

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between:

TOWNSHIP OF UNION

"Employer,"

- and -

PBA, LOCAL 69

"Union."

**OPINION
AND
AWARD**

Docket No. IA-2005-020

**Before
James W. Mastriani
Arbitrator**

Appearances:

For the Employer:

Robert T. Clarke, Esq., of Counsel and on the Brief
Robert J. Merryman, Esq., On the Brief
Apruzzese, McDermott, Mastro & Murphy

For the Unions:

Paul L. Kleinbaum, Esq.
Zazzali, Fagella, Nowak,
Kleinbaum & Friedman

The Township of Union [the "Township"] and the Union Township PBA Local 69 are parties to a collective negotiations agreement covering Police Officers. This Agreement extended through December 31, 2003. The parties engaged in an extensive voluntary direct negotiations process and an impasse developed between the Township 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. In accordance with the rules of PERC, I was designated to serve as interest arbitrator.

Due to the extremely complex issues presented in the negotiations, several pre-interest arbitration mediation sessions were held beginning in March 2006. These efforts did not produce a voluntary agreement leading to the convening of a formal hearing held on July 11, 2006. Documentary evidence, testimony and certifications were offered by all parties. Post-hearing briefs and reply briefs were filed by each party. The record was closed on February 10, 2007.

FINAL OFFERS

As required by statute, the Township and the PBA submitted the following last offers on the issues in dispute.

Final Offer of the Township of Union

- A. **Term of Contract** - The Township proposes a three (3) year contract from January 1, 2004 through December 31, 2006.
- B. **Article II (D), Uniforms** Shall be eliminated effective January 1, 2006.
- C. **Article IV, Insurance.** Shall be revised as follows:

Section A(3)-Dental with coverage at least equal to that which has heretofore been in effect with the limit increased from \$1,000.00 to \$1,500.00.

Section A(4) Prescription with coverage at least equal to that which has heretofore been in effect, subject to a twenty (\$20.00) dollar co-pay for non-generic drugs; a five (\$5.00) dollar co-pay for generic drugs; mail order drugs (three month dosage) a ten (\$10.00) dollar co-pay for generic drugs; a forty (\$40.00) dollar co-pay for non-generic drugs.

Section H remove mandatory second surgical opinion and pre-admission certification/continued stay review clause.

Section J Add Section. *Each employee hired by the Township of Union as a police officer after the date of ratification shall be placed into a PPO medical insurance plan for a period of two (2) years after which they may have the option of transferring to the traditional plan that is in effect as listed in Section H of the Collective Bargaining Agreement.*

Option for current employees to enroll into a PPO (not mandatory) but may opt out at their discretion.

The parties shall continue discussions regarding a PPO for the entire bargaining unit.

- D. **Article VI., Seniority, Section C.** Amended as agreed in the memorandum of agreement dated December 5, 2000.
- E. **Senior Status Differential.** The Senior Status Differential shall be eliminated for all employees who are not currently receiving it. The salary schedule in the Collective Bargaining Agreement shall be revised to eliminate the "15 years" step.

The Senior Status Differential shall not be compounded by the across the board salary increase for those employees receiving a senior status differential.

F. **Article VII, Vacations.** Add a new section as follows:

In the event of an involuntary transfer, requests for vacation will be handled as follows:

1. *The request will be granted if it is in accordance with the provisions of Article VII, Section C of the current agreement.*
2. *The request will be granted if the transferred officer is able to arrange for coverage by a qualified officer without overtime.*
3. *The Township will continue its current practice of granting the request where, because of the significant financial commitments of other circumstances. Denial of the request would be demonstrably unreasonable.*
4. *The Township will grant the requested vacation even when the allotted number of officers are on vacation as cited in Section C. as long as it does not incur overtime.*

G. **Article XXI, Education, Sections B and C** Remove "Chief of Police" and replace it with the "Township Administrator."

H. **Article XXC, Termination of Service, Section E (2)**. Rephrase payout option to give retired employees the option to defer payment at his discretion (minimum of two (2) years). If the deferred option is exercised, all payments will be paid in equal installments no later than the first week of January of each subsequent year.

I. **Article XXVIX, Compensation.** The salary shall be revised by deleting the "+15 years" step.

Salaries shall be increased as follows:

1-1-2004	2.75%
1-1-2005	2.85%
1-1-2006	3.00%

I. The Township retains the right to set the Jobs in Blue rates by ordinance. In addition, the Township retains the right to add an administrative fee to the Jobs in Blue rates.

Final Offer of the PBA Local Township of Union

A. **Term of Contract.** The Union proposes a five (5) year contract from January 1, 2004 through December 31, 2008.

B. **Article IV.** Insurance shall be revised as follows:

Section A(3) Dental with coverage at least equal to that which has heretofore been in effect with the limit increased from \$1,000.00 to \$1,500.00.

New Section Each employee hired by the Township as a Police Officer after execution of this Agreement shall be placed into a PPO medical insurance plan (with same financial impact as traditional plan) for a period of two (2) years after which they shall have the option of transferring to the traditional plan that is in effect as listed in Section H of the Collective Bargaining Agreement, and available to all other current officers.

C. **Article VI (C), Seniority.** Amend as agreed in the attached memorandum of agreement dated December 5, 2005.

D. **Article VI (D), Seniority.** Amended as follows:

Any officer eligible under 2000-2003 Collective Bargaining Agreement to receive Senior Officer pay after the completion of fifteen (15) years of services, shall continue to receive said pay as part of base salary. Senior Officers pay specified below shall be added to base salary before negotiated salary increases and longevity are determined.

Any officer hired before June 1, 2000 shall be eligible for said pay upon completion of fifteen (15) years of service, in the amount of nine hundred eighty-one (\$981.00) dollars. After the completion of sixteen (16) years of service, said Officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars. After completion of seventeen (17) years of service, said Officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars. After the completion of eighteen (18) years of service, said Officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00).

E. **Article VII, Vacations.** Add new language as per settlement of grievance arbitration.

F. **Article XXIX, Compensation.** Across-the-board increases of 4.0% retroactive to January 1, 2004 and effective January 1st of each year thereafter. All officers on payroll at any time after January 1, 2004 will

receive increases even if they have separated from employment for any reason prior to execution of the successor Agreement.

- G. **Article XII (B), Longevity.** Eliminate Senior Officers pay for those hired after 6/1/00 and amend as follows:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
5 years	2%
10 years	4%
15 years	6%
20 years	8%

BACKGROUND

Union Township is an urban/suburban community located in Union County. Its population has increased 8.8% from 50,024 in 1990 to its current population of approximately 55,039. Union Township is home to a diverse population. Approximately 24% of its population is foreign born and approximately 12.3% receive Social Security benefits. The median family income was \$68,707 in the 2000 census.

The Township's General Tax Rate has increased by approximately 48.9% over the past eight years. The Township's tax levy is the third highest rate in the County. The average Residential Tax bill has increased by 54.5% over the past ten years. The average property owner in Union Township paid \$5,905 in 2005. From 2002 to 2005 the total tax rate increased from 10.770 to 12.942 with the municipal portion increasing from 3.792 to 4.513. However, the Township has a relatively stable tax collection rate of near 98% from 2001 though 2005. The tax

collection rate was 98.05% in 2004 and 97.73% in 2005. The equalized tax rate also was relatively stable at 2.383 in 2004 and 2.227 in 2005.

The Township has maintained its ability to regenerate surplus with the results of operations at \$3,048,420 in 2004 and \$7,112,410 in 2005. The Township also showed \$1,194,411 in excess budget revenues in 2004 but this figure declined to \$142,018 in 2005. Additional miscellaneous unanticipated revenue in the Township's budget audit in 2004 totaled \$629,065 and \$861,134 in 2005.

PBA, Local 69 is the exclusive bargaining representative for the Township's 101 Police Officers and Detectives. The Township's police force work in a busy environment. The Township borders Routes 22 and 78 and the Garden State Parkway, all of which contain substantial vehicular activity. It has both urban and suburban characteristics and police activity second only to Elizabeth. There was a decrease in offenses in the community in 2005 but the crime rate, violent and non-violent reflects an efficient and productive department. As in other communities there is some gang activity that the department is addressing. In 2005, a new emergency response team was created. Testimony, departmental reports and other relevant exhibits document the scope of law enforcement activity occurring within the Township.

Against this very general overview, the parties offer extensive evidence and arguments in support of their respective positions.

POSITIONS OF THE PARTIES

The PBA

The PBA submits that its final offer will further the interests and welfare of the public and should be adopted in its entirety. The PBA maintains that its offer does not exceed limitations imposed by the Cap law nor would it cause adverse financial impact on the Township. When the PBA's final offer is considered in light of the overall operating budget subject to the Cap, the PBA maintains that the official budget documents reflect that its offer would not require the Township to exceed any of its statutory spending limitations. The PBA cites the Township's fiscal health noting that it has shown a consistent ability to regenerate surplus. It had a surplus of \$3,048,420 in 2004, and increased this figure to \$7,112,410 in 2005. The PBA also points to the Township's ability to receive revenues citing the excess revenues in both 2004 and 2005 as follows:

Year	Anticipated	Realized	Excess/(Deficit)
2005	\$68,249,676	\$68,392,294	\$142,018
2004	\$63,563,509	\$65,757,920	\$1,194,411

The PBA also cites the Miscellaneous Revenue Not Anticipated. These are funds received by the municipality but not anticipated in the budget as revenue. These funds, according to the PBA, could be used to reduce the tax levy. In 2004 miscellaneous revenue not anticipated was \$629,065 and

increased to \$861,134 in 2000 thus showing that the Township continues to generate miscellaneous revenues. Citing another component of regenerated surplus, the PBA points to unexpended appropriation reserves, or unspent budget appropriations which totaled \$477,954 in 2004 and \$642,294 in 2005. The PBA points out that the Town has consistently maintained and increased its excess fund balance which can be used to reduce the tax levy:

Year	Balance	Utilized in Budget
2005	\$7,112,410	\$3,940,000
2004	\$6,406,411	\$2,000,000
2003	\$5,684,991	\$2,000,000
2002	\$3,609,116	\$1,550,000
2001	\$2,739,927	\$1,550,000
2000	\$2,347,431	\$1,550,000

Percent of Surplus Utilized in Budget

	Amount	Percent
2005	\$3,940,000	55.4%
2004	\$2,000,000	31.2%
2003	\$2,000,000	35.2%
2002	\$1,550,000	42.9%
2001	\$1,550,000	56.6%
2000	\$1,550,000	66.0%

The PBA emphasizes that the fund balance remains at respectable levels and the average use of surplus is 47.88%, thus showing the Town's fiscal health.

The PBA contends that the budget evidence shows that the Township is in excellent financial health. Based upon the County Tax Rate Certification, the PBA asserts that the tax rate has remained relatively steady with only approximately 20% of the total tax levy being devoted to the municipal budget

and only 50% of the total municipal budget being derived from local taxes. The PBA describes the increases in the municipal tax rate from 3.792 in 2002 to 4.001 in 2003 and 4.513 in 2005 as modest and within the range necessary to absorb normal increases in costs each year. It asserts that this approach is recommended by Moody's and Standard and Poors. The PBA also points out that property values have increased by \$121,554,958 from 2002 to 2005 and that the Township will benefit from increased tax revenues for years to come. Similarly, based upon the 2004 Report of Audit, the tax collection rate was 98.05% in 2004 and 97.73% in 2005 which the PBA points out is well above the state average of 93%. Based upon the 2004 Annual Debt Statement, the PBA asserts that the Township is well below the statutory debt limit and has \$167,822,680 remaining in borrowing power. The PBA illustrates the Township's cash balances showing that it does not have a cash flow problem as follows:

Equalized Valuation Basis	As of 12/31/05	\$5,642,159,734
Equalized Value	3.50%	\$197,475,590
Net Debt	0.52%	\$29,652,910
Remaining Borrowing Power		\$167,822,680

The PBA further points out that the Township has not had a Cap problem as demonstrated by the official Cap calculations which are \$539,100.56 below Cap for 2006 and \$522,224.72 below Cap for 2005.

The PBA asserts that the Township's final offer will exacerbate morale problems noting that the negotiations have been marked by turmoil and

controversy. Specifically, the PBA cites the Senior Status Differential that was included in the previous Agreement. Citing an ongoing disagreement regarding the Township's application of this form of compensation to its officers, the PBA has proposed to revise this benefit as an accommodation by offering a package approach. ~~Its approach would maintain Senior Status Differential as well as~~ compensation for those officers hired before June 1, 2000 who would not otherwise be eligible for this benefit under the Township's proposal. According to the PBA, its proposal would ensure the continuation of senior officer pay includes calculating the benefit before negotiated salary increases and longevity are determined, as was the case in the last agreement. The PBA also proposes to increase longevity for officers hired after June 1, 2000 as an offset for any loss of Senior Officer's pay. This would allow for longevity to start at five (5) years rather than ten (10) years and provide an additional two (2%) per cent at the ten (10), fifteen (15) and twenty (20) year levels. The PBA cites the morale problem inherent in the Township's final offer that would eliminate Senior Officer's pay for those officers not currently receiving it. According to the PBA, this would create an internal schism within the ranks and ignore the fact that this benefit was negotiated and agreed upon by the Township in the last Agreement. Additionally, it rejects the Township's proposal that would prevent the differential from being considered before salary increases and longevity are calculated.

The PBA also addresses the relationship between its final offer and the productivity and work load of Township Police Officers. Citing the Police

Department's Annual Reports and the Uniform Crime Report, the PBA asserts that the crime rate, both violent and non-violent, as well as the level of vehicular activity requires significant police activity. The PBA submits extensive evidence showing new and expanded duties. In particular, the PBA cites the new ~~Emergency Response Team and increased crime fighting activities~~ within the Township.

Turning the comparability, the PBA would focus on comparability with other police officers both in Union County and statewide. It points to record evidence reflecting that the Township's proposals are not equitable. It submits that the wages, hours and conditions of employment of private sector and non-police public sector employees are not relevant. Citing the risks inherent in the work of police officers, the PBA asserts that no other employees face similar dangers and such considerations make comparisons with private sector and non-police public sector employees unjustified.

The PBA maintains that the annual 4.0% wage increases it seeks, as well as its proposed accommodations in health insurance and senior officer differential are consistent with those wage and benefits received in Union County and Statewide. The PBA points out that increases for those municipalities that have settled for 2004-2007 exceed 4.0% and four other municipalities have settled for 2008 with an average increase of 3.66%. Further, the PBA cites statewide increases for both arbitration awards and voluntary settlements

averaging 3.96% and 3.94% respectively. Acknowledging that its salary proposal does not take into account Senior Officer Pay, the PBA emphasizes that it has proposed a reasonable accommodation on the disputed issue of Senior Officer Pay.

The PBA does not dispute that the Township's Police Officers are among the most highly compensated municipal officers in the County, but submits that officers should not be punished by that status. The PBA contends that the Township's Police Officers are not deserving of a diminution in salary and benefits and should not take a step backwards. The PBA argues that the increases sought by the Township are not justified by statewide or county-wide comparison, particularly when viewed in light of the PBA's positions on Senior Status Differential and health insurance. The PBA contends that the Township's offer must be viewed in light of the impact of the other reductions the Township seeks.

The PBA points out that private sector wage increases have been considerably higher in the County than the Township's final offer despite the fact that private sector wage increases in general have not kept pace with increases for law enforcement officers in the State. Citing NJ Department of Labor and Workforce statistics, the PBA points out that private sector wages increased by 4.0% in Union County and 3.6% statewide from 2003 to 2004. During that same period, the increase for all local government in New Jersey increased 3.2%

Addressing overall compensation, the PBA indicates that its offer would maintain the Township's Police Officer's level of compensation while still offering concessions to address some concerns expressed by the Township.

Turning to the stipulations of the parties, the PBA notes that there are no formal stipulations. However, it points out that its proposals regarding dental insurance and health insurance (requiring the PPO for new hires for the first two years of employment) are almost identical to the Township's. The PBA notes that its proposal would require that officers who transfer to the Traditional plan after two years would transfer to the same plan available to all current officers. The PBA also notes that both parties have proposed to include language from a grievance settlement regarding seniority and modifications to the vacation request procedure in the event of an involuntary transfer.

Addressing the financial impact on the governing body, its residents and taxpayers, the PBA contends that the Township has not demonstrated any adverse effect on either its residents of the governing body. The PBA asserts that the cost difference between its final offer in the Township's final offer will not result in a negative impact given that Township's relatively healthy fiscal condition. For this reason, the PBA asserts that the Township would be able to deliver services to its residents even if the PBA's offer were adopted. The PBA cites the Township's substantial surplus and its ability to generate revenues.

The PBA submits that the cost of living should have little relevance noting that Township police officers as well as police throughout Union County have received wages and benefits in excess of the cost of living. The PBA cites the Township's exhibit showing that annual increases from 1994 through 2003 have exceeded the cost of living by almost 11%. The PBA cites BNA statistics showing that there was a cost of living increase of 3.6% in 2006, a figure that is higher than the increases proposed by the Township.

The PBA contends that the continuity and stability of employment should be given significant weight because the Township's final offer would undermine the principles underlying that criterion. According to the PBA, the Township's proposals to eliminate a \$200 allowance for uniforms, police practice ammunition and police gear in Article II(D) as well as the large increases for prescription co-pays are not justified. According to the PBA, the Township's proposal would increase prescription co-pays for non-generic drugs by 400%, and for generic drugs by 67%. Similarly, the PBA calculates that the Township's proposal would increase co-pays for mail order generic and non-generic drugs by an unreasonable 1,000% and 4,000% respectively. The PBA also asserts that the Township's proposal to rescind the Senior Officer's pay for those not currently receiving it would impact upon a significant portion of the bargaining unit and have a destabilizing effect on the continuity and stability of employment.

The PBA cites the Township's efforts, in its final offer, to retain in the unilateral right to set rates for the Jobs in Blue Program. The PBA points to its efforts to prevent the Township from terminating the Jobs in Blue program and the resulting loss of substantial supplementary compensation. The PBA points out in 2004, police officers earned over \$800,000 in over 7000 jobs in this program and that there was a loss of income when the Township terminated the program. While the rates of pay are codified in a township ordinance, the PBA maintains that the Township does not have the lower right to lower established rates of pay. The PBA asserts that elimination of its right to participate in the setting of the rate would erode police morale.

Finally, the PBA raises a concern regarding the contract duration. Noting that the previous Agreement expired over three years ago and that current negotiations and litigation have been contentious and protracted, the PBA asserts that it would not be consistent with stable labor relations to allow a successor agreement to expire at the end of 2006. To that end, the PBA asserts that its proposal to extend the agreement until December 31, 2008 would enhance stability and further the interests and welfare of the public.

The Township

The Township, in support of its last offer, also addresses the statutory criteria. It submits that the interests and welfare of the public would not be best served if its police officers received salary increases and benefits beyond those

received by other Township employees and by employees generally in the public and private sectors. The Township emphasizes the goal of treating its police officers comparably with other Township employees. Additionally, the Township maintains that its approach to the economic issues is more rational than the PBA's especially when viewed in terms of the significant pressures it faces to hold down costs. It points to the economic difficulties faced by the Township, its residents, as well as State residents, including unemployment in the State, weak tax revenues, as well as serious budget deficits at the State level. The Township emphasizes that it continues to fund a generous health insurance plan for Police Officers and their families without employee contributions and that it has been forced to fund ever increasing pension costs.

The Township acknowledges that police officers assume a certain level of risk at their jobs. However, the Township cites statistics from the New Jersey State Police showing that the crime rate in Union Township decreased by 26.6% from 1997 through 2004 and the crime rate per 1,000 residents has decreased by 33.5% during the same time period. The Township also points out that its rate of violent crime has been consistently lower than in Union County as a whole. In addition, the Township points out that the already generous compensation package it provides recognizes the risk inherent in law enforcement and does reward police officers for their work.

Looking to a comparison of the economic terms and conditions of employment, the Township maintains that its police officers are well compensated compared to the general public. The Township cites a police officer's salary after six years of service of almost \$68,000 in 2003, compared with the per capita income in the Township in 1999 of \$24,768 and the median household income of \$59,173. The Township also cites nationwide wage increases of approximately 3.1% per year compared with average annual wage increases from 1994 through 2003 for its police officers of 3.55% not including the cost of increments and longevity. The Township also points out that the disparity is often much greater because the average employee in the United States earns far less than the \$76,885 earned by its police officers at top step in 2003. The Township also compares most private-sector employees who rarely receive extra compensation such as longevity pay, holiday pay and overtime that are received by its police officers. The Township calculates that a police officer with 10 years of experience receives a compensation package worth over \$93,000 while a 15 year police officer receives a package worth over \$99,000.

The Township also points out that its wage comparison does not include the benefits package that it provides to police officers, including health insurance, dental benefits, vision plan, and pension. The Township maintains that its benefits package, particularly its health benefits package, has a higher cost and provides better health insurance than that provided to most private-sector employees. The Township contrasts its health insurance benefit with the

average private sector plan that contains contributions towards a family plan in 2003 of approximately \$3,200 per year while its police officers do not make any premium contributions.

~~The Township cites a recent agreement between the Schering Corp. and District 15, Lodge 315, IAM, that contains increases of 3% per year in each of the three-year agreements, greater flexibility with respect to shift changes and the implementation of a strict attendance control policy. The Township also compares that agreement, which provides 10 sick days a year to its employees, with its police officers who receive between 15 and 20 sick days per year.~~

Addressing comparison with public employment generally, the Township, points out that in 2005, the median annual wage for Police Officers nationally was \$47,420 while in New Jersey the mean annual salary for Police Officers in 2003 was \$60,680. The salary for a Township Police Officer after 10 years was \$72,931, or nearly 54% higher than the national median annual wage and approximately \$12,000 more than the median salary for police officers in New Jersey. The Township also points out that teachers in Union Township earn significantly less than Police Officers, though they are required to have earned a college degree in teaching certificate. According to the Township, a teacher with a Bachelors degree earned \$44,280 after 10 years of service in 2003 while a Police Officer with the same number of years of service earned \$75,848.

The Township also submits that its police officers earn substantially more than other Township employees. The Township points out that nine of the top 30 Township employees ranked by earnings in 2003 are police officers. The Township points out that police officers also have a superior pension system. ~~The Township also points out that a 2.75% raise for one of its blue collar employees earning \$34,000 is worth significantly less dollars than the same percentage increase applied to a police officer earning \$76,000.~~ When this component of the "comparability" factor is considered, the Township's final offer is claimed to be the more reasonable one. The Township notes that its final offer does not bridge the gap between the earnings of its police officers and the earnings of its blue and white collar workers, but that an award higher than its final offer would exacerbate the existing gap.

Addressing comparisons of its police officers with those employed in other Union County municipalities, the Township argues that its police officers enjoy a superior compensation and benefits package than those of other police officers in the County. The Township points out that the maximum salary for its Police Officers in 2003 was \$76,855 or over \$1,400 higher than in every other municipality within the County including Summit, Westfield and Springfield. Additionally, the Township asserts that the longevity provided to its Police Officers with a maximum of 12% is as high as in every other municipality with the exception of Hillside. The Township points out that while many other Union County municipalities have eliminated longevity for police officers hired after a

specific date, the Township has simply capped longevity at a lower percentage for police officers hired after 2000. According to the Township, the total salary received by a Police Officer with 10 years of experience, not including the senior officer differential, was the second-highest in the County in 2003. When longevity was included, the maximum salary for a 10-year Police Officer was highest in the county in 2003 by over \$3,000. According to the Township, a review of maximum salary, including longevity, shows that it's Police Officers received the highest compensation in the County in 2003 with a total compensation package of almost \$3,000 higher than the next highest municipality.

The Township maintains that other benefits received by its police officers also are equal to or better than those received by police officers in other municipalities in the County. Medical benefits, as well as dental and vision benefits are on par with every other municipality in the County and the retiree health benefits offered by the Township are as generous, or more generous than those offered in every other municipality in the County. The Township maintains that the vacation leave provided to its officers are more generous than that provided in any other municipality and that the holiday allowance is on par with that provided by other municipalities in the County. The Township maintains that it provides a more generous personal leave provisions than other municipalities and bereavement leave is on par with other County municipalities. The Township maintains that the education provisions compare favorably with almost

every other municipality in the County and that the recall provision for its police officers is the most generous among municipalities in the Union County. According to the Township most municipalities in the County provide four hours or less is for recall while the Township provides a full eight hours of minimum recall time.

Noting that the PBA would compare the Township to other towns such as Summit, Westfield, and Springfield, the Township maintains that these municipalities are much wealthier than Union Township. The Township points out that in 1999, the median household income in Westfield was \$98,390, in Summit \$92,964 and Springfield was \$73,790 compared with \$59,173 in Union. According to the Township, the average home price in Summit in 2004 was over \$840,000 or almost three times the average home price of \$285,515 in Union. Likewise, the Township maintains that average home prices in Westfield and Springfield of \$577,582 and \$339,146 respectively in 2004, were both far above the price of the average home in the Township. The Township also maintains that these municipalities have real property valuations that are well above Union Township's and that it should not be compared to Summit, Springfield and Westfield. The Township contends that the PBA is seeking increases that would surpass the increases received in these communities.

Addressing comparisons with police officers in municipalities with populations over 25,000, the Township maintains that its officers earn the highest

total salary even among other large municipalities throughout the State. Additionally, according to the Township, its officers are well-paid compared to other large towns when workload and risk of injury is compared. According to the Township, the 2003 base salary of a 15 year Police Officer in Union was over \$4,000 higher than that received by a police officer in other large municipalities in the State. Similarly, the Township calculates that a 25 year Police Officer in Union earns over \$5,000 more than police officers in other large municipalities in the State. The Township compares the salary of a 15 year Union Police Officer with a 15 year police officer in Newark and calculates that the Union Police Officer earns approximately \$5,000 more but that a Newark police officer has a greater workload and a greater risk of injury. According to the Township, this also holds true for police officers in Jersey City, Elizabeth and Trenton all of whom earn considerably less than the Township's police officers.

Addressing the criterion of overall compensation, the Township maintains that when overall compensation including direct wages, salary, vacations, holiday, excuse leaves, insurance, pensions medical hospitalization benefits and all other economic benefits are considered, its police officers earn a maximum of \$76,855 in 2003 plus longevity of up to 12% of the officer salary, annual vacation leave with pay of up to 31 days, 13 paid holidays, a minimum of 15 and a maximum of 26 days per year, reimbursement of up to 240% of the value of the cumulative sick time after resignation or retirement, up to four days of paid bereavement leave per year, three personal and administrative leave days per

year, replacement and maintenance allowances totaling up to \$400, tuition reimbursement up to the full cost of tuition for related coursework, and extra compensation paid on an annual basis for a Associates Degree of \$500 per year and a Bachelors Degree \$1,000 per year; full paid medical and prescription ~~benefits, dental plan including orthodontic coverage, a vision plan and a work~~ schedule which includes a maximum number of workdays of 96 per year. Additionally, the Township points out that it contributes towards a pension plan that will allow the Police Officer to earn two thirds of his or her salary after 25 years of service. The Township further notes that there is virtually no turnover in its Police Department.

Turning to the lawful authority of the employer, the Township emphasizes that the question of whether it can fund the PBA's offer is not dispositive. Instead, it urges focus on the impact on its other employees and on the budget as a whole. The Township maintains that this impact is obvious in that the PBA's final offer will cost over \$23,300,000 for base salary, stipends, extra compensation and longevity between 2004 through 2006. The Township characterizes the PBA's proposal as excessive and that it would have a "substantial negative impact" on its financial condition in both the long and short run. The Township details the potential impact of a higher award for police projecting that other Township employees could receive less to compensate for the additional increases in salary and benefits provided to police officers. Also, the Township may be required to draw upon its surplus to continue to provide a

safe level of police services causing additional increases in the Township's average tax bill. The Township emphasizes that it has had one of the highest tax rates in Union County for the past five years and the increased costs associated with the PBA's final offer could result in additional tax increases.

The Township points to recent census data showing that 12.3% of its residents receive Social Security benefits and 4.1% of its residents live at the poverty level. Additionally, the Township points out that 26.5% of its residents graduated from a four-year college and over 24% of its residents are foreign-born. The Township indicates that its residents are by no means affluent it is unreasonable to expect these individuals to bear a significant tax increase to satisfy the demands of the PBA's proposal.

The Township also raises budgetary concerns pointing out that even without the PBA's final offer, its budget rose 7.1% in 2004 and 5.4% in 2005 creating significant increases in homeowners' average tax bills. During this period, one of its largest taxpayers, Tuscan Dairy, announced its closing of its plant in the Township. The Township is concerned about this closing given that there has been little to no new housing in the Township during the same period. The Township points out that in 2003 and 2004 only 86 new housing permits were issued in a town of approximately 55,000 residents. Under these circumstances, the Township maintains that it is in no position to absorb additional costs without having negative consequences on its taxpayers. The

Township notes that it is legally obligated to operate within the confines of its budget and it should not be required to reduce line items in order to accommodate what it terms are excessive wage and benefit demands by the PBA.

Addressing the cost-of-living criterion, the Township maintains that Police Officer salary increases have consistently outstripped increases the cost-of-living for several years. The Township notes that between 1994 and 2003 the CPI increased by a cumulative total of 24.6% while over the same period, Township Police salaries have increased a total of 35.5% without consideration of longevity or increments. The Township calculates that even without step advancement, longevity and other benefits, its Police have received salary increases over the past ten years in excess of \$4,200 more than the increase in the CPI for the same period. The Township submits that granting its last offer will increase compensation for its Police by 6.96% in 2004, 5.83% in 2005 and 5.65% in 2006, with individual Officers receiving increases as high as 20.5% in 2004 alone. Although the past disparity between salary increases and the CPI cannot be changed, the Township argues that granting the PBA's final offer would perpetuate and enhance this disparity. For these reasons the Township argues that the PBA's proposal is not supported by the cost-of-living criterion.

The Township's proposal on the Senior Status Differential reflect its view that the benefit has been miscalculated by adding a \$900 payment into base and

compounding the amount so that a \$3,924 increase was yielded over and above the across the board salary increases. It seeks to eliminate the benefit for those not receiving it.

The Township maintains that its Police Officers enjoy "tremendous" continuity and stability of employment because no police officer in history the Union Township has ever been laid off. The Township points out that layoffs of police throughout the state are extremely rare. The Township would compare the "job for life" that police enjoy with the rights of private-sector employees generally who are "at will" employees with little or no job protection from layoff. Accordingly, the Township maintains that the unsurpassed level of job security and stability enjoyed by its police indicates that its final offer is in the best interest of the PBA as well as the taxpayers.

For all of the above reasons, the Township seeks to have its last offer adopted in its entirety.

DISCUSSION

The PBA and the Township have offered testimony, and substantial documentary evidence and argument support of their final offers. Most of the issues in dispute are economic in nature.

All of the evidence and arguments have been considered. I am required to make a reasonable determination of the above issues, giving due weight to those factors set forth 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 must 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 the agreement. Consideration to the totality of the changes is also consistent with N.J.S.A. 34:13A-16(g)(8) that allows the arbitrator to consider factors that are ordinarily and traditionally considered in the determination of wages and benefits. That is, the manner in which an individual issue is decided can reasonably impact upon the resolution of other issues requiring an analysis that recognizes the totality of all significant economic issues. This is especially true in this instance where the issues of Salary, Senior Status Differential and Longevity are in dispute with potential costs that are substantial. Thus, any decision to award, deny or modify any individual issue in dispute will include consideration of the reasonableness of that decision in the context of the totality of the terms that are awarded. I will next review and decide the issues that are in dispute.

DURATION

The PBA proposes a five year agreement effective from January 1, 2004 through December 31, 2008. The Township has proposed a three year agreement expiring on December 31, 2006. The PBA maintains that a five year agreement is appropriate because of the protracted litigation and because other proceedings have caused extensive delays in this proceeding. It contends that an agreement extending through 2008 would promote continuity and stability in labor relations. The PBA submits that the shorter duration would result in additional protracted negotiations immediately following the implementation of

this Award. There is merit to the PBA's position on duration and no persuasive arguments have been offered on the contrary. Further, the issues in dispute are more susceptible to resolution on a reasonable basis over a more extended period of time. Accordingly, the contract term shall be January 1, 2004 through December 31, 2008.

SALARY, SENIOR STATUS DIFFERENTIAL AND LONGEVITY

It is readily apparent that the individual issues of salary, senior status differential and longevity cannot be properly analyzed and decided in isolation from one another. There are substantial costs to the Township and impact upon employees associated with each issue. Moreover, they are interrelated in the context of rendering a reasonable overall determination on all of the issues. It should be noted that the contract language concerning Senior Status Differential is similar to that in the FMBA/Fire Officer agreements and is also in dispute in the FMBA proceedings. The Township and the PBA have strongly felt positions on how the status quo should be viewed as a starting point for revisions and modifications to each of these issues. For this reason, more than two years transpired in direct negotiations prior to interest arbitration hearings being held. The Township submits that deep concessions are necessary to the Senior Status Differential because it alleges that unit employees have essentially received a windfall by virtue of an accounting error during the last four year contract turning a single \$900 payment into an unintended additional benefit of \$3,924, or more

than 5% above and beyond the prior wage increases in the 2000-2003 contract. The PBA has also proposed modifications to the benefit but seeks to offset changes that would impact on certain employees by providing increased longevity benefits for those employees whose longevity had previously been capped on June 1, 2000. These proposals have been rejected by the Township.

The salary issue has been submitted independently but each party's salary proposal recognizes the relationship between the salary issue and the issues of senior status differential and longevity. These three issues require resolution in an integrated fashion yielding results in all three areas in a manner that could conceivably differ if each issue were viewed in isolation in terms of reasonableness and cost.

The Township proposes the following salary increases:

Retroactive to January 1, 2004 a wage increase of 2.75%
Retroactive to January 1, 2005 a wage increase of 2.85%
Retroactive to January 1, 2006 a wage increase of 3.00%

The PBA proposes to increase salaries as follows:

4.0% effective January 1, 2004;
4.0% effective January 1, 2005;
4.0% effective January 1, 2006;
4.0% effective January 1, 2007;
4.0% effective January 1, 2008;

The PBA asserts that its proposed salary increases of 4.0% in each of the five years are reasonable. The PBA points out that increases in other Union County municipalities that have settled for 2004-2007 exceed 4.0% and that four municipalities have settled for 2008 with an average increase of 3.66%. The PBA illustrates settlements within Union County as follows:

Town	2003	2004	2005	2006	2007	2008
Berkeley Hts	4.00	5.75	6.50	4.50	4.50	4.50
Clark	4.00	3.50	4.00			
Cranford	3.50	3.75	3.75			
Elizabeth	3.75/2.00	2.00/4.00				
Fanwood	3.50	4.00	4.00			
Garwood	3.85					
Hillside	3.50	5.00	6.50			
Kenilworth	6.70	4.50	5.30	4.90	4.50	4.50
Linden	3.50	4.0				
Mountainside	3.50	3.63	3.75	3.75		
New Providence	5.20	4.75	4.50	4.50		
Plainfield	3.50	3.75	4.00	4.25		
Rahway	3.63					
Roselle	3.75	3.75	3.75	3.75	3.75	1.90
Roselle Park	3.75	3.75	4.00			
Scotch Plains	3.80	4.00	3.50	3.75	3.75	3.75
Springfield	3.70	3.90	4.00	3.75		
Summit	4.00	4.00	4.00	5.00		
Union	5.00					
Westfield	4.30	4.70	4.70			
County Average	4.08	4.16	4.43	4.24	4.13	3.66

Further, the PBA cites statewide increases for both arbitration awards and voluntary settlements averaging 3.96% and 3.94% respectively. The PBA has calculated the costs of its proposal, which does not include the SOA, but does include Senior Officers' pay with the modifications as proposed by the PBA:

	2004	2005	2006
PBA	\$7,203,784	\$7,697,187	\$8,057,100
Township	\$7,128,514	\$7,544,381	\$8,348,505
Cost Difference	\$ 75,610	\$ 152,806	\$ 291,405

The PBA also points out that the Township does not include in its consideration the cost savings it has experienced by not having to contribute to PFRS for many years and, pursuant to a change in the law, having to pay only a portion of its required contribution, while PBA members have continued to contribute their entire portion during this period. The PBA also points out that the Township uses 12% longevity payments in its examples of salaries and benefits earned by Police Officers, but that the level of longevity payment is available only to those Police Officers hired before June 1, 2000.

The Township asserts that its final offer for calendar year 2004 based only on wage increases will result in a total cost increase of \$463,634 or 6.96% and if these increases were extended to the Superior Officers, the cost increase would be \$578,023 or 6.21% for the entire department based upon the 2.75% proposed increase in the guide as well as the actual increment cost. The Township contends that this built in cost is "significant and inevitable and must be considered." The Township maintains that because the cost of each step is as much as \$8,000 per year, a 2.75% increase on each step would result in significant salary increases for a majority of Police Officers. The Township asserts that this built in cost is also justification for its proposal to eliminate

Senior Status Differential going forward. In contrast, the Township asserts that the PBA's proposed increase of 4.0%, when added to the PBA's proposal to add the Senior Status differential to the base before the percentage increase is added, would compound the Senior Status pay each year and would increase costs by \$562,125 or an additional 8.43% for the rank and file or \$729,889 or 7.85% for the entire police department. The Township calculates that the PBA's proposed increases would result in a per man average increase of \$5,566.00 in just one year.

Turning to 2005, the Township calculates that its final offer would result in a cost increase of \$415,866 or 5.83% above the cost of 2004 salaries despite the lower proposed increase of 2.85% on the salary guide. In contrast, the Township calculates that the PBA's final offer would result in an increase of \$564,425 or 7.81% over the cost of 2004. The Township calculates that the average increase per officer in 2005 under the PBA's proposal would be \$5,558. The Township calculates that the increases proposed for 2005 by the PBA would increase costs by \$738,190 more than the Township's final offer. When the total cost of salaries, longevity and other fixed compensation is totaled, the Township calculates that the PBA's offer will cost the Township \$247,049 more than its last offer.

The Township calculates that in 2006 its final offer would result in a cost increase of \$426,161 or 5.65% over the cost of salaries from 2005. In contrast to

the Township calculates the PBA's final offer will result in an increase of \$557,076 or 7.15% over the cost of 2005 based on the PBA's offer. The Township calculates that the PBA's proposed increases would result in a per man average increase of \$5,515 for 2006. The Township calculates that for the entire police department, the PBA's proposed 4% increase, together with the Senior status stipend would cost an additional \$717,617 or 6.66%.

The Township calculates further that in the aggregate over three years, its final offer would cost at total of an additional \$1,683,625 or 25.26% over the cost of compensation in 2003, or 8.42% on an annualized basis and Police Officers would receive an increase in compensation of \$16,670 or \$5,557 per year. The Township calculates that during the same period, under the PBA's final offer, the cost of salaries would increase by \$1,305,662 or 19.59% over the cost in 2003 and this would result in an increase in compensation of \$12,927 per Police Officer or approximately \$4,309 per year. The Township calculates that the difference between its offer and that of the PBA over three years is \$377,963.

As stated above, the disposition of the salary issue is interrelated with the disposition of the issues concerning senior status differential and longevity. The Township proposes to revise the salary schedules by deleting the "+15 years" step. The Township would eliminate Senior Status Differential for all employees who are not currently receiving it. It further proposes that it not be compounded by the across-the-board salary increase for those employees who would continue

to receive the benefit. The PBA seeks to continue the Senior Status Differential for Police Officers hired before June 1, 2000, but would substitute the benefit for those officers hired thereafter and replace it with an improved longevity schedule. Employees hired after June 1, 2000 have a lesser longevity schedule and the ~~longevity increase would offset the loss of the Senior Status Differential.~~ Additionally, for police officers who received or were eligible for the Senior Status Differential during the 2000-2003 Agreement, the PBA proposes that the amounts be part of base salary before negotiated increases and longevity are determined. The Township argues against the application of the differential for those purposes. For officers hired before June 1, 2000, the PBA proposes to add an additional \$981 after the completion of 15, 16, 17, and 18 years of service. Thereafter, they would receive no further accumulation of the Senior Status Differential. The PBA's proposal to improve longevity for those hired after June 1, 2000 would result in a longevity schedule as follows:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
5 years	2%
10 years	4%
15 years	6%
20 years	8%

The above schedule would modify the pre-existing schedule which states:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
10 years	2%
15 years	4%
20 years	6%

The Township maintains that the Senior Status Differential has been miscalculated during the 2000-2003 contract. It proposes to maintain the benefit for those receiving it but to eliminate it for those not now eligible for it. According to the Township, the original intent of the Differential was simply to provide an additional stipend of \$900 to officers with more than 15 years of service. This is said to be reflected in the language in Article 6, Section D that states "all Officers upon completion of fifteen (15) years of service shall have \$900 senior officer pay added to their base salary." However, instead of applying this clear and unambiguous language, the Township contends that the stipend was mistakenly added to base pay in each of the last several years and compounded by the annual wage increases. This is said to have resulted in a benefit far beyond that envisioned or intended by the parties when Article 6, Section D was negotiated. In other words, instead of receiving one \$900 stipend, the differential evolved over four years into an increase in base pay totaling \$3,924 per officer above and beyond across the board increases received due to the adding of the \$900 stipend in each of four years and compounding it by the annual wage increases. The percentage increase of this benefit became more than an additional 5.5% above top step pay. Due to the manner in which this provision was applied, it resulted in the following salary schedules from 2000-2003 for eligible Detectives and Patrolmen:

	2000	2001	2002	2003
Detective 1st(+15 Yrs)	\$67,870	\$70,661	\$74,245	\$78,075
Detective 1 st	\$66,948	\$68,789	\$71,368	\$74,152
Detective 2nd(+15 Yrs)	\$68,201	\$71,001	\$74,597	\$78,442
Detective 2 nd	\$67,278	\$69,128	\$71,721	\$74,518
Detective 3rd(+15 Yrs)	\$68,531	\$71,340	\$74,950	\$78,808
Detective 3 rd	\$67,609	\$69,468	\$72,073	\$74,884
Patrolman 1st(+15 Yrs)	\$66,768	\$69,529	\$73,070	\$76,855
Patrolman 1 st	\$65,846	\$67,656	\$70,194	\$72,931

The Township maintains that it cannot continue to pay this benefit and then compound it with additional wage increases. However, it does not seek to take it away from those who currently receive it. The Township asserts that no public safety department in the State has a Senior Status Differential of this magnitude. The Township calculates that leaving the Senior Status Differential in place would result in additional increases to base salary for the top step salary that would exceed \$3,000 over the three year contract it has proposed, even under the Township's proposed wage increases that are lower than the PBA's.

The Township illustrates the cost of the Senior status differential in the following tables:

<u>Year</u>	<u>Base Salary</u>	<u>W/Senior Officer Diff.</u>	<u>% Increase</u>	<u>Total</u>
2004	\$76,856	+ 981 = \$77,837	+ 2.75%	= \$79,978
2005	\$79,978	+ 981 = \$80,959	+ 2.85%	= \$83,266
2006	\$83,266	+981 = \$84,247	+ 3.00%	= \$86,774

**Township's Proposal to Eliminate
Inclusion of Senior Officer Differential in Base**

	Base Salary		Senior Officer Diff		Total
2003	\$72,932	+	\$3,924	=	\$76,856
2004 (+2.75%)	\$74,937	+	\$3,924	=	\$78,861
2005 (+2.85%)	\$77,073	+	\$3,924	=	\$80,997
2006 (+3.00%)	\$79,385	+	\$3,924	=	\$83,309

The PBA disagrees with the Township. It asserts that the Senior Status Differential that was added in the 2000 Agreement, has been calculated exactly as agreed to by the parties and should remain in the Agreement as is. However, the PBA has proposed accommodations in order to address the Township's concerns regarding the costs of the senior officer pay but without the deleterious impact it attributes to the Township's proposal. According to the PBA, its proposal insures that the Senior Status Differential would continue to be included in the calculation before negotiated salary increases and longevity are determined. As an offset to unit members who would be impacted by the accommodations it has proposed, the PBA proposes to increase longevity for officers hired after June 1, 2000.

Each party's proposal would revise Section D. The Township's revisions would cut far more deeply into how Section D has been implemented than would the PBA's proposal. The Township also rejects the longevity modification proposed by the PBA as an offset. After thorough review of the parties' positions on this issue as well as its linkage to all major compensation issues, I believe that

a reasonable determination of any revision to Section D must be one that differs from either party's proposal. This is especially appropriate given the clear and unambiguous language in Section D in the 2000-2003 agreement that speaks only to having \$900 in pay added to base salary upon completion of fifteen (15) years of service.

I first conclude that any officer eligible under the 2000-2003 collective bargaining agreement to receive senior officer status pay after the completion of fifteen (15) years of service through the date of this award (November 26, 2007) shall continue to receive such pay in the amount of \$3,924. The Township's position that such pay shall not be included in base pay for the purpose of calculating any negotiated across-the-board increases nor for calculating any differential or longevity benefits has merit as part of the overall revisions I have awarded. However, this method of payment shall not affect how the overtime rate is calculated.

I next address those police officers who were hired before June 1, 2000 and who are currently not eligible to receive senior officer pay as of this date because they have not yet achieved the completion of fifteen (15) years of service. They will be eligible to receive senior officer pay according to the following terms and conditions. Any officer hired before June 1, 2000, but not eligible for, nor receiving, senior officer pay as of November 26, 2007, shall be eligible for said pay upon completion of fifteen (15) years of service, in the

amount of nine hundred eighty-one (\$981.00) dollars added to their salary as set forth in Article XXVIX. After completion of seventeen (17) years of service, said officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of nineteen (19) years of service, said officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of twenty-one (21) years of service, said officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars added to their salary. The total payment accumulated at that point will be \$3,924. Similar to those officers who are already eligible and now receiving senior officer pay, said pay shall not be included in base pay for the purpose of calculating any negotiated across the board increases nor shall it be included in base pay for calculating any differential or longevity benefits.

I next address police officers who were hired after June 1, 2000. As stated above, these officers have a different longevity schedule that does not commence until after ten (10) years of completed service and is capped at 6%. As part of the overall revisions to Section D, I conclude that these officers hired after June 1, 2000 shall not be eligible for any senior officer pay. However, they will be subject to a modification in their longevity schedule effective January 1, 2006 as a result of the awarding of the proposed PBA longevity schedule. For these employees the revised longevity schedule effective January 1, 2006 shall be:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
5 years	2%
10 years	4%
15 years	6%
20 years	8%

In order to place the above Senior Status Differential determinations into the collective bargaining agreement, new contract language must be incorporated into the Agreement. Article VI, Section D shall be deleted and replaced with the following language:

Any officer currently receiving senior officer pay, shall continue to receive senior officer pay in the amount of thirty nine hundred and twenty-four (\$3,924.00) dollars added to their salary. However, said thirty nine hundred and twenty-four (\$3,924.00) dollars, senior officer pay, shall not be included in base pay for the purpose of determining any negotiated across-the-board increases nor shall it be included for calculating any differential or longevity benefits. It shall not affect how the overtime rate is calculated.

Any officer not receiving senior officer status pay as of November 26, 2007, but hired before June 1, 2000, shall upon completion of fifteen (15) years of service, have nine hundred eighty-one (\$981.00) dollars senior officer pay added to their salary. After completion of seventeen (17) years of service, an officer shall have an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of nineteen (19) years of service, an officer shall have an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of twenty-one (21) years of service, an officer shall have an additional nine hundred eighty-one (\$981.00) dollars added to their salary. However, said senior officer pay shall not be included in base pay for the purpose of determining any negotiated across the board increases nor shall it be included for calculating any differential or longevity benefits. It shall not affect how the overtime rate is calculated.

Any officer hired after June 1, 2000 shall not be eligible for any senior officer pay.

The actual impact of these revisions on the salary schedules for 2004-2008 cannot be calculated without awarding across the board salary increases. The increases I have awarded to base wages and the salary schedule have considered the revisions I have awarded to Section D as well as the improvements to longevity for employees hired June 1, 2000 and thereafter.

Also considered are the criteria concerning comparability, statutory spending limitations, and financial impact to the governing body and the public. The parties have addressed all of the criteria but these criteria are entitled to more substantial weight. They also, separately and collectively, implicate the interests and welfare of the public. Also relevant, but given less weight are overall compensation, continuity and stability of employment and the cost of living. After considering and applying these factors, as well as the revisions awarded to Section D, I revise Article XXVIX to provide for the following base salary increases:

2004	3.25%
2005	3.25%
2006	3.25%
2007	3.35%
2008	3.50%

When these percentages are applied, the base salaries (excluding longevity and senior officer pay) for the years 2004, 2005, 2006, 2007 and 2008, for all officers shall be as follows:

	2004	2005	2006	2007	2008
Det 1st	76,562	79,050	81,619	84,353	87,305
Det 2nd	76,939	79,440	82,022	84,769	87,736
Det 3rd	77,318	79,831	82,426	85,187	88,169
Ptl 1st	75,302	77,749	80,276	82,965	85,869
Ptl 2nd	70,002	72,277	74,626	77,126	79,825
Ptl 3rd	64,734	66,839	69,011	71,323	73,819
Ptl 4th	59,465	61,398	63,393	65,517	67,810
Ptl 5th	54,192	55,953	57,771	59,706	61,796
Ptl 6th	48,920	50,510	52,153	53,900	55,787
Ptl 7th	41,861	43,221	44,626	46,121	47,735
Ptl 8th	35,682	36,842	38,039	39,313	40,689
Training	28,590	29,519	30,479	31,500	32,603

After applying the across the board salary increases as above in conjunction with the revisions in Section D the calculations yield the following amounts during 2004 through 2008 for officers who were eligible for senior officer status pay prior to the issuance of this award on November 26, 2007. During the term of the 2004 through 2008 collective bargaining agreement, these eligible officers' base salaries, plus the senior officer status pay, shall be as follows:

	2004	2005	2006	2007	2008
Det 1st	80,486	82,975	85,543	88,277	91,229
Det 2nd	80,863	83,364	85,945	88,693	91,600
Det 3rd	81,242	83,755	86,349	89,110	92,092
Ptl 1st	79,225	81,672	84,199	86,889	89,792

For those officers hired prior to June 1, 2000 and who, during the term of the 2004 through 2008 collective bargaining agreement, upon completion of fifteen (15) years of service after the date of this award become eligible for the revised senior officer pay, these eligible officers' salary shall be as follows:

<u>Patrolman 1st</u>			
After Completion of:	2006	2007	2008
15 Years	81,256	83,946	86,849
17 Years	82,237	84,927	87,830
19 Years	83,218	85,908	88,811
21 Years	84,199	86,889	89,792

As stated above, those police officers hired June 1, 2006 and thereafter and who will not be eligible for senior officer pay will receive revised longevity benefits. Currently, Police Officers hired after June 1, 2000 receive the following longevity pay:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
10 years	2%
15 years	4%
20 years	6%

Effective January 1, 2006, Article XII, Longevity, Section (b), shall be changed as follows:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
5 years	2%
10 years	4%
15 years	6%
20 years	8%

Police Officers hired before June 1, 2000 will continue to receive the following longevity benefits:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
5 years	2%
10 years	4%
15 years	6%
20 years	10%
24 years	12%

The net economic costs of the award include the 16.60% (uncompounded) increases to the wage schedule, the improved longevity schedules for employees hired after June 1, 2000 and the revised Senior Status Differential. The parties have divergent views on cost by virtue of the Township's perspective that over 5.5% was mistakenly granted in the prior agreement or the PBA's perspective that those costs are not new costs. In any event, the \$3,924 has been carried

forward for those currently receiving this amount and those employees hired before June 1, 2000 will receive this amount as years of service are accrued.

The costs of the award exceed internal comparability and are somewhat lower or higher than external comparability depending on the perspectives of the parties as to the costs of the revised Senior Status Differential benefit that includes longevity improvements for those employees hired after June 2, 2001.

The Township and the PBA have engaged in an extensive analysis of the projected costs in relation to the Township's statutory spending limitations. Based upon these calculations, and the terms of the award that fall above the Township's projected costs but lower than the PBA's projected costs, the expenditures can be funded within the statutory spending limitations and without adverse financial impact on the governing body, its residents and taxpayers. The costs are above the cost of living data submitted into the record for contract years 2004, 2005, 2006 but within a range of reasonableness. The CPI data does not dictate different conclusions that have been reached herein. A similar finding is made with respect to the continuity and stability of employment. The bargaining unit has been very stable with insignificant turnover. Additional consideration has been given to the criterion concerning overall compensation and benefit levels. Police officers will continue to receive fully paid health insurance and will reach a maximum salary of \$85,869 excluding senior officer

pay and longevity in 2008. These terms will continue to rank unit police officers at among the highest levels in the County.

On this day, I have also issued an award for the FMBA/FSOA. The issues involved are similar in nature prompting similar analysis due to the longstanding relative comparability between the units and, in particular, in areas such as maximum pay, longevity and senior status differential. The interests and welfare of the public are not served by an interference with the relative comparability that has evolved between the public safety bargaining units.

HEALTH BENEFITS

Both the Township and the PBA have proposed modifications to the current health benefits provisions. The Township's proposed offer is as follows:

Section A(3)-Dental with coverage at least equal to that which has heretofore been in effect with the limit increased from \$1,000.00 to \$1,500.00.

Section A(4) Prescription with coverage at least equal to that which has heretofore been in effect, subject to a twenty (\$20.00) dollar co-pay for non-generic drugs; a five (\$5.00) dollar co-pay for generic drugs; mail order drugs (three month dosage) a ten (\$10.00) dollar co-pay for generic drugs; a forty (\$40.00) dollar co-pay for non-generic drugs.

Section H remove mandatory second surgical opinion and pre-admission certification/continued stay review clause.

Section J Add Section. *Each employee hired by the Township of Union as a police officer after November 26, 2007 shall be placed into a PPO medical insurance plan for a period of two (2) years after which they may have the option of transferring to the*

traditional plan that is in effect as listed in Section H of the Collective Bargaining Agreement.

Option for current employees to enroll into a PPO (not mandatory) but may opt out at their discretion.

The parties shall continue discussions regarding a PPO for the entire bargaining unit.

The PBA proposes:

Section A(3) Dental with coverage at least equal to that which has heretofore been in effect with the limit increased from \$1,000.00 to \$1,500.00.

New Section Each employee hired by the Township as a Police Officer after execution of this Agreement shall be placed into a PPO medical insurance plan (with same financial impact as traditional plan) for a period of two (2) years after which they shall have the option of transferring to the traditional plan that is in effect as listed in Section H of the Collective Bargaining Agreement, and available to all other current officers.

The proposals of both parties continue a fully paid insurance program. The proposals would each require a newly hired employee (after November 26, 2007) to be placed in a PPO medical plan for their first two years. After this period, these employees would have the option of transferring to the Traditional Plan. Current employees could enroll in the PPO at their discretion. The Township also proposes a provision that would allow the parties to continue discussions regarding a PPO for the entire bargaining unit. The Township also proposes to increase prescription co-payments and eliminate the mandatory second surgical option and pre-admission certification/continued stay review

clause in order to control costs. Both proposals increase Dental benefits by \$500 from \$1,000 to \$1,500.

When these proposals are reviewed as a whole, I award the Township and the PBA's health insurance proposals which, in large measure, mirror each other. I award the Township's language and discern no distinction from the intent of the PBA's proposal although it is worded differently. It is reasonable to award the Township's proposal regarding the elimination of the mandatory second surgical opinion and pre-admission certification/continued stay review clause. This will allow the Township to control costs without adverse effect on the employees' health coverage. The Township and the PBA are in agreement to increase the limit on Dental Insurance coverage from \$1,000.00 to \$1,500.00. This is accepted as a stipulation and is awarded.

The PBA objects to the increases in prescription co-payments as being excessive in light of the current levels of co-payment. Article IV, Section A.4 presently provides for a \$5.00 co-pay for non-generic drugs, a \$3.00 co-pay for generic drugs and no co-pay for mail order drugs. These co-payments are extremely low when compared to most labor agreements in evidence and their continuation would be unreasonable in light of dramatic increases in cost. The modifications proposed by the Township are reasonable especially in light of maintenance of the fully paid health insurance program. Employee contributions under the Township's proposal would require a \$5 co-pay for generic drugs and a

\$10 co-pay for generic drugs (a 3 month dosage) under the mail order program. The increases in the co-pays for non-generic drugs (\$20 for non-generic and \$40 for non-generic under the mail order program) are not unreasonable and directly relate to the substantially higher costs to the Township for non-generic drugs.

Accordingly, the health insurance program, effective November 26, 2007 or as soon as administratively feasible thereafter, shall be:

Section A(3)-Dental with coverage at least equal to that which has heretofore been in effect with the limit increased from \$1,000.00 to \$1,500.00.

Section A(4) Prescription with coverage at least equal to that which has heretofore been in effect, subject to a twenty (\$20.00) dollar co-pay for non-generic drugs; a five (\$5.00) dollar co-pay for generic drugs; mail order drugs (three month dosage) a ten (\$10.00) dollar co-pay for generic drugs; a forty (\$40.00) dollar co-pay for non-generic drugs.

Section H remove mandatory second surgical opinion and pre-admission certification/continued stay review clause.

Section J Add Section. *Each employee hired by the Township of Union as a police officer after November 26, 2007 shall be placed into a PPO medical insurance plan for a period of two (2) years after which they may have the option of transferring to the traditional plan that is in effect as listed in Section H of the Collective Bargaining Agreement.*

Option for current employees to enroll into a PPO (not mandatory) but may opt out at their discretion.

The parties shall continue discussions regarding a PPO for the entire bargaining unit.

SENIORITY

The Township and the PBA are in agreement to amend Article VI, Section C regarding Seniority to reflect the December 5, 2000 Memorandum of Agreement. In accordance with parties' agreement, Article VI, Section C shall be amended to reflect the following December 5, 2000 Memorandum of Agreement:

WHEREAS, the Township and the PBA are parties to a collective bargaining agreement ("Agreement") which is effective from January 1, 2000 through December 31, 2003; and

WHEREAS, the Township and the PBA have been engaged in discussions over a dispute concerning vacation accrual for Police Officers who had prior service as municipal employees before becoming Police Officers; and

WHEREAS, the Township and the PBA wish to resolve their differences and avoid the necessity of litigation;

It is therefore agreed as follows:

1. The Township and the PBA hereby agree to amend Article VI(C) of the Agreement as follows:

Prior service as a full-time, sworn, paid Police Officer, with a municipal, county or state police agency, which requires successful completion of an accredited police academy shall not be considered in calculating seniority for the purposes of layoffs, promotions, vacation selections and vacation accrual; however, such prior service shall be considered for the purposes of determining placement on the salary guide, longevity schedule as listed in Article XII(b) and pension benefits. Newly hired Police Officers, with prior experience as a full-time employee with the Township, shall receive credit for that prior experience for the purposes of vacation accrual.

Upon expiration of the Agreement, the above-cited language shall be included in any successor agreements, unless modified through negotiations.

2. Subject to the provisions of this Memorandum of Agreement, all other provisions of the existing Agreement shall remain in full force and effect.

VACATIONS

The Township proposes to add a new section to Article VI covering Vacations to reflect a grievance settlement as follows:

In the event of an involuntary transfer, requests for vacation will be handled as follows:

1. *The request will be granted if it is in accordance with the provisions of Article VII, Section C of the current agreement.*
2. *The request will be granted if the transferred officer is able to arrange for coverage by a qualified officer without overtime.*
3. *The Township will continue its current practice of granting the request where, because of the significant financial commitments of other circumstances. Denial of the request would be demonstrably unreasonable.*
4. *The Township will grant the requested vacation even when the allotted number of officers are on vacation as cited in Section C. as long as it does not incur overtime.*

The PBA does not object to this proposal and it is awarded.

EDUCATION

The Township proposes to amend Article XXI Education, Sections B and C to remove the "Chief of Police" and to replace it with "Township Administrator".

Article XXI, Sections B and C provide:

- B. Any employee attending any Criminal Justice related course or courses, whether on his own time or with a leave from duty, shall if the course is approved by the Chief of Police, be reimbursed by the Township for tuition, books, travel expenses and other necessary expenses in connection with said course or courses. Any member requesting reimbursement must satisfactorily complete said course or courses and provide to the Chief of Police evidence of said ~~satisfactory completion.~~
- C. Said reimbursement shall be for the actual value of receipts or other proof of expenses submitted as authorized by the Chief of Police at the time of his authorization in paragraph B above.

The PBA notes that at present, classes are approved by the Chief, but it has not objected to this administrative change to Article XXI. Accordingly, it is awarded.

TERMINATION OF SERVICE

The Township proposes to amend Article XXV, Section E (2) to rephrase the payout option to give retired employees the option to defer payment, at his discretion for a minimum of two years. Under the Township's proposal, if this option is elected, payments would be made in equal installments no later than the first week in January in each subsequent year.

Article XXV, Section E (2) presently provides:

An employee shall retain the option to extend the payout of monies upon retirement for no more than three (3) years beyond the year of the employee's retirement. If this option is exercised, all payments will be paid in equal installments no later than the first week of January of each subsequent year.

The PBA has not objected to this proposal. Accordingly, it is awarded.

JOBS IN BLUE

The Township and the PBA maintain a Jobs in Blue program that provides supplementary compensation for police officers who perform off duty work. The Agreement contains a reference to the program at Article XXII that states:

The Township agrees that the existing "Work in Blue" program, as authorized by ordinance, shall be continued during the term of this Agreement.

The rates of pay for performing the work are set forth by Township ordinance. The Township proposes language to retain the rights to set rates by ordinance and to add an administrative fee. The PBA rejects the Township's proposal asserting the right to negotiate rates of compensation.

There is nothing in the record that reflects an intent by the Township to diminish existing rates of pay. The proposed language reflects what has been administered in the past, mainly that the rates have been set after conferring with the PBA and then set by ordinance. Given the December 31, 2008 expiration date of this Agreement, the PBA may re-assert its position in future negotiations based upon circumstances that transpire through that date and exist at that time. Accordingly, the Township's proposal is awarded.

UNIFORMS

The Township proposes to eliminate Article II, Section D. This provision states:

~~In addition to the mandatory firearms qualification ammunition and the items listed in this Article the Township shall reimburse each employee covered under this agreement for uniforms, practice ammunition and police gear up to \$200.00 annually, upon presentation of receipts.~~

The PBA urges denial of this proposal.

The Township contends that this provision is too costly to maintain in light of the overall costs of the agreement and overall compensation and benefits received by police officers and that the underlying principles that originally reflected its intent no longer exist.

In my evaluation of the merits of this proposal, I note that the costs of the allowance extend only through 2008 and would not be substantial to maintain until contract expiration. In addition, the purpose of the provision should be independently reviewed by the parties prior to continuing the allowance either in a new agreement at that time or as part of a status quo going forward pending negotiations for a new agreement. Accordingly, I do not award this proposal but add the following language to Article II, Section D:

This allowance shall expire on December 31, 2008 and may be extended only if both parties agree.

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

AWARD

1. All proposals by the Township 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 the Agreement shall be January 1, 2004 through December 31, 2008.

3. **Article II(D) – Uniforms**

This provision shall be revised as follows:

In addition to the mandatory firearms qualification ammunition and the items listed in this Article the Township shall reimburse each employee covered under this agreement for uniforms, practice ammunition and police gear up to \$200.00 annually, upon presentation of receipts. This allowance shall expire on December 31, 2008 and may be extended only if both parties agree.

4. **Article IV – Insurance** shall be revised as follows:

Dental Coverage:

Dental with coverage at least equal to that which has heretofore been in effect with the limit increased from \$1,000.00 to \$1,500.00.

Effective November 26, 2007, or as soon as is administratively feasible:

Prescription with coverage at least equal to that which has heretofore been in effect, subject to a twenty (\$20.00) dollar co-pay for non-generic drugs; a five (\$5.00) dollar co-pay for generic drugs; mail order drugs (three month dosage) a ten (\$10.00) dollar co-pay for generic drugs; a forty (\$40.00) dollar co-pay for non-generic drugs.

Section H – Remove Mandatory second surgical opinion and pre-admission certification/continued stay review clause.

Adds New: Section J: Each employee hired by the Township of Union as a police officer after November 26, 2007 shall be placed into a PPO medical insurance plan for a period of two (2) years after which they may have the option of transferring to the traditional plan that is in effect as listed in Section H of the collective bargaining agreement.

Option for current employees to enroll into a PPO (not mandatory) but may opt out at their discretion.

The parties shall continue discussions regarding PPO for the entire bargaining unit.

5. **Article VI – Seniority**

Section C amended as agreed in the Memorandum of Agreement dated December 5, 2000.

6. **Article VI – Seniority**

Section D shall be revised. Any officer eligible under the 2000-2003 collective bargaining agreement and receiving senior officer status pay after the completion of fifteen (15) years of service as of the date of ratification, shall continue to receive and pay. Said pay shall not be included in base pay for the purpose of calculating any negotiated across-the-board increases nor shall it be included in base pay for calculating any differential or longevity benefits. However, this shall not affect how the overtime rate is calculated.

During the term of the 2004 through 2008 collective bargaining agreement, these eligible officers' base salaries, plus the senior officer status pay, shall be as follows:

	2004	2005	2006	2007	2008
Det 1 st	80,486	82,975	85,543	88,277	91,229
Det 2 nd	80,863	83,364	85,945	88,693	91,600
Det 3 rd	81,242	83,755	86,349	89,110	92,092
Ptl 1 st	79,225	81,672	84,199	86,889	89,792

Any officer not eligible for nor receiving senior officer pay as of November 26, 2007, but hired before June 1, 2000, shall be eligible for said pay upon completion of fifteen (15) years of service, in the amount of nine hundred

eighty-one (\$981.00) dollars, added to their salary as set forth in Article XXVIX. After completion of seventeen (17) years of service, said officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of nineteen (19) years of service, said officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of twenty-one (21) years of service, said officer shall be eligible to receive an additional nine hundred eighty-one (\$981.00) dollars added to their salary. Said pay shall not be included in base pay for the purpose of calculating any negotiated across the board increases nor shall it be included in base pay for calculating any differential or longevity benefits. During the term of the 2004 through 2008 collective bargaining agreement, and upon completion of fifteen (15) years of service after the issuance of this award, these eligible officers' salary shall be as follows:

Patrolman 1st

After Completion of:	2006	2007	2008
15 Years	81,256	83,946	86,849
17 Years	82,237	84,927	87,830
19 Years	83,218	85,908	88,811
21 Years	84,199	86,889	89,792

Article VI, Section D, Senior Officers Status shall be deleted and replaced with the following:

Any officer currently receiving senior officer pay, shall continue to receive senior officer pay in the amount of thirty nine hundred and twenty-four (\$3,924.00) dollars added to their salary. However, said thirty nine hundred and twenty-four (\$3,924.00) dollars, senior officer pay, shall not be included in base pay for the purpose of determining any negotiated across-the-board increases nor shall it be included for calculating any differential or longevity benefits.

Any officer not receiving senior officer status pay as of November 26, 2007, but hired before June 1, 2000, shall upon completion of fifteen (15) years of service, have nine hundred eighty-one (\$981.00) dollars senior officer pay added to their salary. After completion of seventeen (17) years of service, an officer shall have an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of nineteen (19) years of service, an officer

shall have an additional nine hundred eighty-one (\$981.00) dollars added to their salary. After completion of twenty-one (21) years of service, an officer shall have an additional nine hundred eighty-one (\$981.00) dollars added to their salary. However, said senior officer pay shall not be included in base pay for the purpose of determining any negotiated across the board increases nor shall it be included for calculating any differential or longevity benefits.

Any officer hired after June 1, 2000 shall not be eligible for any senior officer pay.

6. **Article VII – Vacations**

Add a new section as follows: In the event of an involuntary transfer, requests for vacation will be handled as follows:

1. The request will be granted if it is in accordance with the provisions of Article VII, Section C, of the current agreement.
2. The request will be granted if the transferred officer is able to arrange for coverage by a qualified officer without overtime.
3. The Township will continue its current practice of granting the request where, because of the significant financial commitments of other compelling circumstances, denial of the request would be demonstrably unreasonable.
4. The Township will grant the requested vacation even when the allotted number of officers are on vacation as cited in Section C, as long as it does not incur overtime.

7. **Article XXI – Education**

Sections B and C:

Remove "Chief of Police" and replace with "Township Administrator."

8. **Article XXV – Termination of Service**

Section E(2): Reword payout option to give retired employee the option to defer payment at his discretion (minimum of two years). If the deferred option is exercised, all payments will be paid in equal installments no later than the first week of January of each subsequent year.

9. **Article XXVIX – Compensation**

Article XXVIX shall be revised to provide for the following base salary increases:

2004	3.25%
2005	3.25%
2006	3.25%
2007	3.35%
2008	3.50%

The base salaries (excluding longevity and senior officer pay) for the year 2004, 2005, 2006, 2007 and 2008, for all officers shall be as follows:

	2004	2005	2006	2007	2008
Det 1st	76,562	79,050	81,619	84,353	87,305
Det 2nd	76,939	79,440	82,022	84,769	87,736
Det 3rd	77,318	79,831	82,426	85,187	88,169
Ptl 1st	75,302	77,749	80,276	82,965	85,869
Ptl 2nd	70,002	72,277	74,626	77,126	79,825
Ptl 3rd	64,734	66,839	69,011	71,323	73,819
Ptl 4th	59,465	61,398	63,393	65,517	67,810
Ptl 5th	54,192	55,953	57,771	59,706	61,796
Ptl 6th	48,920	50,510	52,153	53,900	55,787
Ptl 7th	41,861	43,221	44,626	46,121	47,735
Ptl 8th	35,682	36,842	38,039	39,313	40,689
Training	28,590	29,519	30,479	31,500	32,603

10. **Article XII – Longevity**

Effective June 1, 2006, Article XII, Longevity, Section (b), shall be deleted and replaced with the following:

<u>Years Completed</u>	<u>Percent of Base Pay</u>
5 years	2%
10 years	4%
15 years	6%
20 years	8%

11. The Township retains the right to set the Jobs In Blue rates by ordinance. In addition, the Township retains the right to add an administrative fee to the Jobs in Blue rates.

Dated: November 26, 2007
Sea Girt, New Jersey



 James W. Mastriani

State of New Jersey }
 County of Monmouth }ss:

On this 26th day of November, 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
 Commission Expires 8/13/2008