

**NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION**

In the Matter of Interest Arbitration Between:

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**BOROUGH OF STANHOPE**

"Public Employer,"

- and -

**PBA LOCAL 138**

"Union."

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**INTEREST ARBITRATION  
DECISION AND  
AWARD**

Docket No. IA-2005-085

**Before  
James W. Mastriani  
Interest Arbitrator**

Appearances:

**For the Borough:**

Robert J. Merryman, Esq.  
Apruzzese, McDermott, Mastro & Murphy, PC

**For the PBA:**

James M. Mets, Esq.  
Mets & Schiro

I was appointed to serve as interest arbitrator by the New Jersey Public Employment Relations Commission on May 20, 2005 in accordance with P.L. 1995, c. 425, pursuant to a petition filed by the Borough of Stanhope PBA Local 138 [the "PBA"] and the Borough of Stanhope [the "Borough"]. The Borough and the PBA are parties to a collective negotiations agreement [the "Agreement"] covering all police officers with the rank of Sergeant and below. This Agreement covered the period January 1, 2002 through December 31, 2004. An impasse developed between the Borough and the PBA resulting in the submission of the dispute to interest arbitration pursuant to the rules of the New Jersey Public Relations Employment Commission. I conducted a pre-arbitration mediation session on August 19, 2005 between the Township and the PBA. Because the impasse remained, the dispute proceeded to formal interest arbitration.

A formal interest arbitration hearing was held on January 11, 2006 after an additional effort was made to resolve the issues in dispute. At the hearing the parties examined and cross-examined witnesses and introduced documentary evidence into the record. Testimony was received from Borough Administrator Teri Massood, Chief Financial Officer Theresa Vervaet, Patrolman Joseph Indano, Sergeant Robert Schellhammer and Sergeant Charles Zweigle.

The terminal procedure was conventional arbitration because the parties did not mutually agree to an alternative terminal procedure. Under this process the arbitrator has broad authority to fashion the terms of an award based upon

the evidence without being constrained to select any aspect of a final offer submitted by either party. Post hearing briefs and replies were submitted by both parties and transmitted by the arbitrator to each party on or about May 3, 2006.

### **FINAL OFFERS OF THE PARTIES**

The statute requires each party to submit a last or final offer. I have set forth below the last or final offer of each party.

#### **The PBA**

1. **Term of Contract**

1/1/05 through 12/31/07. (Tentative agreement 12/30/04).

2. **Section 3, Salaries**

- a) Effective and retroactive to 1/1/05, 5% to base pay.
- b) Effective and retroactive to 1/1/06, 5% to base pay.
- c) Effective 1/1/07, 5% to base pay.

3. **Sergeants' Salary Guide**

- a) Effective and retroactive to 1/1/05, add \$2500 to base pay and then add 5.0%.
- b) Effective and retroactive to 1/1/06, 5% to base pay.
- c) Effective 1/1/07, 5% to base pay.

4. **Clothing/Equipment Allowance**

- a) Effective and retroactive to 1/1/05, \$1475.00 per annum.
- b) Effective and retroactive to 1/1/06, \$1525.00 per annum.
- c) Effective 1/1/07, \$1575.00 per annum.

5. **Detective Stipends**

- a) Effective and retroactive to 1/1/05, each Detective shall receive \$1750.00 per annum.
- b) Effective and retroactive to 1/1/06, each Detective shall receive \$1850.00 per annum.
- c) Effective 1/1/07, each Detective shall receive \$1950.00 per annum.

6. **Minimum Pay for Call Out**

Effective upon ratification by the PBA, increase to four (4) hours.

7. **Section XIII, Meal Reimbursement**

The PBA accepts the Borough's proposal to increase meal reimbursement from \$8.00 to \$9.00 (Tentative agreement 12/30/04).

8. **Eyeglass Reimbursement**

The PBA accepts the Borough's proposal to extend eyeglass reimbursement to dependents with the same cap of \$175.00 per year for the employee. (Tentative agreement 12/30/04).

9. **Work Schedule**

The PBA accepts the Borough's proposal to continue the work schedule as a pilot program. (Tentative agreement 12/30/04).

10. **FTO Certification**

Any officer certified as an FTO shall be given Corporal stripes and paid the senior officer differential when on duty with a junior officer.

11. **Conducting PBA Business**

The PBA representative or his/her designee shall be allotted three (3) hours per month with pay to conduct PBA business. All requests to use PBA time shall be approved by the Chief of Police. The Chief's approval shall not be unreasonably withheld.

12. **Vacation**

Effective 1/1/06, the definition of a calendar week for vacation time shall be defined as seven (7) working days.

**The Borough**

A. **Term of Contract** – the Borough proposes a three (3) year contract from January 1, 2005 through December 31, 2007.

B. **Section III. Salaries**

Effective January 1, 2005 a \$2500.00 stipend will be added to and incorporated into the Sergeant Step and the Sergeant Step will be increased by 3% effective January 1, 2005, 3% effective January 1, 2006 and 3% effective January 1, 2007. All other steps will be increased by 3% each year effective January 1, 2005, January 1, 2006 and January 1, 2007.

C. **Section IV. Step Guide**

The current language concerning placement on the salary guide will be amended to provide that newly hired officers who attend the police academy will be placed at Step 1A for the duration of their police academy training. At the completion of the academy training, they will move to Step 1B where they will remain for the duration of their 12-month working test period. At the conclusion of the working test period, the officer will move to Step 2 and, the officer will move to each new step on the salary guide on the anniversary date of their initial hire.

D. **Section V. Stipends**

Effective January 1, 2006, the Sergeant Stipend will be eliminated as set forth in Paragraph B above.

E. **Section VI. Longevity**

Effective January 1, 2006, longevity will be eliminated for all officers hired after January 1, 2006.

Beginning January 1, 2006, longevity will be capped at dollar amounts for those currently eligible for longevity as follows:

4 through 7 years	\$2,100.00
8 through 12 years	\$2,700.00
13+ years	\$3,400.00

F. **Section XVIII. Health Insurance**

Effective January 1, 2006, Officers will be required to contribute 10% of the cost of health insurance premiums allocated to dependent coverage as soon as such requirement is in place for all Borough employees receiving health benefits.

G. **Section XVIII(c). Health Insurance**

Effective January 1, 2005, the eyeglass reimbursement will be extended to officers' dependents with the same cap of \$175.00 per year for the employee.

H. **Section XXVIII. Senior Officer Differential**

Effective January 1, 2005, the Senior Officer differential will be eliminated.

I. **Section XXIX**

The current work schedule will continue as a pilot program with terms as set forth in Memo of Agreement.

**BACKGROUND**

The Borough of Stanhope is one of twenty-four (24) municipalities located in Sussex County. The Borough covers 1.87 square miles and is the third most densely populated municipality in the County with a population of 3,688 residents. Slightly below is Montague Township, Hamburg Township, Green Township and Fredon Township. In 2000, the Borough had a median household

income of \$63,059, a mean household income of \$72,051, a per capita-income of \$27,535, and a median house value of \$151,100. These figures are close to the County average of \$65,266 for median household income; \$26,992 for per capita income and \$157,000 for median house value.

The police department is small. There are five (5) police officers, two sergeants and a chief of police. According to the 2004 Uniform Crime Report for the year 2004, there were twenty-six (26) non-violent crimes and five (5) violent crimes (1 robbery and 4 aggravated assaults). The crime rate in the Borough has decreased between 2000 and 2004. As measured against 1,000 citizens the crime rate was 23.2 in 2000, 17.0 in 2001, 17.9 in 2002, 13.8 in 2003 and 8.4 in 2004. Although the crime rate has decreased there were 1,139 calls for service per officer in 2005.

Because of the size of the department much of partial duty is worked by a single police officer. Testimony concerning the difficulties that are experienced when the staffing level is at one was received from Detective Andano, Sergeant Schellhammer, and Sergeant Zewigle. Back up assistance from another town may be required under various scenarios that were testified to. The department now works twelve (12) hour shifts that helps the staffing requirements. This causes an extra four hours to be worked above forty hours during a two-week period. The officers receive pay at straight time for these hours.

The Borough is characterized by its Administrator, Theresa Massoo, as primarily residential with a small commercial component in the tax base. The Borough has not seen much commercial growth but instead has seen the revitalization of commercial establishments that had become blighted. The Borough is striving for more commercial development. It falls within the Highlands Act planning area and has received a Towns Center designation.

The Administrator described the budget as "slim". The Borough strives for grants and has entered into eight inter local service agreements with other municipalities in order to save costs. The Chief Financial Officer and Tax Collector Theresa Vervaet testified that available revenue in 2005 barely exceeded expenditures.

Stanhope had an aggregate assessed value of \$168,552,300 in 2005. However, its real property rate of aggregate assessed value to aggregate true value was only 52.56%, the lowest ratio in the county causing its general tax rate to be 4.9, the highest in the county. According to the Final Equalization Table for Sussex County, its aggregate true value was \$320,875,761 compared to the annual value of \$168,552.300.

Against the general backdrop the PBA and the Borough offer the following portions in support of their respective final offer.



## **POSITIONS OF THE PARTIES**

### **The Position of the PBA**

The PBA submits that its last offer should be adopted in its entirety. Addressing the interest and welfare of the public, the PBA points out that the Borough's crime rate per 1000 citizens dropped steadily from 23.2 in 2000 to 8.4 in 2004 reflecting law enforcement work. Even so, each Borough officer averaged 1139 service calls from January 1, 2005 through January 11, 2006. The PBA indicates there are only seven (7) officers five (5) patrol officers and two (2) sergeants) who perform patrol functions in three (3) rotating twelve (12) hour shifts. The PBA emphasizes that of the seven (7) officers who patrol, only one officer (Sergeant Zweigle) has more than ten (10) years of service while the others have only 1 to 4.5 years seniority. Officers are said to work alone 80%-90% of the time, they are first responders to ambulance and fire calls, they provide back-up or act as initial responders in neighboring communities, and work without a holding cell for prisoners. The Sergeants must be available around the clock while they are off-duty to respond to patrol officers work solo. According to the PBA, a fair compensation package will best serve the public by enabling the Borough to attract and retain highly qualified officers to perform police work in this unique environment.

Addressing the comparison of wages and other terms and conditions of employment, the PBA contests the Borough's claim that a pattern of settlement

exists within the Borough. The PBA refers to a Borough exhibiting that the unit received a 4% increase in 2004 compared to 3% for non-law enforcement and non unit employees:

	Local 1/OPEIU	PBA	Non-Bargaining Unit Employees
1998	4%	4%	4%
1999	5%	4%	4%
2000	4%	4%	4%
2001	4%	4%	4%
2002	4%	4%	4%
2003	4%	4%	4%
2004	3%	4%	3%
2005	3%		3%
2006	3%		

The PBA contends that the most appropriate salary comparisons are between its bargaining unit members and police officers working in neighboring Netcong and in municipalities within the County. According to the PBA, the median maximum salary for its comparison group for 2004 was \$65,654 and it took, on average, six (6) steps to reach top step. This is in comparison to the \$65,137 received at Step 6 in Stanhope. The median maximum salary increases in the comparison group increased salaries to \$68,641 in 2005, \$71,814 for 2006, and \$75,404 for 2007. The PBA indicates its salary proposals, if awarded, would only place Stanhope's maximum salary within the middle of the comparison group by 2007. The PBA emphasizes the Borough's proposal is approximately one (1) percentage point below the average police officer salary increases of 3.95% for 2005 and would cause the bargaining unit to erode its relative standing within the comparative rankings for salary.

With respect to the Borough's Sergeants, the PBA submits that their salaries are low in comparison to Vernon, Anodver, Byram, Hopatcong, Hamilton, Newton, Hamburg and the Sussex County Sheriff's office. The PBA compares this data with the Borough's last offer:

<b>YEAR</b>	<b>COUNTY MEDIAN</b>	<b>STANHOPE</b>
2005	\$74,527	\$72,098
2006	\$77,881	\$74,200
2007	\$81,775	\$76,245

Given the comparisons above to police officer and sergeant salaries, the PBA contends the Borough's proposals to eliminate or reduce the officers' other monetary benefits (*i.e.* longevity, co-pays for health insurance) are unsupportable. For instance, the PBA indicates the Borough's proposal to cap longevity at a flat amount for current officers will result in a significant loss of earnings for officers over the length of their careers. The PBA points out that Chester Borough is the only entity of the Borough's twelve (12) comparative jurisdictions that pay longevity in lump sum dollars. The PBA emphasizes that unlike longevity levels now provided by the Borough, the longevity paid in all twelve (12) comparative jurisdictions is pensionable. As for the Borough's proposal to eliminate longevity for new hires, the PBA indicates Franklin Borough is the only comparison jurisdiction that has done so. The PBA contends the fact that the Borough's civilian employees may have lost longevity for new hires is not relevant to this law enforcement unit and should have no bearing on the outcome of this issue.

The PBA maintains the Borough's proposal to require officers to be responsible for 10% of the health insurance premium for dependents is wholly unsupported because none of the police bargaining units in Sussex County and none of the Borough's civilian employees contribute towards premiums on this basis. The PBA indicates the Borough's proposal, if awarded, would result in a loss of 1.3% of base pay assuming an average annual salary of \$69,104 in 2006 the PBA also points out that its members, unlike other some departments, do not receive retiree health insurance.

Addressing the overall compensation currently received by bargaining unit members, the PBA contends the current levels of compensation for the bargaining unit are below average in base compensation, clothing allowance, detective pay, minimum call-out and vacation time, and leave time. For this reason the PBA has proposed increases and improvements in all of these areas.

The PBA supports its position as follows:

Borough detectives receive a one-time stipend of \$1650. If there is more than one detective, the Borough divides the \$1650 equally by the number of detectives. The PBA seeks to increase this amount per detective, per annum in 2005 to \$1750; 2006, \$1850; and 2007, \$1950.

Such an increase is warranted. The PBA detective stipend is better than some and less than others in the County (Exhibit B-73). However, unlike their counterparts, PBA members assigned as detective duties. For the Borough, also performs partial duties concurrent its detective duties. In effect, Borough detectives are performing two full-time jobs and thus, the PBA's proposal is warranted.

The PBA's minimum call-in proposal (increase 2 hours to 4 hours) is also warranted. While the average minimum call out time in the County (plus Netcong) is approximately 3 hours (Exhibit PBA-4), based on job conditions at the Borough, 4 hours is more appropriate for PBA members.

Officers testified at the hearing about the lack of manpower in the Department. As such, time off is at a premium, when you can actually get off from work. Thus, to be called in when you finally obtain a day off should warrant a premium. That premium should not be below the 3 hour County average.

The PBA's clothing allowance, and vacation proposals and PBA leave time should also be granted. As discussed above, the wage compensation package paid to PBA members when compared to other law enforcement units in the County and in Netcong, is subpar. Thus, by providing them with better benefits in different areas of the collective bargaining agreement, the Arbitrator can start to bridge the gap with comparable jurisdictions on the overall compensation paid to PBA members.

With respect to the stipulations of the parties, the PBA indicates they have stipulated to four (4) items that have been proposed by the Borough: They are: duration of contract, meal reimbursement, eyeglass reimbursement, and work schedule.

As to the Borough's lawful authority, the PBA emphasizes the Borough is capable of funding the PBA's proposals within its statutory limitations. The PBA points out the Borough does not raise a CAP defense pointing to the testimony of the Chief Financial Officer and Tax Collector.

Addressing the financial impact upon the Borough, its residents and taxpayers, the PBA maintains it has demonstrated the Borough's ability to fund the PBA's proposals. The PBA submits that the record shows that there is a 97% tax collection rate and that property values, household income and population growth all attest to a healthy fiscal picture.

As to the cost of living, the PBA indicates the Consumer Price Index from November 2004 to November 2005 increased 3.5% and that this is but one of many factors to consider. Other indicators are said to have increased in excess of the cost of living including the cost of energy which has increased 21.7% during the first eleven (11) months of 2005.

Addressing the continuity and stability of employment, the PBA maintains there is no evidence to suggest its proposals will have a detrimental impact upon the bargaining unit while the Borough's proposals likely will result in less attractive terms and conditions increasing the possibility that officers would leave the Borough for employment with other municipalities.

For the reasons above, the PBA maintains its last offer should be awarded in its entirety.

### **The Position of the Borough**

The Borough offers a general theme that reflects the need for cost containment to minimize the local tax burden. The Borough acknowledges that it

must provide reasonable salary adjustments while also gaining some control over "spiraling costs associated with fully paid medical insurance". It submits that its last offer is more reasonable than the PBA's position and that it should be adopted in its entirety. The Borough presents a cost analysis of the parties' base salary proposals. The Borough indicates its proposal to increase the guide by three percent (3%) each year of the contract represents an overall cost increase of 17.2% (\$65,743) in 2005, 8.14% (\$36,553) for 2006, and 9.2% (\$44,632) for 2007 when step advancement is factored into the settlement package. At the time of hearing only one police officer had reached maximum step. The Borough points out its proposal increases the Sergeant's base salary to 7.4% above the top patrol officer's salary by adding a \$2,500 stipend cost to base pay prior to the across the board increase in 2005. Analyzing the PBA's proposals with respect to base salary, stipends and clothing allowances, the Borough submits that the PBA's package represents an overall cost increase of 19.5% (\$74,699) in 2005, 10% (\$47,641) for 2006, and 11.5% (\$58,293) for 2007 when step advancement is factored into the settlement package. According to the Borough, the average salary will increase by over \$10,600 in 2005, an additional \$6,806 in 2006, and an additional \$8,328 in 2007 under the PBA's proposal. The Borough emphasizes the PBA proposals will also significantly increase the cost of the hourly rate for extra compensation. Comparing the total impact of the parties' compensation proposals, the Borough indicates its proposal represents a 38% increase (an additional \$146,928) over the salary costs as of December 31, 2004 while the PBA's proposals represent a 47% increase (an additional \$180,433).

The Borough proposes to have newly hired officers who attend the police academy to be placed at "Step 1A" for the duration of their academy training, and then to be placed at "Step 1B" for the duration of their twelve (12) month working test period. They will then move to "Step 2". Thereafter they would then move on each successive step on the anniversary date of their initial hire. The Borough provides explanation for its proposal:

Presently, officers attend the Police Academy from either January through June or from July through December. The current language in the agreement provides that an officer will be placed at Step 1A when they start the police academy and will then move to Step 1B either at the completion of the academy or the start of the next calendar year, whichever occurs first. Thereafter, the officer will move to Step 2 upon the completion of the academy or the start of the next calendar year, which ever occurs last. Officers starting the Police Academy in July, finish the academy at the beginning of December. This results in a new officer starting at Step 1A in July, moving to Step 1B in the beginning of December of the same calendar year, and then, based on the contract language, moving to Step 2 at the start of the next calendar year. This has resulted in new officers moving from Step 1A to Step 1B to Step 2 within a matter of three weeks. Given the significant jump in salary from 1A to Step 2, currently a difference of nearly \$12,000, the current language makes no sense from a fiscal standpoint nor does it makes sense logically. The same progression would not occur if an officer begins the Police Academy in January and finishes in July. In that situation, the officer would remain on Step 1A for six months and Step 1B for six months.

With respect to its proposal to eliminate longevity for new hires and to cap longevity for current employees, the Borough emphasizes that its blue collar unit agreed to eliminate longevity for hires after January 1, 2004, and that no other Borough employees presently receives longevity. The Borough contends its



proposal is reasonable given the fact that its police officers' overall compensation is significantly higher than all other Borough employees.

Addressing the PBA's proposal to increase the minimum pay for call out from two (2) to four (4) hours, the Borough contends the proposal must be denied because it would have a substantial financial impact. The Borough points out that officers averaged 151 hours of overtime in 2005. The Borough indicates the PBA's proposal "will result in the cost of each call-in for a top salaried patrolman increasing from \$98.32 per each call-in in 2004 to \$230.07 per each occurrence in 2007, and increase of \$131.38 per call-in or 133%."

The Borough asserts that the PBA's vacation leave proposal would also have a significant financial tag and also a profound effect upon overtime requirements. The Borough points out the PBA's proposal increases vacation entitlement as follows:

2 extra days x 5 officers = 10 additional vacation days

3 extra days x 1 officer = 3 additional vacation days

4 extra days x 1 officer = 4 additional vacation days

According to the Borough, the PBA's proposal results in 204 additional hours (17 additional vacation days times 12 hour days) of vacation and an additional overtime cost of over \$10,000 per year.

With respect to the PBA's proposal on FTO Certification, the Borough contends it is inconsistent with the Borough's managerial right to determine its organizational structure. The Department currently does not have the rank of Corporal and the PBA's proposal is claimed to improperly determine promotional criteria, an authority that is within the prerogative management.

Addressing the PBA's proposal to provide the PBA representative with three (3) paid hours per month to conduct union business, the Borough views the additional compensation or time as a bonus that should not be the responsibility of its taxpayers.

Turning to the statutory criteria, the Borough addresses the interests and welfare of the public. The Borough contends its proposal satisfies this criterion because it provides reasonable compensation increases while treating this bargaining unit in a manner comparable to the Borough's civilian units. The Borough indicates it "is enduring significant pressure to hold down costs given the economic difficulties faced by the Borough, by the State and by the residents of the Borough." The Borough asserts it faces significant cost increases in the health insurance plan that it completely funds as well as increased costs in pension contributions. The Borough points to the declining number of crimes per 1000 over the past four (4) years reveals as a reflection of the municipality becoming a "much safer place to work". Despite the PBA's claims to the contrary, the Borough submits that its officers have received ample opportunity to

receive training in 2004 and 2005 and that it has made many capital improvements. The Borough submits evidence showing that police officers have recently received training in many areas including radar, profiling, use of force, pursuit, hazardous materials and use of breathalyzer.

Comparing terms and conditions of employment, and the overall compensation of its officers, the Borough indicates a Stanhope officer with six (6) years of experience earns a base salary of \$65,137 in 2004. The Borough points out the per capita income for a Borough resident in 1999 was only \$27,535 and the median household income was \$63,059. The Borough asserts that salaries have increased significantly when compared with all relevant indicators since calendar year 1993. The Borough compares the annual percentage increases of a Borough officer at the Maximum Salary Step to the increases in the National Median Wage, New Jersey Wages, and the New Jersey Average for the Private Sector:

**Comparison of Percentage Increase in National Median Wage to Stanhope Maximum Salary Step 1993-2004**

	<b>National Median Wage</b>	<b>Stanhope Maximum Salary Step</b>	<b>Increase Above National Median Wage</b>
1993	3.0	6.41	3.41
1994	2.9	3.61	0.71
1995	3.0	4.65	1.65
1996	3.0	4.40	1.40
1997	3.0	5.32	2.32
1998	3.0	4.0	1.00
1999	3.0	4.0	1.00
2000	3.4	4.0	0.60
2001	3.5	4.0	0.50
2002	3.5	4.0	0.50

2003	3.0	4.0	1.00
<u>2004</u>	<u>3.0</u>	<u>4.0</u>	<u>1.00</u>
<b>Total</b>	<b>37.3</b>	<b>52.39</b>	<b>15.09</b>

**Comparison of Percentage Increase in N.J. Average Private Sector Wages to Stanhope Maximum Salary Step 1993-2004**

<b>Year</b>	<b>NJ Annual Private Sector</b>	<b>Stanhope PBA @ Maximum Step</b>	<b>Dif. From NJ Private Sector</b>
1993	1.6	6.41	+4.81
1994	1.8	3.61	+1.81
1995	3.4	4.65	+1.25
1996	4.3	4.4	+0.10
1997	4.8	5.32	+0.52
1998	5.7	4.0	-1.7
1999	4.3	4.0	-0.3
2000	6.9	4.0	-2.9
2001	1.2	4.0	+2.8
2002	1.6	4.0	+2.8
2003	2.5	4.0	+1.5
<u>2004</u>	<u>3.6</u>	<u>4.0</u>	<u>+0.4</u>
<b>Total</b>	<b>41.7</b>	<b>52.39</b>	<b>+10.69</b>

Addressing public sector comparisons, the Borough presents a comparison between the annual percentage increases of a Borough officer at the Maximum Salary Step to the increases received by employees holding New Jersey government jobs:

**Comparison of Percentage Increase in N.J. Annual Wages for Government Jobs to Stanhope Maximum Salary Step 1993-2004**

	<b>N.J. Annual Government</b>	<b>Stanhope PBA @ Maximum Step</b>	<b>Dif. From N.J. Government</b>
1993	4.1	6.41	+2.31
1994	4.2	3.61	-0.59
1995	2.9	4.65	+1.75
1996	2.8	4.40	+1.6
1997	3.0	5.32	+2.32
1998	3.3	4.0	+0.7

1999	2.1	4.0	+1.9
2000	3.0	4.0	+1.0
2001	3.3	4.0	+0.7
2002	3.6	4.0	+0.4
2003	3.1	4.0	+0.9
<u>2004</u>	<u>4.2</u>	<u>4.0</u>	<u>-0.2</u>
<b>Total</b>	<b>39.6</b>	<b>52.39</b>	<b>+12.79</b>

The Borough further concludes from internal comparisons that the compensation and benefits presently received by its officers far exceed those of other Borough employees. The Borough indicates that “[n]o other rank and file employee in Stanhope has the ability to earn anything close to \$65,000 after six (6) years of work, and this is true when comparing 2006 salaries of other employees to the 2004 salaries of Police Officers.”

The Borough submits a comparison group of police officers in other municipalities that includes Andover, Byram, Chester, Franklin, Hamburg, Hardyston, Mt. Arlington, Netcong, Newton, Ogdensburg, and Stillwater. The Borough selected its group based upon comparable population, median household income, department size, and number of officers per 1,000 residents. The Borough maintains smaller towns with moderate incomes represent the best comparative group because they face similar budget constraints as does Stanhope. Within this comparison group, the Borough presents a comparison of minimum salary, salary with longevity for officers in their fifth year of service, maximum salary, longevity, detective compensation, length of work day, work hours per year, vacation days, sick days, medical insurance, and uniform allowance. The Borough contends its comparison study reveals that Borough

officers receive competitive salaries and benefits that leave the Borough with no difficulty in attracting and retaining officers. With respect to the continuity and stability of employment criteria, the Borough submits that its police officers have never experienced a layoff and that they possess significant statutory job protections.

The Borough maintains its proposal to require a 10% contribution towards health insurance is reasonable based upon the most recent trends in the public and private sector, particularly recent settlements involving police. According to the Borough, the majority of its officers select the New Jersey Plus Plan for coverage. Under the Borough's proposal, officers under this plan would contribute \$677 per year (\$26 per pay) in 2006 for family coverage, \$527.70 (\$20.07 per pay) for employee/spouse, and \$202.80 (\$7.80 per pay) for parent/child.

Addressing statutory criteria g(5), the Borough contends the PBA's final offer will have a significant negative financial impact on the governing body, its residents and taxpayers. According to the Borough, the PBA final package will cost the Borough over \$180,000 from 2005 through 2007. The Borough indicates the impact of awarding the PBA's offer could result in the following impacts: other Borough employees receiving less pay and benefits; the Borough utilizing its limited surplus to fund the increases, and an increase in the average tax bill where the Borough already ranks as having one of the highest tax rates in

Sussex County over the past five (5) years. The Borough points out local taxes have increased despite the fact that most of its departmental budgets have remained the same from 2003 through 2005. The Borough also points out that its residents incurred a 50% increase in their sewer utility in March 2005. The Borough emphasizes it only had \$3,000 left over from paying its bills for 2005. According to the Borough, the Cap Rate of 2.5% for 2006 does present cap issues that would be aggravated by awarding a 5% across the board wage increase.

The Borough also addresses the cost of living. The Borough contends the annual percentage increases to the Maximum Salary Step of the salary schedule has far outpaced the Consumer Price Index since 1993:

**Comparison of Percent Increase in Consumer Price Index -  
All Urban Consumers (CPI-U) to Stanhope PBA Maximum Salary Step  
1993-2004**

	<b>CPI-U</b>	<b>Stanhope</b>	<b>Increase Above CPI-U</b>
1993	3.0	6.41	3.41
1994	2.6	3.61	1.01
1995	2.8	4.65	1.85
1996	3.0	4.40	1.40
1997	2.3	5.32	3.02
1998	1.6	4.0	2.40
1999	2.2	4.0	1.80
2000	3.4	4.0	0.60
2001	2.8	4.0	1.20
2002	1.6	4.0	2.40
2003	2.3	4.0	1.70
<u>2004</u>	<u>2.7</u>	<u>4.0</u>	<u>1.30</u>
<b>Total</b>	<b>30.3</b>	<b>52.39</b>	<b>+22.09</b>

Based upon all of the above, the Borough believes that the PBA's proposals are unsupported and that its proposal should be adopted after applying the statutory criteria.

### **DISCUSSION**

The Borough and the PBA have offered testimony, substantial documentary evidence and argument in support of their final offers. The issues in dispute are numerous and broad in scope. Most are economic in nature including salaries, health insurance, clothing allowance, detective stipends, maximum call out pay, FTO Certifications, vacation, longevity, and senior officer differential. All of the evidence and arguments have been reviewed and considered. 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. 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.

The disputed issues will be reviewed individually but consideration must also be given to the totality of the changes to be made to the existing labor agreement. This method of analysis is consistent with the statutory requirement that the total net annual economic changes be determined for each year of the agreement. Consideration to the totality of changes is also consistent with N.J.S.A. 24:13A-16g(8) that allows the arbitrator to consider factors that are ordinarily and traditionally considered in the determination of wages and benefits. Any decision to award, deny or modify any individual issue in dispute will include consideration of that decision to the reasonableness of the totality of the terms that are awarded. I will next review and decide each individual issue that is in dispute.

### **Duration**

The Borough and the PBA each propose a contract term effective January 1, 2005 through December 31, 2007. I receive their proposals as a stipulation

pursuant to N.J.S.A. 34:13A-16g(4). The duration of the new agreement shall be January 1, 2005 through December 31, 2007.

### **Section XIII, Meal Reimbursement**

The Borough has proposed to increase meal reimbursement from \$8.00 to \$9.00. The PBA accepts this proposal. It is received as a stipulation pursuant to N.J.S.A. 34:13A-16g(4) and shall be effective retroactive to January 1, 2005.

### **Eyeglass Reimbursement**

The Borough has proposed to extend eyeglass reimbursement to dependents with the same cap of \$175.00 per year for the employee effective January 1, 2005. The PBA accepts this proposal. It is received as a stipulation pursuant to N.J.S.A. 34:13A-16g(4).

### **Work Schedule**

The Borough has proposed to continue the work schedule as a pilot program. The PBA accepts this proposal. It is received as a stipulation pursuant to N.J.S.A. 34:13A-16g(4).

### **Clothing/Equipment Allowance**

The Agreement currently provides for clothing allowance at Section XII, paragraph C. The allowance in 2004 was set at \$1,425. The PBA proposes

increases in the current provision of \$1,425.00 to \$1,475 in 2005, \$1,525 in 2006 and \$1,575 in 2007. The annual allowance is for the stated purpose of purchasing and cleaning police uniforms.

The record reflects that the clothing allowance is higher in Stanhope than in most other county municipalities although the requirement that the allowance cover purchase as well as maintenance may be broader in scope in Stanhope. The prior agreement contained increases in the allowance, presumably in consideration for higher costs. A reasonable increase during this contract term is also warranted. I award an annual increase of \$25 in each contract year. The allowance shall be \$1,450 in 2005, \$1,475 in 2006 and \$1,500.00 in 2007.

#### **Detective Stipends – Section V**

The PBA proposes the following increases for Detective Stipends as follows:

- a) Effective and retroactive to 1/1/05, each Detective shall receive \$1750.00 per annum.
- b) Effective and retroactive to 1/1/06, each Detective shall receive \$1850.00 per annum.
- c) Effective 1/1/07, each Detective shall receive \$1950.00 per annum.

Currently the officers holding the title of Detective receives a one-time stipend of \$1,650. The stipend was increased by \$100 in each year of the last agreement.

The Department has one (1) officer who is assigned to a detective position. He works, as others, a twelve (12) hour shift. The detective also performs a patrol function except when there is more than one patrol officer assigned to a shift. The record is silent on precisely the number of shifts that the detective performs a dual function but it appears that it occurs more often than not.

An increase in the stipend is warranted under these circumstances. A review of detective compensation within the county shows that a majority of departments provide additional compensation. Some pay less (as in Hamburg that pays \$1,000 and Hardyston that pays \$1,500) while others pay more (as in Andover that pays 5% above the officer's base and Newton that pays \$2,000). I award an increase of \$50 in the detective stipend in each year of the agreement. The stipend shall be \$1,700 in 2004, \$1,750 in 2006 and \$1,800 in 2007.

#### **Minimum Pay for Call Out**

The PBA proposes to increase the minimum pay for call out to four hours. Section XV – Overtime(d) now requires such pay in the amount of two (2) hours at a rate of pay that would normally require time and one-half under (b).

The PBA contends that the minimum call-out time in the County (plus Netcong) is approximately three (3) hours. The PBA asserts that the County average is warranted at a minimum because of the lack of manpower in the department, a fact that makes a call in more onerous. The Borough opposes the proposal citing the potential for a substantial increase in costs. According to the Borough, the costs for each call-in under the PBA's proposal would increase from \$98.92 per each call-in to \$230.07 per each call in 2007.

The issue here is not whether there should be premium pay for call-ins or a guarantee on the maximum amount of overtime to be paid. Presently an officer is compensated with a minimum of two (2) hours at time and one-half. The small size of the department does lend itself to call ins that more deeply impact upon personnel. This may have been aggravated by the temporary loss of two police officers due to injury. However, the PBA's claim must be balanced against the greater potential costs to the Borough which the Borough had shown could be considerable. After weighing these factors, I am not persuaded that an expanded benefit is warranted during this contract term.

#### **FTO CERTIFICATION**

The PBA has proposed that any officer who is certified as a FTO should be given Corporal stripes and paid the senior officer differential (SOD) when on duty with a junior officer. The reference to SOD is to Section 28. Under this section, a senior officer who is on duty with a junior officer receives

compensation at the base rate of sergeant for all hours worked in the absence of a ranking superior officer or sergeant on that shift.

The Borough rejects the proposal as non-negotiable in that 1) it would establish the rank of Corporal and 2), it would dictate promotional criteria for the position. Citing numerous PERC and court discussions, the Borough asserts that these determinations are managerial prerogatives.

I do not reach the issue of whether the proposal meets the legal tests claimed by the Borough. The PBA has presented insufficient credible evidence in support of its proposal. Thus, it has not met the burden of proof. The proposal is denied.

### **SENIOR OFFICER DIFFERENTIAL**

Section 28 of the Agreement requires the payment of a Senior Officer Differential under the circumstances described in the above disputed issue. The Borough seeks to delete this provision from the Agreement.

The purpose of the existing provision is clear. The Borough is obligated to reward a senior officer during shifts when two (2) patrol officers are on duty in the absence of a superior officer. The Borough has presented insufficient justification to remove this provision from the existing agreement. The proposal is denied.

## SECTION XXIX – PILOT PROGRAM

The Borough has proposed that the current work schedule continue as a pilot program with terms set forth in the Memo of Agreement. The PBA agrees with this proposal. It is received as a stipulation pursuant to N.J.S.A. 34:13A-16 g(4).

### LONGEVITY

The Borough has proposed to modify the existing longevity program that is set forth in Section VI of the Agreement. That Section provides longevity payments according to the following terms:

<u>Years of Service</u>	<u>Percentage of Gross Pay</u>
0-3	0
4-7	3
8-12	4
13 and over	5

The Borough would modify this benefit by eliminating longevity for new hires and capping longevity payments in dollar amounts for existing employees according to the following schedule:

Four (4) through seven (7) years	\$2,100
Eight (8) through twelve (12) years	\$2,700
Thirteen (13) plus years	\$3,400



The Borough relies on the fact that it has eliminated this benefit for new employees in the DPW unit who are hired after 2004 and also that this benefit is not available for other Borough employees. In its view, "police should be subject to the same standard as other employees." The PBA urges rejection of this proposal citing its "negative financial impact" on unit members, the existence of percentage longevity in eleven (11) of the Borough's twelve (12) proposed comparable municipalities and the lesser percentage longevity amounts that police officers presently received in the Borough on average compared with the other twelve (12) municipalities.

This issue is economic in nature and one that concerns compensation. Longevity is a supplemental salary based payment upon length of service. I evaluate the Borough's proposal on the comparative level of the overall compensation program including longevity that it offers to its police officers, whether the Borough's financial obligations under the program have adverse consequences to its overall financial posture and the weight to be given to the elimination of this benefit for new hires in the DPW.

On the first point, Stanhope's salary maximum for police officers in 2004 ranked below the municipalities of Andover, Byram, Hardington, Hopatcong, Newton, Vernon Township, Netcong, Ogdensburg and Franklin Borough and above municipalities of Hamburg, Stillwater, Mt. Arlington and the Sussex County Sheriff' office. With respect to longevity, Stanhope's benefit ranks below the

municipalities of Andover, Byram, Hardington, Newton, Vernon Township, Ogdensburg and Franklin Borough, but above Netcong. Stillwater and Mt. Arlington have no longevity program while Ogdensburg and Franklin Borough eliminated longevity for new hires after 199 and 1996 respectively. On the basis of these comparables, the existing longevity program in Stanhope capping out at 5% is reasonable and there is insufficient basis to reduce longevity for existing employees and eliminate this benefit for new employees.

Turning to cost, the existing longevity program in Stanhope cannot be found to represent a cost that is overly burdensome to the governing body or its taxpayers. Only one police officer has been on the force for more than ten years, and the experience level of the others ranges from two to five years.

I have also considered the fact that the Borough has negotiated an elimination of longevity for new blue-collar employees there is no evidence that the PBA's longevity program has been linked to the non-law enforcement unit. The fact that the program has been modified in the DPW unit is not a sufficient basis to change the compensation package for the Borough's police officers by reducing its level for existing employees and eliminating the benefit for new employees. The proposal is denied.

## **CONDUCTING UNION BUSINESS**

The PBA has proposed the following language with respect to the conduct of union business:

The PBA representative or his/her designee shall be allotted three (3) hours per month with pay to conduct PBA business. All requests to use PBA time shall be approved by the Chief of Police. The Chief's approval shall not be unreasonably withheld.

The Borough opposes the awarding of the proposal on numerous grounds. The contentions of the Borough are persuasive in support of the denial of this proposal. As the Borough has shown, the record does not reflect that PBA representatives have been unable to represent unit members. Further, as the proposal is phrased, the Borough would be required to pay for three hours that would be permitted over and above an employee's normal work schedule rather than providing release time for the conduct of union business. The proposal is denied.

## **VACATION**

The PBA has proposed to define a calendar week for vacation time as seven (7) working days. A calendar week is now defined as six (6) working days (See Section VII). The Borough urges denial of the proposal based mainly upon its additional cost and the reduced number of days that police officers now work due to the recent scheduling move from an eight (8) hour day to a twelve (12) hour day.

Given the existing low manpower levels within the department (Five (5) police officers and two (2) sergeants) the additional days off required if the proposal were awarded would have an adverse effect on staffing levels. This would give rise to increased overtime. As applied to current seniority levels there would be an additional two hundred and four (204) hours of paid time off that, more than likely, would need to be covered through overtime. An additional consideration is that the existing vacation schedule has not been shown by the PBA to be so unreasonable that its proposed adjustments are now needed. The proposal is denied.

#### **SECTION IV – STEPGUIDE**

The Borough has proposed a change in the manner in which a police officer moves through the salary schedule. The change would affect newly hired police officers.

The existing schedule contains Step 1A, Step 1B, and Steps 2 through 6. In what the Borough terms an “anomaly”, the Borough asserts that police officers have moved according to the following procedure:

Presently, officers attend the Police Academy from either January through June or from July through December. The current language in the agreement provides that an officer will be placed at Step 1A when they start the police academy and will then move to Step 1B either at the completion of the academy or the start of the next calendar year, whichever occurs first. Thereafter, the officer will move to Step 2 upon the completion of the academy or the start of the next calendar year, whichever occurs last. Officers starting the Police Academy in July, finish the academy at the beginning of

December. This results in a new officer starting at Step 1A in July, moving to Step 1B in the beginning of December of the same calendar year, and then, based on the contract language, moving to Step 2 at the start of the next calendar year. This has resulted in new officers moving from Step 1A to Step 1B to Step 2 within a matter of three weeks. Given the significant jump in Salary from 1A to Step 2, currently a difference of nearly \$12,000, the current language makes no sense from a fiscal standpoint nor does it make sense logically. The same progression would not occur if an officer begins the Police Academy in January and finishes in July. In that situation, the officer would remain on Step 1A for six months and Step 1B for six months.

The Borough's proposal would simply slow down the guide progression to a more logical movement during the Academy and the officer's one-year working test period. Under the new language, an officer will remain on Step 1A for six months during academy training, but will now remain on Step 1B for one year during their working test period. Under the Borough's proposal, all new officers will be treated the same regardless when they complete the police academy.

The PBA seeks to maintain the status quo and urges the denial of the Borough's proposal.

The current step movement has the potential for overly rapid movement through the lower steps of the guide. The number of steps on existing schedules, with a maximum at Step 6, compares very favorably with the salary schedules contained in the many labor agreements in the record. To require the step movement proposed by the Borough in the future for new hires will not unduly delay their eventual achievement of the salary maximum within a reasonable time period. For all of these reasons I award the Borough's proposal.

## HEALTH INSURANCE

The Borough has proposed that its police officers be required to contribute 10% of the cost of health insurance premiums allocated to dependent coverage as soon as such requirement is in place for all Borough employees who receive health benefits.

The Borough subscribes to the New Jersey State Health Benefits Plan ("Plan"). It offers prescription coverage through the Plan and offers dental coverage for employees only. If family or spouse dental coverage is elected, the officer pays the difference in the premiums.

The Plan allows an employee to select one of eight (8) plans. They include a Traditional plan, a PPO called NJ Plus and five (5) HMO's. A majority of unit members are in NJ Plus. A roster of participants shows that unit members have selected either NJ Plus or an HMO for their insurance coverage and none have opted for the Traditional plan.

The premiums for each of the individual plans vary. In 2006, the annual premiums for NJ Plus compared with Traditional and CIGNA, the most expensive HMO, are as follows:

<b>Coverage</b>	<b>NJ Plus</b>	<b>Traditional</b>	<b>CIGNA</b>
Single	\$4,257	\$5,856	\$4,662

Member & Spouse	\$9,474	\$12,773	\$10,170
Family	\$11,023	\$14,931	\$12,129
Parent & Child	\$6,285	\$8,544	\$6,999

The Borough calculates the annual employee contribution under its proposal for those who elect NJ Plus as \$667 for family coverage, \$527.70 for a spouse and \$202.80 for parent and child. The cost would vary for those who elect other plans. These are consistent under the Plan where cost containment measures are considered. Single employees are prohibited from making premium contributions. The Borough's proposal recognizes this. Another constraint under the Plan is the inability to set a benchmark option for cost at a lower premium level required for NJ Plus or an HMO with the employee paying the difference in premiums if the employee elects a more costly option such as the Traditional plan. If there is to be a premium contribution, the Borough must do so for all its employees.

The Borough points out that its premium costs are rising. Between 2001 and 2006 the percent increase in plan rates was 79.9% for NJ Plus, 92.7% for Traditional and 78.5% for Cigna. For the NJ Plus Plan family coverage, the 79.9% increase amounts to nearly a \$5,000 increase in premiums over the five years. The Borough contends that employees should share the costs of the plan for dependent coverage because of these increases. The Borough also contends that more municipalities now provide for cost sharing or cost

containment measures including those provided for in many interest arbitration settlements or awards.

The PBA responds that no police units in Sussex County currently make premium contributions for dependent coverage and no other employee in Stanhope now makes contributions or has agreed to do upon an agreement by the PBA to do so. The PBA also objects to the Borough's proposal asserting that the cost of awarding its proposal would severely diminish the economic package. It estimates the cost of the Borough's proposal to be 1.3% of an officer's basic pay in 2006 under the Borough's proposed wage increase. Another factor cited by the PBA is the absence of Township provided health insurance on retirement.

The Borough accurately observes that the issue of health insurance cost containment has become a common issue in the negotiations process. It submits many such efforts undertaken in many municipalities. Some may change insurance carrier, some limit plans to less expensive plans such as PPO or HMO with no employee choice to upgrade to traditional or with contributions towards the more expensive plan. Some have increased individual and dependent deductibles. In some instances the current health insurance program has been kept with no change but premium sharing is required. Where, as here, the municipality is a participant in the New Jersey State Health Benefits Plan [the "Plan"] certain options are not available. A less expensive "benchmark" plan, such as an HMO or NJ Plus, cannot be selected as a baseline for premium cost



with the requirement that employees contribute for the more expensive traditional plan and the employee is prohibited from premium sharing except for dependent coverage.

After reviewing all relevant considerations, I do not award the Borough's proposal. The issue is economic and I have taken employer costs into consideration when deciding the total economic costs of the award. In note that many of the cost containment measures the record points to in the other municipalities are measures the Borough cannot propose due to existing constraints for the Plan's member. For example, Byram fully funds a POS only and does not provide a Traditional option. Hardington fully funds a POS with an officer paying the difference if he opts for a Traditional plan. Netcong fully funds the least expensive plan that equates to the least expensive plan under the NJSHSP with an officer paying the difference for a more expensive plan. Ogdensburg fully funds a POS and does not provide a Traditional option. The significance of these cost containment measures is that they require police officers to participate in less expensive health insurance plans either without a more expensive option or at their own cost if they so choose. In either instance the employer benefits from savings in premiums. In Stanhope it is significant that a few of the seven officers are single and would not contribute in any event and also that all of the police officers have voluntarily chosen to participate in significantly less expensive plans than Traditional. A majority have chosen the NJ Plus plan that has premiums that are \$3,908 less than Traditional for family,

\$3,299 less than Traditional for member and spouse, \$2,259 less than Traditional for parent and child and \$1,599 less than Traditional for single or employee coverage. If the record were to show some participation in the vastly more expensive Traditional plan, there would be a more persuasive basis to require participation in cost sharing. This coupled with the absence of any cost sharing plan within the Borough and within the County weighs against the Borough's proposal. I also note that the PBA agreement will extend one year beyond the labor agreement with the DPW. An agreement in the DPW similar to the kind the Borough has proposed here would allow for a fresh examination of the issue during negotiations that follow the expiration of the PBA agreement.

### **SALARY**

The PBA has proposed a 5% increase to base pay at each step of the salary schedules effective and retroactive to January 1, 2005, January 1, 2006 and January 1, 2007. In addition, it proposes that the Sergeant rank receive a \$2,500 increase to base pay on January 1, 2005, prior to the percentage increase. The Borough responds with a 3% increase at each step of the salary schedule for each year, also effective each January 1, along with a \$2,500 stipend for Sergeants applied on January 1, 2005.

The existing salary schedule is set forth at Appendix A as follows:

<u>Step</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
1A	29,527	30,708	31,936
1B	30,708	31,936	33,213
2	41,057	41,936	43,613
3	44,890	47,110	48,994
4	48,723	52,284	54,375
5	52,556	57,458	59,756
6	56,389	62,632	65,137
7	60,224	-	-
SGT.	62,353	SGT.64,847	SGT.67,440

Most of the evidence presented on the salary issue centers on internal comparability with Borough employees, external comparability with comparable municipal law enforcement jurisdictions, the financial position of the Borough including statutory spending limitations the financial impact of an award on the governing body, its residents and taxpayers. The interest and welfare of the public is implicated in all of these criteria as well.

I first address the stipend for Sergeants. The PBA and the Borough have each proposed an adjustment independent of the across the board increase. This adjustment is clearly justified due to the severe compression in salary between Sergeant and top step patrol officer that exists in the 2004 salary schedule. In 2004, the Sergeant rank was paid at \$67,440, a mere \$2,303 or 3.5% above the salary maximum. There is no rank above Sergeant, except for the Chief, and road command responsibilities clearly dictate that there be greater reward commensurate with these responsibilities. Thus, this aspect of the wage

proposal is awarded although the cost of doing so must be considered when considering the costs of the overall terms of the salary award.

I next turn to the proposed across the board increases. The five (5%) percent proposal of the PBA is not supported by the statutory criteria. It exceeds the 3.5% increase in the cost of living noted by the PBA. It substantially exceeds other law enforcement settlements in comparable jurisdictions and the wage adjustments within the Borough. Its costs could adversely impact the budgetary needs of the governing body and funding obligations of the taxpayer. The Borough's cost out of the proposal shows that the PBA proposal would strain the Borough's statutory spending limitations by requiring expenditures more than \$50,000 over the Borough's proposal. However, the Borough's three percent (3%) proposal is well below wage increases in virtually all comparable municipalities and would erode Stanhope's relative standing in a manner that could affect their continuity and stability of employment and insufficiently reward them for the coverage they provide with very low staffing levels. Other comparable communities show increases that include Byram, (4.1% in 2004, 4/0% in 2005), Hamburg (4.25% in 2005, 4.3% in 2006 and 4.5% in 2007), Royston (4.5% in 2005 and 4.5% in 2006), Hopatcong (4.25% in 2004), Newton (4.25%) in 2003, 2004 and 2005 in 2.0% and 2.25% splits), Netcong (3.5% in 2005 and 3.5% in 2006), Ogdensburg (3.75% in 2005), Andover (4.0% in 2005 and 4.0% in 2006) and Mt. Arlington (4.0% in 2005). I am also not persuaded that wage adjustments provided to other Borough employees are required for the

PBA. The record does not reflect that settlements with non-law enforcement employees in the Borough in the past have dictated identical levels of settlement with the PBA. This is not to suggest that they are irrelevant but they are not dispositive.

After review of all relevant evidence and after considering the totality of all terms of the Award, I conclude that a reasonable determination of the salary issue, after due consideration of all of the statutory criteria, is a 3.75% increase in each year of the Agreement.

The net difference in cost on base salary between the terms of the Award and the proposals of the Borough and the PBA are as depicted in the following chart:

**Base Salary**

	<b>Borough</b>	<b>PBA</b>	<b>Award</b>
2005	\$407,480	\$415,394	\$411,435
2006	\$442,539	\$459,889	\$449,007
2007	\$479,335	\$508,305	\$489,881

As shown above, the Award exceeds the Borough's proposal of 3% by approximately \$3,955 in 2005, \$6,468 in 2006 and \$10,546 in 2007 and is less than the PBA's 5% proposal by approximately \$4,000 in 2005, \$10,882 in 2006 and \$18,424 in 2007.

The additional costs can be borne within the Borough's spending limitations and by the public without adverse financial impact. The increases, while somewhat below the average for comparable communities, maintain reasonable comparability for police officers within Sussex County and surrounding communities. The interest and welfare of the public are served by the adjusted compensation that considers the department's productivity in serving the Borough at the minimum levels of staffing necessary to provide law enforcement coverage to the community.

Accordingly, and based upon all of the above, I respectfully enter the terms of the award.

### **AWARD**

1. 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.
2. **Duration**  
The duration of this Agreement shall be January 1, 2005 through December 31, 2007.
3. **Meal Reimbursement- Section XIII**  
The meal reimbursement shall be increased from \$8.00 to \$9.00.
4. **Eyeglass Reimbursement**  
The eyeglass reimbursement shall be extended to dependents with the same cap of \$175.00 per year.

5. Work Schedule-Pilot Program – Section XXIX

The work schedule continues as a pilot program.

6. Clothing/Equipment and Allowance – Section XII (C)

The allowance shall be \$1,450 in 2005, \$1,475 in 2006 and \$1,500 in 2007.

7. Detective Stipends – Section V

The stipend shall be \$1,700 in 2005, \$1,750 in 2006 and \$1,800 in 2007.

8. Section IV- Step Guide

For employees hired after the date of this award, step movement on the salary schedule shall be administered in accordance with the following procedure:

The current language concerning placement on the salary guide will be amended to provide that newly hired officers who attend the police academy will be placed at Step 1A for the duration of their police academy training. At the completion of the academy training, they will move to Step 1B where they will remain for the duration of their 12-month working test period. At the conclusion of the working test period, the officer will move to Step 2 and, the officer will move to each new step on the salary guide on the anniversary date of their initial hire.

9. Section V – Stipends

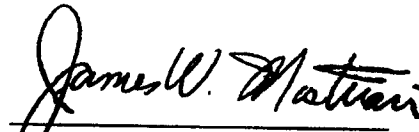
Effective January 1, 2006 the Sergeant stipend shall be eliminated as provided for in the salary increase portion of this award at number eleven below.

10. Salaries Section III

Effective January 1, 2005 a \$2,500.00 stipend will be added to and incorporated into the Sergeant Step and the Sergeant Step will be increased by 3.75% effective January 1, 2005, 3.75% effective January 1, 2006 and 3.75% effective January 1, 2007. All other steps will be increased by 3.75% each year effective and retroactive to January 1, 2005, January 1, 2006 and January 1, 2007. The salary schedule at Appendix A shall read:

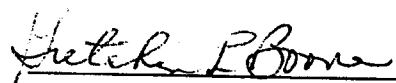
Step	2005 (3.75%)	2006 (3.75%)	2007 (3.75%)
1A	\$33,134	\$34,376	\$35,665
1B	\$34,458	\$35,751	\$37,091
2	\$45,248	\$46,945	\$48,706
3	\$50,831	\$52,737	\$54,715
4	\$56,414	\$58,530	\$60,724
5	\$61,997	\$64,322	\$66,734
6	\$67,580	\$70,114	\$72,743
Sgt	\$72,562	\$75,283	\$78,106

Dated: February 28, 2007  
Sea Girt, New Jersey

  
James W. Mastriani

State of New Jersey     }  
County of Monmouth    }ss:

On this 28<sup>th</sup> day of February, 2007, before me personally came and appeared James W. Mastriani to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed same.



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