and work only 190 days per year.

In addition to the above, the Borough contends that its officers, based upon the hourly rate, receive the highest starting salary in Bergen County and the fifth highest salary after four years even though the Borough has the County's lowest per capita income. The Borough also indicates that it has the County's 7th highest tax rate and the highest percentage of tax exempt property compared to similar sized municipalities in the County. The Borough also points out that the Department's crime analysis reports for 1997-2000 indicate that crime, call responses, and summonses have decreased.

The Borough compares itself to nearby municipalities and concludes that it has a lower median income level, higher tax rates and lower surpluses. At the same time, its officers receive greater pay and benefits. The Borough maintains that the PBA's comparisons should be given little weight because the PBA

compares the Borough to more affluent municipalities. For these reasons, the Borough's proposals should be awarded.

The Borough compares its officers' salaries and benefits to those received by other Borough employees and concludes that PBA members, by far, receive the best package. The Borough indicates that a patrolman with two (2) years of service receive over \$50,000 per year compared to the next highest paid Borough employee with the same number of years of service who earns approximately \$7,000 less. According to the Borough, other Borough employees work either a 35 or 40 hour work week and receive less personal days, holidays, vacation days, sick days, longevity and terminal leave. The Borough also maintains that while it takes a Borough officer to reach a base salary of \$60,000 in only five (5) years, while a school teacher employed in the Borough must work twenty (20) years to earn a little over \$57,000.

The Borough indicates that the other bargaining units have agreed to new salary guides and benefits for new hires and stresses the importance of doing the same in this case. The Borough contends that recent arbitration awards in Stone Harbor and Atlantic City exemplify the significant weight that should be given to that fact.

Addressing N.J.S.A. 34:13A-16(g)3, the overall compensation presently received by the employees, in addition to the benefits mentioned above, the

Borough maintains that its officers receive similar vacation leave benefits as those in other municipalities even though Borough officers work a 4-3 schedule. The Borough seeks to reduce the salary and benefits of new hires in order to bring itself into line with other municipalities.

Addressing N.J.S.A. 34:13A-16(g)7, the cost of living, the Borough relies upon the Consumer Price Index (CPI) as the guide to awarding appropriate wage increases. The Borough maintains that the PBA's proposed wage increases of 6% are more than three (3) times the CPI for 1998-2000: 1.6%, 2.0% and 2.0% respectively. For this reason, the Borough contends that the PBA's proposed increases "bear little relationship to the current economic reality and cannot be sustained." It is the Borough's position that it is the Borough's budget, rather than the officers' desires which should control the outcome of this award.

The Borough next addresses N.J.S.A. 34:13A-16(g)8, the continuity and stability of employment. The Borough acknowledges that reduced benefits may not promote higher morale; however, it is the public's welfare that is tantamount. The Borough maintains that the least painful way to address the Borough's economic realities is simply to set new terms for new hires. The Borough refers to awards in Englewood Cliffs, Cliffside Park and Stone Harbor. According to the Borough, the PBA fails to present evidence indicating how this proposal, if awarded, would impact the Borough while the Borough has presented evidence to support its contention that the Borough is struggling.

The Borough maintains that its ability to pay and its lawful authority are not synonymous. The Borough acknowledges that it has the authority to increase its Cap to 5% but given the economic realities of the Borough, it has decided that it is unwise to do so. As for the financial impact on the Borough and its residents, the Borough believes that it has two (2) unreasonable alternatives if the PBA's proposals are awarded: reduce police personnel or further increase property taxes.

For all of the reasons above, the Borough concludes that its proposals are reasonable, that the PBA's are not, and therefore, the Borough's proposals should be awarded.

DISCUSSION

I am required to render a decision reflecting a reasonable determination of all unresolved issues. 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. The Borough and the PBA have expertly and comprehensively set forth their positions on the issues in dispute and have submitted testimony, evidence and argument on each statutory criterion in support of their respective positions. All of the testimony, evidence and arguments have been thoroughly reviewed, considered and weighed.

There are many issues which remain in dispute which are mostly economic in nature. One principle which is ordinarily and traditionally considered in the determination of wages, hours and other terms and conditions of employment through the bargaining and/or arbitration process is that the party who seeks a specific change shoulders the burden of proving the need for such change. I apply that principle to the analysis of each issue in dispute. Because I have already summarized the arguments of the parties in support of the evidence each has submitted, I will not restate those arguments in this discussion section of the Award.

Higher Rank Pay Waiting Period

The PBA proposes that the existing provision requiring a 60 day waiting period for pay in higher rank be deleted [See Article LIV - Jt. Ex. #1]. There is no dispute over whether out of title work can be assigned. The PBA asserts that reductions in the police roster over the past few years requires the shortening of the waiting period as a matter of equity. However, it has not been demonstrated that reductions in personnel have caused the Borough to abuse Article LIV by making repetitive temporary assignments to avoid the hiring and/or promotion of police officers. For this reason, the PBA's proposal is denied.

Terminal Leave Benefits

The PBA proposes that the benefits set forth in the terminal leave article [See Article XXIV - Jt. Ex. #1] be applied to a surviving spouse when a police officer dies prior to retirement. The PBA views this as a modification of a "working agreement" inasmuch as a recent occurrence resulted in such payments to the surviving spouse of a deceased police officer. Irrespective of whether one such payment can be characterized as a "working agreement," it is reasonable and equitable that such accrued and vested time be awarded to a surviving spouse when a police officer dies prior to retirement. This proposal is awarded.

Bi-Weekly Pay Period

The Borough has proposed to implement a bi-weekly pay period. The PBA opposes this proposal. The Borough points out that its other bargaining units have accepted this proposal and that savings will accrue from an easing of administration and processing costs by implementing a uniform pay period. These contentions have merit and are consistent with furthering the interests and welfare of the public by having a more efficient system of administration. Thus, I award the Borough's proposal for a bi-weekly pay period. The Borough may implement this proposal as soon as it is operationally possible to do so.

Holidays

The PBA has proposed that Article XX, Holidays, be modified to fold holiday pay into base pay and be used for all computation purposes. The proposed fold in is consistent with pension law. It would heighten a police officer's base salary for pension purposes. Because the holidays are already currently being paid, the fold-in does not represent duplicate payment. There is some cost associated with inclusion of fold in. The police officer's base pay will be increased for pension purposes and the Borough will assume an increase in pension contributions in the amount of the difference of the worth of a working day. I calculate this annual cost at approximately .07%. It will also modestly increase the hourly rate of pay for the purposes of calculating overtime rates. I award the fold in but must consider terms which ameliorate the cost impact of its inclusion. The fold in shall be effective at the conclusion of the last work day of this agreement thereby causing no net economic change during the term of this contract. In addition, portions of the base salary increases awarded for the final year of this contract shall be deferred representing savings in the annual payout for contract year 2002. Cost savings for new hires as a result of a new hire salary schedule will also serve to offset costs associated with the awarding of the fold in.

Salary & Benefits

The remaining issues focus exclusively on salary and benefits for existing police officers and newly hired police officers. On this latter point, the Borough

has proposed a far reaching and ambitious salary and benefits package with an eleven (11) step salary guide for new hires (compared with the existing six step five year salary guide containing two six month academy steps) and reductions in existing benefits for new hires in areas such as longevity, vacations, personal leave and terminal leave.

Any analysis of these disputed issues also requires an application of the statutory criteria to the evidence and arguments contained in the record. The parties have given the most emphasis and focus on the criteria relating to comparability to employees both in law enforcement and within the Borough and to the financial impact of any adjustments in the labor agreement on the governing body, its residents and taxpayers.

The PBA and the Borough differ on the health of the Borough's financial posture. The Borough deems the PBA's wage proposal (calculated as 19.78% over three years) to be "absolutely without justification" and one which would "significantly impact the tax rate, jeopardize needed improvements and compromise the fiscal stability and philosophy of the Borough." The PBA, on the other hand, cites reductions in the Borough's municipal tax rates, consistent and increasing budget surpluses, increases in tax collection rates, low debt obligation and other sources of revenue as supporting its proposal for an increase in salaries which it asserts are non-competitive and below average within the

County of Bergen and vigorously urges rejection of the 1% increases for each of three years proposed by the Borough.

The evidence cited by the Borough does weigh against the awarding of the PBA's proposal of annual 6% increases. Borough residents have the lowest per capita income within Bergen County and the Borough is not experiencing population growth. Approximately 75% of its ratables come from residential property and its land area is virtually fully developed. In addition, 113 acres of its total land area of 447 acres is non-taxable public property. It has a senior citizen (over 65) population of 17%. The Borough is assisted by discretionary aid from the State of New Jersey, having received \$500,000 in 1999 and \$480,000 in 2000. An economic indicator, the Municipal Stress Index, ranks Fairview 77 out of 567 municipalities. Net property assessments have decreased from \$529,000,000 in 2000 from \$537,297,380 in 1995. The Borough expresses a concern over a potential loss in discretionary aid, a revenue source which cannot be anticipated in future budgets.

The evidence submitted by the PBA counters that submitted by the Borough and weighs against the awarding of the Borough's proposal of 1% annual increases. Chief Financial Officer Joseph Rutch acknowledged a reduction in the municipal tax rate from \$3.22 per \$100 of assessed value in 1999 to \$3.15 in 2000. The level of the tax rate is tempered by the fact that County records reflect that the equalized ration of the 2000 rate was 85.3%. The

Borough has a positive trend in its results of operations, its unexpended balance of appropriations reserves, anticipated surpluses and schedule of fund balances. The PBA also points out that the Borough has low debt per capita and can well afford more than what the Borough has offered.

The financial evidence clearly reflects that the appropriate wage increases issue can be set below that proposed by the PBA but above that proposed by the Borough without adverse financial impact on the Borough.

The PBA and the Borough also offer differing opinions on the evidence relating to comparability. The Borough contends that the PBA's exhibits on law enforcement comparability focus predominantly on affluent communities which the Borough believes should be given little weight when compared to the Borough with its unique demographics. In response, the PBA notes that there is little difference between base rate increases in the 28 labor contracts it has submitted into evidence from the 16 submitted by the Borough. When all of these agreements are calculated, the averages for the 2000-2002 contract period reflect insignificant differences and are at or near the 4% level. Only four of the selected comparisons are reflected in the comparisons submitted by each party. The common municipalities are Lyndhurst, Edgewater, Ridgefield, and Hasbrouck Heights. There is little of significance different in these comparisons when compared to the overall selected comparisons submitted by either party. Both sets of comparisons reflect that maximum or top step pay for Borough

police officers is approximately \$6,000 below the average maximum or top step pay for the police officers in the selected comparisons.

The PBA and the Borough buttress their arguments on comparability by citing differences in other terms and conditions of employment between the Borough police officers and those in other communities. For example, the PBA notes that the 24 vacation days received by Borough police officers at maximum are 3.8 days below the average of its selected comparables. The PBA also points to the uniform allowance of \$500 in Fairview as comparing unfavorably with other selected communities. In response, the Borough points to benefits received by Borough police officers which are better than the comparable communities. Specifically, the Borough refers to the current agreement which provides 5 personal days, 14 paid holidays and a maximum longevity benefit of 15%. The Borough also contends that the lower annual salary at maximum or top step for Borough police officers has to be weighed against the fact that the average number of hours worked per week is 33.5 hours over a 190 day work year which yields a very favorable comparison in their hourly rate of pay.

I have also considered the remaining evidence on comparability which involves the labor agreements the Borough has entered into with its white collar bargaining units and the data concerning private sector wage increases. That data reflects 3.5% increases for the Borough's non-law enforcement employees coupled with cost saving revisions to salary guides and benefits. The private

sector data reflects increases from 1997 to 1998 of 4.4% in Bergen County and 5.7% statewide. The private sector data reflects increases from 1998 to 1999 of 3.4% in Bergen County and 4.3% statewide.

The comparability evidence, as well as the evidence on financial impact, clearly reflects that the appropriate wage increases can be set below that proposed by the PBA but above that proposed by the Borough. Other factors are also relevant and must be carefully weighed and considered in fashioning a wage determination for the Borough's police officers.

The cost of living factor is also relevant. It weighs against an award at or near the level sought by the PBA. The record reflects increases in the CPI averaging 2.0% over the life of the last collective negotiations agreement. The CPI is an influencing but not a controlling factor and must be considered in conjunction with the other relevant factors. The Borough's offer is one half of the CPI rate quoted above and the average increase among law enforcement departments in the County of Bergen is double the rate of CPI as well as for the private sector data for private employees in the County of Bergen.

The continuity and stability of employment factor is relevant to the extent that the terms of the award should not contribute to a distressed employment relationship in the future. Nor should terms be set at a level beyond what is appropriate to maintain reasonable relative relationships in terms and conditions

of employment within the specialized employment requirements of law enforcement. Consideration must also be given to the reasonableness of the Borough's new hire package to balance the Borough's desire for future cost savings with the potential that those terms could render employment with the Borough less attractive or create turnover after investments in training are made for those new hires.

At the end of 1999, the total salaries for unit employees amounted to \$1,628,355. The Borough's proposal of 1% annual increases would cost \$16,283 in 2000, an additional \$16,446 in 2001 and an additional \$16,610 in 2002. These costs total \$49,339. The PBA's proposal of 6% annual increases would cost \$97,701 in 2000, an additional \$103,563 in 2001 and an additional \$109,777 in 2002. These costs total \$311,041. On an annual basis, the difference between these positions amounts to \$81,418 in 2000, \$87,117 in 2001 and \$93,167 in 2002. The difference in payroll costs between these positions at the end of the new three year contract, is \$261,702 ($\$311,041 - \$49,339 = \$261,702$). A Borough objective is the achievement of cost savings for new police officers, a goal which it furthered in negotiations with its non-law enforcement units. Such cost savings serve as cost offsets in the future and must be considered as a factor in setting the totality of new contract terms although future cost savings cannot be precisely calculated because they are dependent on factors such as the number of future hires and when they are hired.

Based upon the arguments and evidence submitted, and after applying the statutory criteria, I have determined that a three-year agreement with wage increases shall be 3.75% effective January 1, 2000; 3.75% effective January 1, 2001, 2.0% effective January 1, 2002 and additional 2% effective July 1, 2002. This represents a total increase of 11.50% over the three-year term representing an average rate increase of 3.83%. Because of the split increase in 2002, the payout during the term of the Agreement will be 10.50% or an average payout of 3.5%. The Award results in a net economic change of \$177,682 over the three years by virtue of increases costing \$61,063 in 2000, \$63,335 in 2001 and \$53,284 in 2002. The \$53,284 for 2002 is calculated based upon 2% added to base on January 1, 2002 and an additional 2% added to base on July 1, 2002. The July 1, 2002 represents a payout of 1% for the 2002 year because it is paid out for one-half of the year. A flow-through cost of \$18,229 is paid out during the contract year 2003 and is a relevant figure to be factored into negotiations for the succeeding contract. The total net economic change of the payout in payroll costs during the term of the Agreement is \$133,359 less than proposed by the PBA and \$128,343 more than proposed by the Borough.

The new salary schedule, Appendix A, shall read as follows:

**Appendix A
Base Salaries**

	<u>Eff. 1/1/00</u>	<u>Eff. 1/1/01</u>	<u>Eff. 1/1/02</u>	<u>Eff. 7/1/02</u>
Patrolman				
A) Academy Rate (Eff 1 st six months of employ)	\$37,470	\$38,875	\$39,653	\$40,446
B) Post Academy Rate (Eff 2 nd six months of employment)	\$39,676	\$41,164	\$41,987	\$42,827
Fourth Grade	\$44,084	\$45,738	\$46,652	\$47,585
Third Grade	\$51,799	\$53,742	\$54,817	\$55,913
Second Grade	\$59,514	\$61,746	\$62,981	\$64,240
First Grade (Maximum)	\$65,244	\$67,691	\$69,045	\$70,426
Sergeant	\$69,701	\$72,315	\$73,761	\$75,237
Lieutenant	\$74,282	\$77,067	\$78,609	\$80,181
Captain	\$78,360	\$81,299	\$82,925	\$84,583

The salary adjustments awarded herein in conjunction with the fold in of holiday pay into base salary require consideration of the cost savings or cost reduction elements of the Borough's proposals. Consideration is also warranted based upon the internal settlements the Borough has reached with its non-law enforcement units. Given the general parameters of wage settlements for law enforcement personnel within comparable communities, I do not conclude that the precise wage terms of the internal settlements are controlling over the wage terms of the award although they have been seriously considered in shaping the 11.50% rate increase with a 10.50% payout. Those settlements have frozen or reduced entry level salaries and contain some benefit reductions. These aspects

of the settlements can be incorporated in this award to accompany the net economic changes which have been awarded to existing personnel.

New Hire Terms

One such revision shall be the modification of the existing salary schedule for police officers hired after the effective date of this award. The existing entry level salary of \$36,116 and \$38,242 after six months of seniority compares very favorably within the County and should remain in effect and unadjusted until the July 1, 2002 wage adjustment of 2.0%. This will result in the maintenance of these two salary steps at 1999 levels through the first 2 ½ years of this agreement. In addition, the existing salary schedule which provides for a police officer to reach maximum or top step pay at the beginning of his or her fifth year of employment also compares very favorably within the County. The length of time to reach maximum or top step pay shall be extended thus yielding cost savings each and every year prior to reaching top step. Police officers hired after the effective date of this award shall be subject to a new salary schedule, Appendix B which shall add two salary steps and allow for the reaching of maximum or top step at the beginning of his or her seventh year of employment. That salary schedule shall read as follows:

**Appendix B
Base Salaries**

For police officers hired after March 14, 2002

Patrolman	<u>Eff. 1/1/02</u>	<u>Eff. 7/1/02</u>
A) Academy Rate (Eff 1 st six months of employ)	\$36,116	\$36,838
B) Post Academy Rate (Eff 2 nd six months of employment)	\$38,242	\$39,006
Sixth Grade	\$43,375	\$44,242
Fifth Grade	\$48,508	\$49,478
Fourth Grade	\$53,641	\$54,714
Third Grade	\$58,952	\$59,950
Second Grade	\$64,085	\$65,186
First Grade (Maximum)	\$69,045	\$70,426
Sergeant	\$73,761	\$75,237
Lieutenant	\$78,609	\$80,181
Captain	\$82,925	\$84,583

Based upon the new wage schedules in Appendix A and Appendix B (for new hires) this savings amounts to approximately \$40,000 per new hire over a six year period.

I do not award the Borough's proposals with respect to reductions in vacation leave, terminal leave benefits and longevity. The existing vacation schedule has been shown to be three to four days below the County average and should remain in effect during this Agreement for existing employees and new hires. The current labor agreement reflects that terminal leave was previously

reduced from 100% to 50% of eligible time up to one year at time of retirement for all employees hired after January 1, 1986. The Borough's proposal on this issue is also denied. The Borough has pointed out that existing longevity provision, Article XVI, compares favorably within the County of Bergen. However, this fact must be balanced against other record evidence which reflects that maximum or top step pay for the Borough's police officers falls well below the County average. For this reason, the Borough's proposal on longevity reduction for new hires is denied.

I further conclude that there is merit to the Borough's proposal for modification of Article XIX, Personal Leave. A benefit of three personal days per year for new hires provides a reasonable benefit level when compared to existing benefit levels within the County and is hereby awarded. The taking of these personal days shall be subject to the same requirements currently set forth in Article XIX.

The salary terms of this award fall clearly within the Borough's lawful authority. The Borough's 2000 budget set a Cap level at 2.5%. The Borough elected not to appropriate an additional 2.5% which would be allowable under P.L. 1976 c. 68 (C.40A:4-45 et seq. This, of course, does not imply that the Borough should have engaged in greater spending. Its decision to spend less is consistent with the Mayor's stated policy goal of tax stabilization. However, the budgets in evidence reflect that the amounts required to fund the salary terms of

this award are well within the allowable appropriations in the Borough's budgets. The testimony of Wilkots supports this conclusion as well as the documentary evidence which reflects a carry forward of Cap banks due to positive flows in results of operations.

In fashioning all of the above terms I have given considerable weight to the interests and welfare of the public. It is common for each party to a negotiations and arbitration process to differ on what the precise terms of settlement should be and whether those terms equate to its view of whether the interests and welfare of the public have been properly served. This criterion cannot be view in isolation. The terms of the award provide total net economic changes which I have concluded are fair and reasonable giving due weight to the statutory criteria, all of which I have deemed relevant for the resolution of this dispute.

Accordingly, and based upon all of the above, I respectfully enter the following Award.

AWARD

All proposals by the Borough and the PBA not awarded herein are denied and dismissed. All provisions of the existing agreement shall be carried forward except for those modified by the terms of this Award. Any tentative agreements entered into between the Borough and the PBA shall be incorporated herein.

The increases in salary shall be retroactive to their effective date and received by all eligible unit employees, including those who have left employment in good standing between the effective date of the salary adjustments and their last date of employment.

1. Duration - There shall be a three-year agreement effective January 1, 2000 through December 31, 2002.

2. Salary -- Appendix A shall be modified to reflect the following increases:

3.75% effective January 1, 2000
3.75% effective January 1, 2001
2.0% effective January 1, 2002
2.0% effective July 1, 2002

The salary schedule set forth in Appendix A shall be as follows:

Patrolman	<u>Eff. 1/1/00</u>	<u>Eff. 1/1/01</u>	<u>Eff. 1/1/02</u>	<u>Eff. 7/1/02</u>
A) Academy Rate (Eff 1st six months of employ)	\$37,470	\$38,875	\$39,653	\$40,446
B) Post Academy Rate (Eff 2nd six months of employment)	\$39,676	\$41,164	\$41,987	\$42,827
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Sergeant	\$69,701	\$72,315	\$73,761	\$75,237
Lieutenant	\$74,282	\$77,067	\$78,609	\$80,181
Captain	\$78,360	\$81,299	\$82,925	\$84,583

Effective on the date of this award, the contract shall include an Appendix B for new hires. The salary schedule set forth in Appendix B shall be as follows:

Patrolman	<u>Eff. 1/1/02</u>	<u>Eff. 7/1/02</u>
A) Academy Rate (Eff 1st six months of employ)	\$36,116	\$36,838
B) Post Academy Rate (Eff 2nd six months of employment)	\$38,242	\$39,006
Sixth Grade	\$43,375	\$44,242
Fifth Grade	\$48,508	\$49,478
Fourth Grade	\$53,641	\$54,714
Third Grade	\$58,952	\$59,950
Second Grade	\$64,085	\$65,186
First Grade (Maximum)	\$69,045	\$70,426
Sergeant	\$73,761	\$75,237
Lieutenant	\$78,609	\$80,181
Captain	\$82,925	\$84,583

3. Holiday Fold In (Article XX) -- Holidays shall be folded into base pay and be used for all computation purposes effective at the end of the workday on December 31, 2002.

4. Terminal Leave (Article XXIV) -- This provision shall be modified to reflect that if an employee dies prior to retirement, that the employee's estate shall be entitled to the full value of the terminal leave benefit.

5. Personal Leave (Article XIX) -- This provision shall be modified to reflect that employees hired after the date of this award shall receive three (3) personal days per year.

6. Pay Cycle -- Employees shall be paid on a bi-weekly basis. The Borough may implement this proposal as soon as it is operationally possible to do so.

Dated: March 14, 2002
Sea Girt, New Jersey



James W. Mastriani

State of New Jersey
County of Monmouth

}ss:

On this 14th day of March, 2002, 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
Commission Expires 8/13/2008