

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between:

BOROUGH OF RAMSEY

"Public Employer"

and

PBA LOCAL 155

"Union"

**INTEREST ARBITRATION
DECISION AND
AWARD**

Docket No. IA-2007-081

**Before
James W. Mastriani
Arbitrator**

Appearances:

For the Borough:

Mark S. Ruderman, Esq.
Ellen M. Horn, Esq., on the Brief
Ruderman & Glickman, P.C.

For the PBA:

Donald B. Ross, Jr., Esq.
McCormick, Estabrook & Cooper, P.C.

The Borough of Ramsey [the "Borough"] and PBA Local 155 [the "PBA"] reached an impasse in negotiations resulting in the PBA's filing a petition to initiate compulsory interest arbitration. I was designated to serve as interest arbitrator and conducted informal mediation sessions with the parties on July 3, August 16 and October 20, 2007. Despite the good faith efforts of the parties, a voluntary agreement could not be reached. Thereafter, an interest arbitration hearing was held on February 25, 2008. Testimony was received from Police Officer Matthew Mistretta and the majority of evidence in the record was received by way of documentation. A transcript of the proceeding was taken. Post-hearing briefs were filed by both parties. Because of the need to supplement the record and the complexity of the issues, the timing of the post hearing briefs were extended and received and transmitted to the parties on or about November 1, 2008. Absent an agreement to utilize an alternative terminal procedure, the procedure of conventional arbitration was utilized.

As required by statute, each party submitted a last offer on the disputed issues. The respective offers are as follows:

FINAL OFFERS OF THE PARTIES

The Borough

1. **Article III – Salaries:**

Creation of a Ten-Step salary guide for hired after January 1, 2008.

Wage offer –	January 1, 2007	2.5
	January 1, 2008	2.5
	January 1, 2009	2.5
	January 1, 2010	2.5

Freeze starting salary at \$35,000 per life of contract.

Creation of Five-Step salary guide for Lieutenant and Sergeant.

2. Article V – Sick Leave:

1. Create a new subsection (D) and renumber afterwards which reads as follows:

"Following six (6) full months of service, all full time employees hired after January 1, 2008 shall be entitled to sick leave with pay to be used when they are unable to perform their work because of personal illness, accident, or exposure to contagious disease. New hires shall accrue sick leave at the rate of .833 days per month (10 days per year).

3. Delete paragraph (H) and replace the following:

- C. Any amount of sick leave not used in any Calendar year shall accumulate to the employee's credit, except that the accumulation of sick leave credit for payment purposes upon termination of employment shall not exceed the value of \$15,000, calculated at the current practice of 50% formula. Employees may continue to accumulate sick leave once the value for payout purposes exceeds \$15,000, but such excess accumulated leave may only be used for bona fide sick leave in the event of personal illness, accident, or exposure to contagious diseases. It may not be used to increase any payout for unused sick leave upon termination of employment. Any employee whose cumulative unused sick leave as of 1/1/08 is worth more than \$15,000 at the current practice 50% formula shall not lose any value, rather, the current amount shall be frozen at the existing dollar amount until retirement or other termination of employment, unless reduced by the employee's bona fide use of sick leave. Benefits will not accrue while on terminal leave.

D. Sick Leave Upon Termination of Employment

Upon termination of employment by regular retirement, an employee shall be entitled to receive severance pay in an amount equal to fifty (50%) percent of his accumulated and unused sick leave days. The maximum payout shall be \$15,000, or such higher amount in effect because of the accumulated sick leave of a particular employee as of 1/1/08.

4. Article VII and Article VIII (Children's Scholarship and Death Benefit). The two articles are combined into one article which will read as follows:

The spouse of a full-time employee who dies in the performance of his or her duties other than from natural causes shall receive a one time payment of \$50,000 plus \$5,000 for each unemancipated child of marriage.

5. Article XIV – Grievance Procedure:

Delete in paragraph (A) "those policies, agreements or administrative decisions which affect terms and conditions of employees covered under this agreement."

6. Article XV – Arbitration:

Add the following as a new paragraph on page 21.

The Arbitrator shall have no authority to change, modify, alter, substitute, add to or subtract from the provisions of this Agreement. No dispute arising out of any questions pertaining to the renewal of this Agreement shall be subject to the arbitration provisions of this Agreement.

The cost of the arbitration other than the cost incurred individually by the parties in the preparation and presentation of their case to the Arbitrator, shall be shared equally by the Employee and the Union.

7. Article XVIII – Vacations:

Add a new paragraph (Q):

Employees hired after January 1, 2008 shall have vacation days capped at 20 days.

8. Article XIX – Personal Days:

Employees hired after January 1, 2008, will get a maximum of three personal days earned at the schedule specified in paragraph A1.

9. Article XXXV – Longevity Compensation:

Add a new paragraph (D) which reads as follows:

Effective January 1, 2009, longevity pay shall be frozen at the dollar amount then being received by each current full time employee (employed as of 12/31/07) and shall remain at the current amount throughout the remainder of the said employees' employment with the Borough of Ramsey. Employees hired after January 1, 2008 shall not be entitled to longevity.

10. Article XXXVI – Retiree Insurance Benefits:

Add the following to paragraph (G):

"Retired employees eligible to receive medical and dental benefits in retirement under this article shall receive the same level of medical and dental benefits accorded to non-retired employees under this contract or 54% of the contribution requirements as non-retired employees."

11. Article XXXVIII – Insurance Coverage for Active Employees:

Delete paragraph (A) and replace with the following:

- A. Full-time employees receiving medical insurance benefits shall have an option to choose one of the two coverages under Horizon Blue Cross/Blue Shield PPO plan. One is a 90/70 plan and one is a 100/80 plan. Employees should be given a booklet from Horizon Blue Cross/Blue Shield to find the exact terms of the plan.
- B. Employees will have the following option with respect to Health Benefits described in Paragraph A:

1. Those current employees choosing the 90/70 plan shall pay the following per pay period:

	Family	Parent/Child	Single
2007	25.00	15.00	7.50
2008	27.50	16.25	8.75
2009	30.00	17.50	10.00
2010	32.50	20.00	11.25

2. Those current employees choosing 100/80 plan shall pay the following:

	Family	Parent/Child	Single
2007	130.00	80.00	40.00
2008	132.50	82.50	42.50
2009	135.00	85.00	45.00
2010	137.50	87.50	47.50

- C. New hires (hired after 1/1/08) desiring coverage other than single coverage (for example, family coverage or parent and child coverage) must pay one-half of the cost to the Board/Borough of the premium difference between single coverage and the enhanced coverage desired by the employee, both for medical insurance and dental insurance. Such payment shall be in the form of pro rata payroll deductions every pay period.
- D. The employer reserves the right, solely at the employer's option, to change to the New Jersey State Health Benefits Program at any time without renegotiation, or to any other health insurance provider program offering substantially similar benefits to the employee.
- E. Employees who have a spouse also employed (or retired from employment with) a public entity in New Jersey that provides health insurance benefits, shall decide, in conjunction with their spouses, whether they will opt out of health insurance benefits with the Employer and advise the Borough Administrator accordingly in writing. Employees shall have a continuing responsibility to promptly inform the Borough Administrator whenever they have a spouse who is entitled to receive health insurance benefits by virtue of employment with (or retirement from) another public entity in New Jersey and promptly advise the

Borough Administrator of their decision with regard to opting out of the Employer's health insurance plan, as set forth hereinabove. It is expressly understood by the parties hereto that the objective of this provision is to avoid duplicate coverage for a family by public entities in New Jersey employing spouses in that family in furtherance of sound public policy, and is not intended to be punitive or detrimental to employees.

- F. Employees who opt out of health insurance benefits shall receive a \$2,500 annual opt-out payment. In the event the employee's other insurance is lost (for example, if the employee's spouse loses insurance coverage for the family because of a change in employment status) or amended so that it becomes detrimental for the employee to opt out of the Employer's health insurance plan, either event would be considered a "qualifying event" and the employee would be permitted to re-enroll in the Employer's health insurance plan without penalty, except that the pro rata share of the opt-out payment must be returned by the employee to the Employer.

PBA Local 155

1. **Term of Contract** – 6 years – 2007 through 2012
2. **Wages** – 4.8%, 4.9%, 5.0%, 5.1%, 5.2%, 5.3% across the board
3. **Holidays** – add Thanksgiving and Easter to Article XVII, providing comp time for hours worked on certain holidays
4. **Recall for Outside Details** – increase minimum to 4 hours
5. **Cancellation of Scheduled Overtime** – in the event that any overtime assignment is cancelled less than eight hours prior to commencement, the officer shall receive the minimum recall payment to which he or she would otherwise be entitled under the applicable section of the contract.
6. **Sick Leave at Termination** – Permit officers to elect deferral of payout up to 3 years.

BACKGROUND

The Borough of Ramsey is located in northern Bergen County and has a total population of approximately 15,000 residents who occupy an area of 5.6 square miles. Its Police Department consists of thirty-two (32) sworn officers. This figure is down from thirty-seven (37) sworn officers in February of 2005 as a result of the more recent retirements of two (2) Lieutenants and three (3) patrolmen. The police officers work 2,080 annual hours. In 2007, the department received 15,003 calls for service. The average calls per officer, at 484, ranked the department second in relation to the nearby communities of Allendale, Mahwah, Saddle River and Upper Saddle River.

In addition to the PBA, the Borough maintains collective negotiations agreements with various other employee organizations. These include Teamsters Local 469 who represents supervisory employees; the United Public Service Employee Union who represents white collar employees in one unit and the Borough's library employees in another unit; Teamsters Local 11 who represents employees in public works, water and sewer; Teamsters Local 945 who represents the public works road employees.

The issues in dispute are primarily economic in nature, including salary, holidays, recall, cancellation of scheduled overtime, sick leave, sick leave upon termination, vacations, personal days, longevity and health insurance (for both active and retired employees). Because these issues have significant potential

impact on unit employees and the Borough, the Borough and the PBA have submitted a comprehensive evidentiary record as well as expert argument in support of their respective last offers. For the purpose of placing my analysis of the issues and the application of the statutory criteria in proper context, I will provide a general summary and overview of the parties' submissions on the main points of contention. While the summary will not extend to all of the evidence and arguments, the totality of the parties' presentations have been considered and reviewed.

The PBA

The PBA contends that its overall position is more reasonable than the Borough's. In general, it submits that it has proven that it should receive a compensation adjustment above the "going rate" and the awarding of the few additional economic issues which it defines as "relatively inexpensive" items while asserting that the Borough has not established a basis for the awarding of "dramatic cuts" in insurance benefits and a new hire package that would seriously undermine the existing levels of contractual benefits.

The PBA submits that the Borough's proposals on insurance coupled with the Borough's "meager" salary proposal are not consistent with furthering the interests and welfare of the public. These proposals would interfere with the high productivity and high morale of the department. The PBA submits statistical evidence showing that the Ramsey police department ranks very favorably in

calls for service and calls per officer when compared with other contiguous northwest Bergen County police departments. The PBA emphasizes that the PBA did make insurance concessions during the last round of bargaining pointing to statements made by a Borough official at that time that the Borough received a substantial savings by switching to a less expensive health insurance plan while also negotiating an annual salary increase limited to 3.5%, the second lowest percentage raise in Bergen County. The PBA argues that the Borough has ignored and denigrated the terms of the last agreement by returning once again to demand health insurance concessions and well below average salary increases. In light of these most recent concessions, the PBA argues that little or no weight should be placed upon the health insurance concessions the Borough has entered into with its smaller non-law enforcement bargaining units.

The PBA contends that the Borough has not established any evidence that the PBA's salary proposal, as supported by strong comparability evidence, cannot be funded based upon the Borough's financial ability as shown by the budgetary and financial evidence contained in the record. The PBA relies upon the existence of high property values, high per capita incomes, a strong ratable base registered on a per capita basis, its low level of municipal debt, its "near perfect" tax collection rates, its low overall and municipal tax rates, its ability to maintain substantial annual operating surpluses, and its excellent bond rating as strong indicators of financial health and stability. Consistent with this view, the PBA notes that the Borough has offered no persuasive documentary or

testimonial evidence showing that the PBA's proposals would endanger the Borough's statutory spending limitations or tax raising capabilities.

Moreover, with respect to financial impact, the PBA emphasizes that the costs for police services and the department's financial impact on the Borough's taxpayers are minimal given the savings attributed to recent retirements that include two Patrolmen and a Lieutenant in 2005, one Patrolman in 2006 and a Lieutenant in January of 2008. The PBA defines these savings as "staggering":

Those savings absolutely dwarf any actual net costs which will attend the PBA's wage and other minor economic increases and serve further to demonstrate why the Borough has failed to demonstrate a need insurance savings on the backs of PBA members. As indicated therein, the savings from attrition annually will be more than \$1.1 million dollars during the term of the contract likely covered by this proceeding.

The PBA has also submitted a mountain of comparability evidence measuring levels of compensation and benefits with those in Bergen County generally, contiguous municipalities and police departments commonly referred to as "Northwest Bergen County." From this data the PBA asserts that Ramsey police officers "generally fare poorly." Included among this data are comparisons concerning patrolman base salaries, patrolmen percentage raises, with and without longevity, base salaries and percentage raises for Sergeants, Lieutenants and Captains, vacation days, sick days, bereavement days, personal days, holidays, clothing and maintenance allowance, terminal leave payment percentage and detective stipends. From all of this data, the PBA concludes that

it “should not be saddled with Draconian insurance (and other) concessions *together with* the below average wage adjustment proposed by the Borough.” (emphasis in original).

The PBA submits that private employment data is of little relevance because there is no comparable private employment that can truly compare to the dangers and importance of law enforcement work. It notes that private employees do not carry weapons, are not subject to call-in around the clock or perform their duties on a 24/7 basis. Notwithstanding this argument, the PBA observes that private sector wage surveys during 2006 and 2007 support wages closer to its proposal than that of the Borough. Turning to the cost of living criterion, the PBA points to evidence reflecting that although the trend of past increases has been equal to or higher than the CPI index, the cost of living data, for the many reasons it cites, does not support a conclusion in favor of the reduction in the rate of salary increase for the Borough’s police officers. The PBA also notes that where periods of rampant inflation existed in the past, employers denied increases that were tied to the CPI and that the PBA was unable to achieve the higher level of increases that could have been tied to the cost of living.

The Borough

As a general proposition, the Borough contends that the PBA’s salary demands are excessive, unjustified and would have negative financial impact on

the Borough, its residents and taxpayers. The Borough has submitted an cost comparison analysis of the parties' respective salary proposals. By way of summary, the Borough compares the first four (4) years of the respective proposals and concludes that over the four years (2007-2010), the additional cost of the PBA salary proposal over the Borough's proposal amounts to \$658,304. The Borough calculates the PBA salary demands as increasing the maximum police officer salary from \$93,525 in 2006 to \$125,690 in 2012, an increase of \$32,165. This represents a 30.3% increase over the six year period that rises to 34.4% after compounding the increases. In addition, the Borough notes that the cost of salary increments increase the Borough's total costs by 1.8% in 2007, 1.74% in 2008, 0.84% in 2009, 2.84% in 2010, 3.24% in 2011 and 1.65% in 2012. Thus, the Borough concludes that the actual cost of the PBA's proposals calculate to 46.53% over six years or 7.76% annually.

The Borough contends that its proposals are more reasonable because it has attempted to balance satisfying the needs of its employees while maintaining a stable level of government services. It cautions that the arbitrator must consider the affect the award will have on the citizens and taxpayers of the Borough.

The Borough further contends that the comparability and overall compensation and benefits criteria support its position over the PBA's. Pointing to comparability evidence in the record, the Borough observes that the top patrol

officer's salary in Ramsey during 2006 exceed the Bergen County average of \$91,859 by \$1,666 or 1.81%. At that time, Ramsey ranked 21 out of 59 municipalities for which the Borough was able to obtain the information. The Borough also points to the contractual benefit of a senior officer differential that raises base pay for senior officers to \$97,945. After the Borough calculates this benefit into patrol officer pay, the Borough calculates that Ramsey salaries exceed the Bergen County average of \$92,151 by \$5,794 or 6.2%. This increases the relative salary to 8th out of the 59 municipalities cited. The Borough makes similar comparisons in respect to the salaries provided for Sergeants and Lieutenants. In support of its starting salary proposal, the Borough notes that the 2006 starting salary of \$35,000 exceeded the County average by 6.5%. In respect to overall level of benefits, the Borough points to the existing \$1,500 clothing allowance which ranks second highest in the County and exceeds the average clothing allowance benefit in the County by \$686. Referring to contracts in evidence, the Borough concludes that the vacation benefit at 27 vacation days per year in Ramsey exceeds the average cap of 26 vacation days.

Turning to internal comparisons, the Borough stresses that the arbitrator must consider internal settlements that it reached with its other bargaining units. It points to the Teamsters Local 11 agreement that provided annual increases of 3% between 2007 and 2010. In addition:

Teamsters Local 11 agreed to expand its salary guide to ten steps, as the Borough proposes in this interest arbitration. The Teamsters Local 11 contract provides new hires with modified sick leave benefits of 0.83333 days per month (10 days per year) as the Borough proposes in this interest arbitration. The Teamsters Local 11 contract caps terminal leave benefits at \$15,000 as proposed in this interest arbitration. Moreover, the Teamsters Local 11 agreement reflects the elimination of the child scholarship fund and contains the verbatim death benefit language as proposed in this interest arbitration. Similarly, the Teamster 11 contract contains the grievance and arbitration language as contained in the Borough's offer. Vacation benefits for new hires are capped at twenty (20) days as proposed by the Borough. Longevity benefits are frozen at current rates and eliminated for new hires also as proposed by the Borough. Insurance benefits for retirees and for active members also reflect the Borough's proposal in this interest arbitration.

The Borough also points out that its agreement with Teamsters Local 945 resulted in a contract containing all of the proposals made by the Borough to the PBA:

The Borough proposed and Teamsters Local 945 agreed to expand its salary guide for new hires to ten steps. The Teamster Local 945 contract further provides new hires with modified sick leave benefits of 0.83333 days per month (10 days per year) as the Borough proposes in this arbitration. Additionally, Teamsters Local 945 agreed to cap terminal leave benefits at \$15,000, incorporating the same language with respect to terminal leave benefits as proposed in this arbitration. Moreover, the Teamster Local 945 contract includes the grievance and arbitration language as contained in the Borough's offer. Vacation benefits for new hires are capped at twenty (20) days as proposed by the Borough. Longevity benefits are frozen at current rates and eliminated for new hires also as proposed by the Borough. Significantly, insurance benefits for retirees, including the requirement that retirees contribute 54% of the contributions of non-retirees, and insurance benefits for active members, including identical plan options and contribution to premium requirements, mirror the Borough's proposal in this interest arbitration.

An additional reference is made to the Borough's agreement with the supervisory employees represented by Teamsters Local 469:

[This] contract provides new hires with modified sick leave benefits of 0.83333 days per month (10 days per year) as the Borough proposes in this interest arbitration. The Teamsters Local 469 contract caps terminal leave benefits at \$15,000 as proposed in this interest arbitration. Moreover, the Teamsters Local 469 agreement contains the verbatim death benefit as proposed in this interest arbitration. Similarly, the Teamsters Local 469 contract contains the grievance and arbitration language as contained in the Borough's offer. Vacation benefits for new hires are capped at twenty (20) days as proposed by the Borough. Longevity benefits are frozen at current rates and eliminated for new hires also as proposed by the Borough. In addition to insurance benefits for retirees, insurance benefits for active members, including identical plan options and contribution to premium requirements, mirror the Borough's proposal in this interest arbitration.

The Borough makes a parallel argument concerning its agreement with UPSEU white collar unit:

The UPSEU contract caps terminal leave benefits at \$15,000 as proposed in this interest arbitration. Moreover, UPSEU contract reflects the elimination of the child scholarship fund and contains the verbatim death benefit as proposed in this interest arbitration. Similarly, the UPSEU contract contains the grievance and similar arbitration language as contained in the Borough's offer. Vacation benefits cap at twenty (20) days as proposed by the Borough. Longevity benefits are frozen at current rates and eliminated for new hires also as proposed by the Borough. Significantly, insurance benefits for retirees, including the requirement that retirees contribute 54% of the contributions of non-retirees, including identical plan options and contribution to premium requirements, mirror the Borough's proposal in this interest arbitration

In addition to making argument based upon internal comparability, the Borough submits evidence concerning the increase in health insurance costs within Ramsey, New Jersey and the United States. The Borough submits that health insurance costs have, since 2002, risen at an average of 12.5% per year

in New Jersey while the CPA has increased an average 3.4% per year. The Borough points out that in Ramsey, it provides health insurance with no premium sharing and that the cost of family coverage has risen to \$21,379 per employee and that 18 unit employees receive family coverage. The annual cost rose by \$21,812 from \$436,247 to \$458,059. The Borough offers into evidence many voluntary settlements and awards that include employee contributions to premium costs. It notes that the health insurance co-pays also apply to the Borough's non-unionized employees.

The Borough further contends that the PBA's salary proposal dramatically exceeds increases in the Consumer Price Index, would strain the Borough's ability to meet its budget cap obligations as well as causing adverse financial impact on its budget and its taxpayers.

The Borough argues against the awarding of the PBA's non-salary proposals. The first concerns the PBA's proposal to add Thanksgiving and Easter to the existing complement of fourteen (14) eight-hour paid holidays per year. While acknowledging that the Borough would not pay the officers for the holiday and instead provide them with compensatory time, the Borough contends that the increase in paid time off may impose additional costs by necessitating overtime when officers opt to take the compensatory time. Similarly, the Borough contends that by increasing the minimum pay guarantee for recall for outside

detail from three (3) to four (4) hours would provide for an additional hour at time and one-half resulting in unnecessary and additional costs on the Borough.

The Borough also objects to the PBA's proposal to provide the minimum recall payment (of three hours) if an overtime assignment is cancelled less than eight (8) hours prior to commencement. Such proposal would extend an existing provision whereby such compensation is required if court recall is not cancelled at least eight (8) hours prior to the time of the court appearance. The Borough asserts that these additional costs are too speculative to calculate and could result in substantial payments that could strain the budget.

DISCUSSION

The Borough and the PBA have submitted substantial documentary evidence, testimony and oral and written argument in support of their respective last offers. All submissions have been thoroughly 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 (9) that 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.

(9) Statutory restrictions imposed on the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by section 10 of P.L. 2007, c 62 (C.40A:4-45.45).

In interest arbitration proceedings, the party seeking to modify existing terms and conditions of employment has a burden to prove that there is basis for its proposed change. I have applied that principle to my analysis of the issues in dispute. The burden to be met must go beyond merely seeking change in the absence of providing sufficient evidentiary support. Any decision to award or deny any individual issue in dispute will include consideration as to the reasonableness of that individual issue in relation to the terms of the entire

award. This is so because the manner in which an individual issue is decided can reasonably impact upon the resolution of other issues. In other words, there may be merit to awarding or denying a single issue if it were to stand alone but a different result may be required after assessing the merits of any individual issue within the context of an overall award.

I first address the proposals that each party has offered that I have decided to deny in their entirety based upon my determination that a proposal has either not been supported by a sufficient level of credible evidence or that a proposal warrants denial based upon having undetermined economic impact or economic impact on unit employees or the Borough that would not be commensurate with, or balanced by, the terms of the overall award.

Such proposals include the PBA's proposals for an additional two (2) paid holidays, the increase in the minimum of three (3) hours to four (4) hours for recall for outside details and the extension of minimum recall payments to the cancellation of scheduled overtime if an overtime assignment is cancelled less than eight (8) hours prior to the commencement of the overtime assignment. These three proposals build upon existing benefits that are already provided for in the Agreement. There is insufficient evidence in the record that would justify the expansion of these existing benefits nor does the record reflect any cost estimates as to the economic impact of any of the proposals. For these reasons, these proposals are denied.

I reach similar conclusions with respect to certain proposals submitted by the Borough. The Borough has proposed to modify Article XIV (paragraph A), Grievance Procedure, by deleting the contractual reference to "those policies, agreements or administrative decisions which affect terms and conditions of employees covered under this agreement." There is no evidence that the inclusion of this language has negatively impacted upon the Borough in the past in a manner that would warrant the change that the Borough proposes. Thus, I decline to award this proposal.

The Borough has also proposed to add language to Article XV – Arbitration that, in pertinent part, references the authority of the arbitrator and the costs of arbitration. The existing contract language already limits a grievance to the interpretation or application of the provisions of the Agreement. Given this language, and in the absence of evidence that the Borough has been negatively impacted by the existing language in a manner that would warrant the changes it has proposed, I decline to award the first portion of this proposal. The Borough's proposal also concerns the costs of the services of the arbitrator. This proposal has not been justified given the existing language set forth in Step Five that states "the costs of the services of the arbitrator shall be borne equally by the Borough and the PBA. All other costs, including, but not limited to, the presentation of witnesses, shall be borne by the party incurring same." Accordingly, I also decline to award this aspect of the Borough's proposal.

The Borough has proposed that employees hired after January 1, 2008, get a maximum of three personal days earned at the schedule specified in Article XIX, paragraph A1. Subsequent to the close of hearing, the Borough has withdrawn this proposal due to the existence of language in Article XIX that confirms the presence of the cap it has sought to achieve in its proposal.

I do find merit in the PBA's proposal to allow an officer to elect to receive a deferral of sick leave at termination pay for a period of up to three (3) years. The Borough and the affected officer would benefit from a longer period of payout. From the Borough's perspective, because the payout would occur over multiple budget years, the cost would be spread causing less budgetary impact. From the officer's perspective, the potential for a smaller tax liability for the sum earned could be achieved by a deferral. I award this proposal but add the following. In the event that an officer makes this election, he or she must provide sixty (60) days prior notification to the Borough and the longer payout period shall not alter the total dollar sum of the payout.

The Borough and the PBA have taken different positions on the duration of the Agreement. The Borough proposes a four (4) year contract while the PBA proposes one that is six (6) years in length. Under all of the circumstances of this case, a contract duration that is one year more than the Borough has proposed and one year less than the PBA has proposed is a reasonable

determination of this issue. The record shows that the Borough's finances are stable, that there is ample comparability data and other relevant evidence that would allow for the issuance of an award that extends through to December 31, 2011. Thus, I award a contract duration of five (5) years.

The Borough's proposals in respect to Sick Leave, Longevity and Insurance Coverage and Death Benefits are supported primarily by reference to the inclusion of these terms in the Borough's recent agreements with its blue and white collar non-law enforcement units and the application of the same terms for the Borough's non-unionized employees. These terms are alleged to constitute a pattern of settlement that must be extended to the PBA.

Internal comparability or internal patterns of settlement are relevant, but not the exclusive considerations, when evaluating the merits of a party's proposals. The application of this subsection of the statutory criteria, N.J.S.A. 34:13A-16(g)(2)(c), is well established. The Borough cites In the Matter of Somerset County Sheriff's Office v. Somerset County Sheriff's FOP Lodge #39, Docket No. A-1899-06T3, 34 NJPER 8 (App. Div. 2008) wherein the County objected to the arbitrator's application of § 34:13A-16(g)(2)(c) that requires an interest arbitrator to "consider evidence of settlements between the employer and other of its negotiations units, as well as evidence that those settlements constitute a pattern." In Somerset, internal settlements between the County and other law enforcement units were given significant weight by the arbitrator. The

court rejected the public employer's contention that the arbitrator erred in his application of this factor and the weight to be accorded to that factor. Over the years, numerous interest arbitration awards have been issued where evidence of settlements between a public employer and other of its public safety bargaining units have been required to be considered as well as whether such evidence constitutes a pattern to be applied internally.¹

In this proceeding, the alleged pattern is not between public safety units. However, it is also well established that such evidence must be considered even where the alleged pattern of settlement includes non-public safety units. One such example existed in the matter of the County of Union v. Union County Corrections Officers, PBA Local 999, PERC No. 2003-33. In that case, the County offered a proposal on health benefits that had been accepted by six other bargaining units, including three non-law enforcement units and three law enforcement units. After its proposal had been rejected, a County appeal of that award resulted in a remand wherein PERC stated:

N.J.S.A. 34:13A-16g(2)(c) requires arbitrators to compare the wages, salaries, hours and conditions of employment of the employees in the proceeding with those of employees performing similar services in the same jurisdiction and with "other employees generally" in the same jurisdiction. Thus, this subfactor requires the arbitrator to consider evidence of settlements between the employer and other of its negotiations units, as well as evidence that those settlements constitute a pattern. See N.J.A.C. 19:16-5.14(c)(5) (identifying a "pattern of salary and benefit changes" as a consideration in comparing employees within the same jurisdiction).

¹ Some of these cases have been cited in the Borough's brief. Because of the existence of this concept in so many published interest arbitration awards, I have not included a citation to these awards for the sake of brevity but that appear on the official PERC website.

Pattern is an important labor relations concept that is relied upon by both labor and management.

In addition, a settlement pattern is encompassed in N.J.S.A. 34:13A-16g(8), as a factor bearing on the continuity and stability of employment and as one of the items traditionally considered in determining wages. In that vein, interest arbitrators have traditionally recognized that deviation from a settlement pattern can affect the continuity and stability of employment by discouraging future settlements and undermining employee morale in other units. Compare Fox v. Morris Cty., 266 N.J. Super. 501, 519 (App. Div. 1993), certif. denied, 137 N.J. 311 (1994) (in applying N.J.S.A. 34:13A-16g(8), arbitrator should have considered the effect of an award on employees in other units); see also Anderson, Krause and Denaco, Public Sector Interest Arbitration and Fact Finding: Standards and Procedures, 48.05[6], contained in Bornstein and Gosline Ed., Labor and Employment Arbitration (Matthew Bender 1999) (citing arbitrators' statement that their award, which took pattern into account, would prevent disruption of future employer-wide negotiations and also commenting that arbitrators are generally hesitant to award increases that would disturb a pre-arbitration settlement pattern absent a showing that a break in the pattern is required to address a specific problem).

This issue was revisited by PERC after Union County filed an appeal after the interest arbitrator issued a second award after the matter was remanded to him. Although PERC expressed no opinion on the merits of the County's proposal and stated that it made no finding on whether a pattern existed or whether the alleged pattern must be followed, PERC once again ordered a remand² explaining:

[T]he arbitrator did not make explicit findings as to whether or not there was a settlement pattern with respect to health benefits and salary – or either of those items. Nor did he make findings as to whether the settlements differed from the offer to this unit or analyze the significance of any differences. These are critical omissions because, as we explained in Union Cty., the existence – or not – of a pattern is an element that should be considered in

² This time to a different arbitrator.

determining the weight to be given internal settlements and in assessing the effect of an award on the continuity and stability of employment. 28 NJPER at 461. Further, Union Cty. stated that the Reform Act requires the arbitrator to explain the reasons for adhering or not adhering to any proven settlement pattern. Without specific findings as to the existence, nature or scope of an alleged settlement pattern, we cannot evaluate whether the arbitrator fulfilled that function.

In the matter before me, involving Ramsey PBA Local 155, the record clearly reflects the existence of a settlement pattern among the Borough's non-law enforcement units concerning several of the issues that the Borough has proposed that are in dispute in this proceeding. IBT Locals 11, 469 and 945 as well as the UPSEU units contain agreements concerning capping the terminal leave benefit at \$15,000 (for those who have not yet accrued this number), capping the vacation benefit for new hires at twenty (20) days, freezing longevity payments in dollar amounts (for existing employees) while eliminating the longevity benefit for new hires, providing for the co-payment of insurance premiums for active and retired employees and modifying the death benefit provisions. The settlements with IBT Locals 11, 469 and 945 also contain agreements to provide new hires with modified sick leave benefits of 0.83333 days per month (ten days per year). There clearly is a pattern of settlement on these issues. Given this evidence, the main issue to be decided here is not whether a pattern exists on these issues but whether there should be adherence to this pattern with respect to the PBA Local 155 unit.

The burden to justify the application of the pattern to the individual issues it has proposed and which are in dispute falls on the Borough. The PBA, assuming the existence of a pattern, is obligated to support its position as to why there should be no adherence. I find that the Borough has not met its burden with respect to the modified sick leave benefits, the capping of the terminal leave benefit at \$15,000, the capping of the vacation benefit for new hires at twenty (20) days, the freezing of longevity payments in dollar amounts (for existing employees) while eliminating the longevity benefit for new hires and the modification of the death benefit provision.

The existing terminal leave benefit enjoyed by the PBA is clearly related to the desirable goal of minimizing the usage of the sick leave benefit. The maintenance of staffing levels not only furthers the objective of maintaining a law enforcement presence throughout the Borough, but also serves to minimize overtime costs that may arise by replacing absent police officers with officers who might otherwise have enjoyed a regular day off and who would be paid at premium rates. The police department, unlike the non-law enforcement units, must operate on a 24/7 basis. Because of this requirement, the desirability of reducing absences is readily apparent. Although it is possible that long-term cost reductions could be achieved by the Borough's proposal, the Borough has not established whether the interests and welfare of the public could be affected by an increase in sick leave usage due to the substantial caps the Borough seeks to place on the terminal leave benefit which could place a disincentive on

preserving sick leave. For these reasons I do not award the Borough's on this issue. I also conclude that the Borough has not provided sufficient justification to reduce the amount of sick leave that would be available to new hires. One consideration that would support the Borough's proposal would be evidence that the nature of law enforcement work does not give rise to the need for sick leave usage at a level beyond that of a non-law enforcement employee such as a clerk or library worker. I recognize that the Borough should not be compelled to prove a negative, but relevant evidence in support of its position could include records of sick leave usage and the verifications required to utilize this benefit. Such evidence would allow for consideration as to whether the reasons for sick leave usage are broader among police officers than for non-law enforcement employees and whether reduction as proposed would or would not cause undue hardship on police officers. Accordingly, I decline to extend that pattern to these issues.

I also decline to award the Borough's proposal with respect to Article XVIII – Vacations. Once again, the Borough argues on behalf of adherence to a pattern of settlement. The Borough's proposal would cap vacation days at twenty (20) days for new hires. The record contains a survey of vacation benefits for law enforcement units in Bergen County. That survey reflects that the existing contractual language provides for a cap on vacation days at twenty-seven (27) days compared to the County average of twenty-six (26) days. Given the fact that the existing cap on vacation days is well within the norm being

received in Bergen County, and absent the existence of any justifiable basis for the proposed reduction in this benefit, the Borough's proposal is denied.

I also decline to award the Borough's proposal to merge the children's scholarship benefit in Article VII with the death benefit in Article VIII into one article containing modified benefits. The current provisions have been carefully constructed by mutual agreement between the parties in the past. There is nothing in the record that reflects adverse consequences to the Borough because of the prior inclusion of those articles. I also give little weight to the fact that the Borough's proposal has been agreed to in other units. While non-law enforcement employees also have some risk in the performance of their duties, the official duties of police officers that place them in a position of danger at all times support the awarding of the status quo on this issue.

I also decline to award the Borough's proposal to freeze longevity payments in dollar amounts for existing employees and to eliminate this benefit for new hires. Although these proposals would allow the Borough to receive longer term savings, insufficient justification has been presented that would warrant the extension of this element of the pattern on this issue to the PBA. The existing benefit is within the norm and the comparables offered and cannot be deemed to be overly generous in nature. The extension of this element of the pattern has a potential for negatively impacting upon the continuity and stability of employment of the Borough's police officers inasmuch as future employees

would experience a 10% reduction in overall compensation when compared to existing employees. Further, each officer is a large investment to the Borough in terms of training costs and in the value of the experience each officer achieves by maintaining employment within the Borough.

In rendering the above determination on the issue of pattern, I cannot conclude on this record that the failure of this award to extend the pattern on these issues, would undermine employee morale in the non-law enforcement units, discourage future settlements between the Borough and the other bargaining units or cause instability in labor relations within this Borough. The distinctions in employment conditions between police officers and the non-law enforcement employees do not warrant a finding that these elements of the pattern must be adhered to with respect to the law enforcement employees.

I do not reach the same conclusion with respect to the Borough's proposals on health insurance. As found above, a pattern of settlement exists on this issue. However, unlike the issues where I have declined to extend the pattern to the PBA, I find, after giving substantial weight to N.J.S.A. 34:13A-16g(1) and (2)(c), that the Borough has sustained its burden to prove that the extension of the pattern of settlement to the PBA on this issue is reasonable and justified.³ I also conclude that the PBA, despite its vigorous opposition, has not advanced sufficient justifications that would warrant a finding that should be non-

³ Although the Borough has proposed co-payments for retirees separately, I award this proposal for the same reasons as the other health insurance proposals inasmuch as it has been incorporated within the agreements that have formed the pattern of settlement.

adherence on the health insurance pattern or a break in the pattern on this issue.

I reach these conclusions for several reasons.

One important consideration is that the Borough's proposal does not require a reduction in the level of health insurance benefits that it currently provides. That level of benefits is set forth in Article XXXVIII as follows:

- A. Effective of January 1, 2004, the Borough shall provide all employees with health insurance under the Horizon Blue Cross/Blue Shield PPO medical benefits plan (the "PPO plan"). The benefits are described in Appendix 2 which is attached hereto and incorporated herein. Employees who retire after the date of execution of this Agreement but before January 1, 2004 shall convert from the current insurance program to the PPO plan immediately upon retirement.
- B. The Borough may, at its option, change any of its insurance plans or carriers or self-insure, so long as substantially equivalent or better benefits are provided.
- C. The Association will be notified in advance of any proposed change of insurance plans or carriers or proposed implementation of a self-insurance program. In the event the Association does not agree that such a change provides for substantially equivalent or better benefits being provided, the matter shall promptly be submitted to arbitration on an expedited basis and there will be no change of insurance plan or carriers or self-insurance implementation until the conclusion of the arbitration proceedings and the rendering of a decision by the arbitrator.

There is no evidence in this proceeding that the Horizon Blue Cross/Blue Shield PPO medical benefits plan is anything less than a solid and comprehensive program that offers substantial insurance protection to the police officers at significant cost to the Borough. The cost to the Borough in 2008 is

\$21,372 for an officer selecting family coverage. That cost increased by \$1,020 for each officer in 2008 over the level in 2007. Based upon industry trends, it is reasonable to infer that this figure has increased in 2009. The Borough's proposal centers on policy considerations and economics rather than on the quality of coverage. In simple terms, while premium sharing would be required under the Borough's proposal, an employee is entitled to keep the same insurance coverage that was in effect on January 1, 2004, although at greater co-pays for that plan than the alternative plan the employee can opt into. The fact that the benefit levels of the insurance coverage need not be affected dilutes the PBA's claim that the Borough should be banned from pursuing an additional change to Article XXXVIII because it achieved the January 1, 2004 change that shifted coverage to the fully paid Horizon Blue Cross/Blue Shield PPO Plan in the prior agreement.

An additional consideration is that the January 1, 2004 change does not appear to have been a concession made in isolation. The January 1, 2004 change was accompanied by a simultaneous substantive improvement in retiree health insurance that the Borough provides to its police officers as reflected in Article XXXVI which reduced the required number of years of service creditable for pension purposes from thirty (30) to twenty-five (25). I reject the Borough's position that there should be retroactive application of its proposal based upon the fact that the premium co-pays were implemented in prior years for the non-law enforcement units. A different effective date is a minor deviation from the

pattern and reasonable in the context of the overall terms of the Award. The effective date to accompany the Borough's premium sharing proposal supported by the pattern shall be January 1, 2010.

An additional consideration supporting the award of this aspect of the pattern of settlement is that the Borough provides employee-wide health insurance to all non-union and unionized employees including its police officers. After achieving premium sharing by voluntary agreement or by implementation for all other Borough employees, a result that would exempt the PBA from this key and common feature would, more than likely, undermine employee morale for those who have co-pays deducted and create a potential for unstable labor relations within the Borough in the future. The Borough has sought to provide common treatment with respect to providing a policy affording health insurance benefits to all employees. After negotiating contributions toward the costs of providing those benefits, a result that would separate one group from another, absent evidence warranting a deviation, would run counter to the goal of common treatment. The distinction in employment conditions that I have found to distinguish police officers from the non-law enforcement employees and non-unionized employees on other issues that form the pattern are simply not present on the issue of premium sharing. All affected are employees of the Borough and the unique nature of law enforcement work cannot serve as a disconnect on the issue of premium cost sharing. It is unnecessary to determine whether, in the absence of a pattern, the exact terms proposed by the Borough would represent

the more reasonable determination of this issue because the most substantial weight on this issue must be given to the terms that represent the internal pattern of settlement. The conclusion sought by the PBA would render the Borough's policy and budgetary actions irrelevant when applied to the PBA.

I have considered all arguments raised by the PBA in opposition to extending the pattern of settlement on this issue. These arguments have been expertly presented by PBA labor counsel but they are not persuasive given the standards enunciated by PERC on review of similar issues presented to it on appeal and given my application of the statutory criteria.

The PBA also argues that the size of the other units and, unlike the other units, its access to binding arbitration, weigh against the Borough's health insurance proposals. Because the Borough's proposal is an extension of a Borough-wide policy, I find little significance in the size of the other units or in the number of non-unionized employees. The Borough does not employ a large workforce in any department, including the police department, and the number of employees to be covered is less significant than the fact that all of its employees are to be covered under the Borough's proposal. The fact that the unit has access to interest arbitration has not been viewed as an additional burden to a public employer beyond the justification of a proposal on the context of the stability criteria. A similar contention to the one made by the PBA was considered and rejected by PERC in Union County, PERC No. 20003-33:

Our concern with the arbitrator's analysis is that he did more than state that the County had the burden of justifying the proposals in the context of the statutory criteria. In emphasizing that the proposals were best achieved in negotiations, he appears to have required the County to surmount an additional hurdle of showing why the proposals should be granted in interest arbitration rather than obtained through negotiations. Further, after noting that the County had proffered "significant" evidence concerning its rising health costs and the acceptance of the proposal by other units, the arbitrator found that this evidence made the proposals appropriate for negotiations. Reading the above-quoted discussion as a whole, we are not satisfied that the arbitrator fully considered the proposals and weighed the evidence offered by the County against that presented by the PBA, free of any presumption that the proposals should not be awarded in interest arbitration. Stated another way, the arbitrator's discussion is reminiscent of the analysis we disapproved in Cherry Hill. In that case, we vacated and remanded the award because we were not satisfied that the arbitrator had fully considered the employer's health benefits proposals in light of his comments that such changes should not be awarded by an arbitrator. The same result is required here.

The PBA also argues that the Borough's proposal must be rejected because it failed to offer credible evidence of its ability or inability to pay for the PBA's proposals on salary and benefits or the Borough's own health insurance proposal. As the PBA points out, the Borough has saved expenditures through the attrition of police officers. The co-pays will also offset some of the increases and costs the Borough has continued to experience in health insurance. I do not find either the arguments or the evidence on the Borough's financial abilities to outweigh the evidence concerning the internal pattern of settlement. The fact that the Borough can maintain a stable budget without achieving a particular cost saving proposal is insufficient reason to deny a proposal. The awarding of the Borough's health insurance proposal is not based solely on its financial abilities

or inabilities. Although the Borough did receive savings in 2004 of approximately \$67,500 when it moved to a fully paid PPO, the record reflects steady increases since that time and a current cost of over \$22,000 for a family plan. The Borough, under N.J.S.A. 34:13A-16g(1), may properly offer proposals designed to offset cost increases in the absence of budgetary crises, especially when they are supported, as here, by other statutory criteria. The PBA's arguments on this point are more relevant on the issue of salary, the remaining issue to be decided.

I have also considered the PBA's argument that external comparability considerations require a denial of the Borough's health insurance proposal. The PBA correctly points to the absence of a provision similar to the Borough's in other jurisdictions. This consideration is outweighed by the existence of the health insurance terms within the Borough,, a fact that is entitled to greater weight under N.J.S.A. 34:13A-16g(2)(c). The co-payment of health insurance premiums does exist within certain Bergen County jurisdictions and elsewhere within the state and is not a novel approach in this instance.

The disposition of the salary issue for the PBA unit is not as strongly linked to the Borough's labor agreements with its non-law enforcement units. That is, there is no internal pattern concerning salary although a review of those agreements reflect a range of adjustments. The IBT Local 11 blue collar Department of Public Works unit generally received 3% increases but higher increases were negotiated in the "Master Water Operator" classification. The IBT

Local 945 unit for Mechanics and Laborers in the Roads Department received increases averaging approximately 4% during 2007, 2008 and 2009. Employees in the UPSEU white collar unit received adjustments in 2007 of \$2,000, \$1,500 and \$1,000 depending on whether the employee earned under \$35,000, under \$40,000 or over \$40,000 before receiving across-the-board increases. The IBT Local 469 unit for professional and managerial employees received increases ranging from 3.75% to 4% during contract years 2007 through 2010. These internal agreements must be considered but the PBA's submissions on external law enforcement salary comparability are also relevant. Moreover, the salary and health insurance issues are interrelated as each are major economic issues with financial implications to both the employer and the employee. Neither issue can be considered in isolation to one another.

The disposition of the salary issue must take into consideration the fact that the 2007, 2008 and 2009 contract years must be decided on evidence in existence for those years. The external comparables within the County reflect increases generally at 4% levels which also coincide with the range of increases in the Local 945 unit in the Road Department and the Local 469 supervisory unit. The Borough's proposals, at 2.5% annually, as argued by the PBA, do not give sufficient consideration to the external comparisons nor do the proposals reflect any reasonable consistency with at least two of the internal settlements. Further, the Borough has not shown that evidence concerning financial impact or statutory spending or taxing limitations interfere with its ability to provide

increases at or near what had been achieved in surrounding communities during these years. In years 2010 and 2011, the weight to be given to the record evidence on external comparability must be more appropriately balanced with the evidence showing a decline in the cost of living, sharp increases in unemployment within the State and Nation, and economic considerations impacting on the private sector and public sector generally.

Given all of the above, I find that a reasonable determination of the salary issue, within the context of the overall award, are increases of 4.0% in contract years 2007, 2008 and 2009, 3.75% in contract year 2010 and 3.5% in contract year 2011. The average increase is 3.825% and the top step patrol salary will increase from \$93,525 to \$112,968 over this time period. The evidence concerning Patrolman First Step reflects that the full percentages need not be applied to that step in order to maintain a competitive starting salary. The Patrolman First Step shall receive lesser salary percentages with that step increasing by \$500 annually over this time period. This shall result in the following salary schedule:

Rank & Step	Existing 2006	2007 4%	2008 4%	2009 4%	2010 3.75%	2011 3.50%
Lieutenant	\$111,264	\$115,715	\$120,343	\$125,157	\$129,850	\$134,395
Sergeant	\$102,364	\$106,459	\$110,717	\$115,146	\$119,464	\$123,645
Senior Officer*	\$97,945	\$101,863	\$105,937	\$110,175	\$114,306	\$118,307
Patrolman 8 th	\$93,525	\$97,266	\$101,157	\$105,203	\$109,148	\$112,968
Patrolman 7 th	\$84,000	\$87,360	\$90,854	\$94,489	\$98,032	\$101,463
Patrolman 6 th	\$77,500	\$80,600	\$83,824	\$87,177	\$90,446	\$93,612
Patrolman 5 th	\$73,000	\$75,920	\$78,957	\$82,115	\$85,194	\$88,176

Patrolman 4 th	\$64,000	\$66,560	\$69,222	\$71,991	\$74,691	\$77,305
Patrolman 3 rd	\$55,500	\$57,720	\$60,029	\$62,430	\$64,771	\$67,038
Patrolman 2 nd	\$44,500	\$46,280	\$48,131	\$50,056	\$51,934	\$53,751
Patrolman 1 st	\$35,000	\$35,500	\$36,000	\$36,500	\$37,000	\$37,500

The cost analysis for the salary terms will fluctuate depending upon the number of employees employed during the contract years. The Borough estimates that manpower will decrease from 31 to 29 over the contract term which, if realized, could impact on the amount of salary to be paid and impact on costs of the Award. For the sake of clarity I will calculate total net economic change based upon the 2006 payroll and apply the awarded percentages without engaging in projections as to changes that might or have occurred to number of employees employed or placements on the salary schedule. The cost for Year 2007 would be \$111,975, \$116,434 for 2008, \$121,102 for 2009, \$118,074 for 2010 and \$114,335 for 2011. The 2010 and 2011 costs would be offset by premium co-payment deductions which cannot be calculated without evidence as to the plan each employee opts into or whether an employee would elect to opt out of coverage.

I have not awarded the Borough's proposals to award a five step salary schedule for superior officers and an additional two steps on the salary schedule for patrol officers. The differentials for the superior officer ranks are reasonable and a reduction in those differentials caused by a salary schedule is unwarranted. I also conclude, during this contract term, that an eight (8) step

salary schedule is reasonable in light of County comparisons and should not be changed through 2011.

Throughout this analysis I have applied the statutory criteria I have deemed relevant towards rendering a reasonable determination of the issues. I have awarded the Borough's health insurance proposal after applying N.J.S.A. 34:13A-16(g)(2)(c) to the internal comparisons on that issue that embrace a pattern of settlement as well as N.J.S.A. 34:13A-16(g)(1) that, during this contract, supports the application of a Borough-wide proposal. I have not required adherence to the pattern of settlement on issues including sick leave, terminal leave, death benefits, grievance procedure, arbitration, vacations and longevity because, for the reasons stated, I found insufficient justification to apply these terms to the PBA notwithstanding their existence in the non-law enforcement labor agreements. I have given greater weight to external comparisons on the issue of salary, especially as that evidence concerns contract years 2007, 2008 and 2009. The analysis concerning the salary terms for 2010 and 2011 have also given weight to external comparisons as balanced by sharp reductions in the cost of living and economic factors affecting terms and conditions of employment in the public and private sector generally. The overall financial impact of the terms of the award can be borne by the Borough without adverse financial impact on the governing body, its residents and taxpayers and within the statutory limitations that concern the Borough's revenue and taxing authorities.

Based upon all of the above, I respectfully enter the following 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**

There shall be a five-year agreement effective January 1, 2007 through December 31, 2011.

3. **Article XXXVIII – Health Insurance**

Effective January 1, 2010, delete paragraph (A) and replace with the following:

A. Full-time employees receiving medical insurance benefits shall have an option to choose one of the two coverages under Horizon Blue Cross/Blue Shield PPO plan. One is a 90/70 plan and one is a 100/80 plan. Employees should be given a booklet from Horizon Blue Cross/Blue Shield to find the exact terms of the plan.

B. Employees will have the following option with respect to Health Benefits described in Paragraph A:

1. Those current employees choosing the 90/70 plan shall pay the following per pay period:

	Family	Parent/Child	Single
2010	32.50	20.00	11.25

2. Those current employees choosing 100/80 plan shall pay the following:

	Family	Parent/Child	Single
2010	137.50	87.50	47.50

- C. New hires (hired after 1/1/10) desiring coverage other than single coverage (for example, family coverage or parent and child coverage) must pay one-half of the cost to the Board/Borough of the premium difference between single coverage and the enhanced coverage desired by the employee, both for medical insurance and dental insurance. Such payment shall be in the form of pro rata payroll deductions every pay period.
- D. The employer reserves the right, solely at the employer's option, to change to the New Jersey State Health Benefits Program at any time without renegotiation, or to any other health insurance provider program offering substantially similar benefits to the employee.
- E. Employees who have a spouse also employed (or retired from employment with) a public entity in New Jersey that provides health insurance benefits, shall decide, in conjunction with their spouses, whether they will opt out of health insurance benefits with the Employer and advise the Borough Administrator accordingly in writing. Employees shall have a continuing responsibility to promptly inform the Borough Administrator whenever they have a spouse who is entitled to receive health insurance benefits by virtue of employment with (or retirement from) another public entity in New Jersey and promptly advise the Borough Administrator of their decision with regard to opting out of the Employer's health insurance plan, as set forth hereinabove. It is expressly understood by the parties hereto that the objective of this provision is to avoid duplicate coverage for a family by public entities in New Jersey employing spouses in that family in furtherance of sound public policy, and is not intended to be punitive or detrimental to employees.
- F. Employees who opt out of health insurance benefits shall receive a \$2,500 annual opt-out payment. In the event the employee's other insurance is lost (for example, if the employee's spouse loses insurance coverage for the family because of a change in employment status) or amended so that it becomes detrimental for the employee to opt out of the Employer's health insurance plan, either event would be considered a "qualifying event" and the employee would be permitted to re-enroll in the Employer's health insurance plan

without penalty, except that the pro rata share of the opt-out payment must be returned by the employee to the Employer.

4. Article XXXVI – Retiree Insurance Benefits:

Effective January 1, 2010, add the following to paragraph (G):

"Retired employees eligible to receive medical and dental benefits in retirement under this article shall receive the same level of medical and dental benefits accorded to non-retired employees under this contract or 54% of the contribution requirements as non-retired employees."

5. Sick Leave at Termination

Effective upon the date of issuance of this award, an officer may elect to receive deferral of sick leave at termination pay for a period up to three years. The officer must provide the Borough with sixty (60) days prior notification. The longer payout period shall not alter the total dollar sum of the payout.

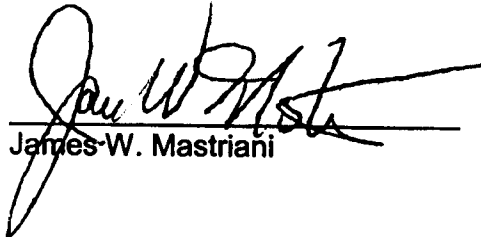
6. Salary

All increases shall be effective and retroactive to their effective dates and shall be applicable to those presently employed and those who were employed or on payroll on each effective date or who have retired on ordinary or disability pension prior to the date of the Award,

Effective and retroactive to January 1, 2007, January 1, 2008, and January 1, 2009, each step of the salary schedule (with the exception of Patrolman 1st) shall be adjusted by a 4.0% salary increase. Effective January 1, 2010, each step of the salary schedule (with the exception of Patrolman 1st) shall be adjusted by a 3.75% salary increase. Effective January 1, 2011, each step of the salary schedule (with the exception of Patrolman 1st) shall be adjusted by a 3.5% salary increase. The Patrolman 1st step shall receive an annual increase of \$500. An application of these calculations shall yield the following salary schedule:


Rank & Step	Existing 2006	2007 4%	2008 4%	2009 4%	2010 3.75%	2011 3.50%
Lieutenant	\$111,264	\$115,715	\$120,343	\$125,157	\$129,850	\$134,395
Sergeant	\$102,364	\$106,459	\$110,717	\$115,146	\$119,464	\$123,645
Senior Officer*	\$97,945	\$101,863	\$105,937	\$110,175	\$114,306	\$118,307
Patrolman 8 th	\$93,525	\$97,266	\$101,157	\$105,203	\$109,148	\$112,968
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Patrolman 6 th	\$77,500	\$80,600	\$83,824	\$87,177	\$90,446	\$93,612
Patrolman 5 th	\$73,000	\$75,920	\$78,957	\$82,115	\$85,194	\$88,176
Patrolman 4 th	\$64,000	\$66,560	\$69,222	\$71,991	\$74,691	\$77,305
Patrolman 3 rd	\$55,500	\$57,720	\$60,029	\$62,430	\$64,771	\$67,038
Patrolman 2 nd	\$44,500	\$46,280	\$48,131	\$50,056	\$51,934	\$53,751
Patrolman 1 st	\$35,000	\$35,500	\$36,000	\$36,500	\$37,000	\$37,500

Dated: July 31, 2009
Sea Girt, New Jersey


James W. Mastriani

State of New Jersey }
County of Monmouth }ss:

On this 31st day of July, 2009, 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 4/30/2013