

STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Interest Arbitration

Docket No. IA-2001-41

-between-

BOROUGH OF MOONACHIE

INTEREST
ARBITRATION
AWARD

-and-

MOONACHIE PBA LOCAL 102

BEFORE: JACK D. TILLEM, Arbitrator

APPEARANCES: For the PBA:
LOCCKE & CORREIA, P.A.
By: RICHARD D. LOCCKE, Of counsel

For the Borough:
PAUL S. BARBIRE, Attorney

The collective bargaining agreement between the Borough of Moonachie and PBA Local 102 having expired on December 31, 2000, and negotiations between the parties having failed to result in a successor agreement, the PBA filed a petition to initiate compulsory interest arbitration. The undersigned was designated as the interest arbitrator to hear and determine the issues at impasse. After meeting with the parties and engaging in mediation which proved successful in resolving and reducing some of the issues, it became apparent however that certain other issues could not be settled. Accordingly, a

formal arbitration proceeding was convened on January 31, 2002 at Moonachie Borough Hall. The parties framed the issues, cross examined witnesses, offered exhibits, argued their respective positions and concluded with their final offers. After submission of post hearing briefs the hearings were declared closed on April 25, 2002. The parties have mutually agreed to extend the time of issuance of the award to May 31, 2002.

The parties having declined to stipulate upon an alternate terminal procedure, the interest arbitration statute mandates that conventional arbitration be used, a procedure which vests in the undersigned the authority to fashion an award which I believe represents the most reasonable determination of the issues in dispute.

POSITIONS OF THE PARTIES

The Final Offer of the PBA

1. Three Year Contract: January 1, 2001 to December 31, 2003
2. Wage Increase: 5% across the board effective January 1, 2001 and each successive January 1 thereafter
3. Longevity: The current longevity schedule (Section 8.02 of the agreement) to be modified by changing the top step longevity at 23 years of service and over, from 8% to 10%.
4. Holiday Fold In: The holiday benefit (Article XXVIII of the contract) shall no longer be a lump sum payment but shall be paid on a regular basis along with payroll and as such folded in and utilized for all calculation purposes.

The Final Offer of the Borough

1. Four Year Contract: January 1, 2001 to December 31, 2004
2. Wage Increase: 3.5% in each of the first two years and 4% in the last two years.
3. Holiday Pay: Fold in as part of base pay.
4. Personal Day Give Back to the Borough

* * *

Comprised of one square mile in lower Bergen County, the Borough of Moonachie with a population of some 2,900 employs a police force of 17 officers who comprise the bargaining unit plus a lieutenant and a chief. Adjacent to Teterboro and its airport with the Meadowlands to the east, Carstadt is next door on the south, Woodbridge on the west and Little Ferry on the north.

The jurisdiction of the police department extends into the adjoining borough of Teterboro where it shares law enforcement duties with Little Ferry. This came about some years ago when Teterboro, under the jurisdiction of the Bergen County police department, opted to enter into a inter-municipal contract with Moonachie and Little Ferry for police services in exchange for a sum of \$178,500 per year each.

The basis upon which an interest arbitration award is rendered is set forth in N.J.S.A. 34:13A-14 et seq. The statute requires the arbitrator to:

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

(1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by P.L. 1976, c 68.

(2) Comparison of the wages, salaries, hours, and condition of employment of the employees involved in the arbitration proceedings with the wages, hours and condition of employment of other employees performing the same or similar services 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 jurisdictions, as determined in accordance with section 5 of P.L. 1995, c. 425; 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.

(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 municipality, the arbitrator or panel of arbitrators shall take into account to the extent the 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 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 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 INTERESTS AND WELFARE OF THE PUBLIC

At the outset, the parties are in full agreement that the Moonachie Police Department, a full service law enforcement agency, is a professional organization doing an excellent job of serving the interests and welfare of the public. Police activity within the borough touches upon almost every area of law enforcement from serious crimes to motor vehicles accidents and routine offenses. The following chart shows some of the work as listed on the department's annual reports:

	1999	2000	2001
Motor Veh. Accidents	248	256	276
Burglary	18	18	29
Domestic Violence	59	71	67
Adult Arrests	105	168	121
Calls for Service	14,231	14,985	14,883
Criminal Mischief	44	44	46
Weapons Offenses	7	7	10
Vehicle Thefts	17	11	16
Residence	10	10	14
Disorderly Conduct	14	8	20

The Calls for Service category does not include the Teterboro calls, an additional 1,830. Now factor in the borough's swelling population during the day

with the active airport, office parks, commercial buildings and factories, nearby Routes 17 and 46, two of the busiest highways in the state, and the result is one busy police department.

Some of the services recently introduced and implemented in the department since the last contract include:

- Secure child and senior citizen program providing for additional citizen safety and community policing interaction.
- Senior citizen call in provision – providing additional security for the elderly in town.
- New and improved DARE Program.
- RDF – a Rapid Deployment Force, county wide involving 2 officers from the Moonachie Police Department, part of a regional law enforcement effort.
- New equipment including new weapons, a new shared range with area municipalities of Carlstadt, Wood Ridge, Rutherford and East Rutherford, another example of inter-municipal police work within the south Bergen area.
- New computer system – an upgraded system providing expanded service, statistics and information to the department.

The 9-11 World Trade Center attack has impacted on the workload of this department. Teterboro Airport now requires enhanced security and heightened police presence, a substantial part of which is provided by Moonachie police officers. While the increased cost for overtime and extra manpower is paid by the Port Authority of New York and New Jersey, the workload is shared by Moonachie and Little Ferry.

Contending that this criterion focuses on the constraints imposed on employees' remuneration by a public employer's finite budget plan and limits, the borough underscores the requirement imposed by judicial decisions that the public is best served by an award striking a balance between keeping the employees happy while maintaining a stable level of government services. Bluntly stated, the borough cautions that it should not be required to reduce essential services to satisfy excessive employee demand.

The borough has a point, one perceptively described by Arbitrator Jeffrey B. Tener:

The arbitrator is required to strike an appropriate balance among these competing interests. This concept has been included in the policy statement of the amended interest arbitration statute. N.J.S.A. 34:13A-14 refers to the "unique and essential duties which law enforcement officers... perform for the benefit and protection of the people of this State" and the life threatening dangers which they confront regularly. The arbitration process is intended to take account of the need for high morale as well as for the efficient operation of the department and the general well-being and benefit of the citizens. The procedure is to give due respect to the interests of the taxpaying public and to promote labor peace and harmony.

(In the Matter of the Borough of Cliffside Park and PBA Local 96, PERC Docket No. IA-98-91-14, page 45.)

The narrow scope of the issues and the relatively small amount of money at stake in proportion to the total municipal budget makes it difficult to determine, let alone quantify, the function of this standard in resolving the dispute. Still, it is most definitely relevant with regard to one item in contention: the length of the agreement.

If the PBA's offer of three years is accepted the contract will expire in December 2003, some eighteen months from now. That means that in twelve months or so they will be back at the bargaining table. Yet certainly the purpose of the interest arbitration statute is not to condemn the parties to a Sisyphean fate, protagonists in virtually never ending negotiations, a process bound to engender hostility, antagonism and enervation of the bargaining unit's morale - a syndrome clearly incompatible with the interests and welfare of the public. For this reason, I believe the borough's proposal for a four year agreement, offering an hiatus of two years of labor tranquility, will allow the police officers to concentrate on their duties and provide the municipality with a respite away from the bargaining table.

COMPARISON OF THE WAGES, SALARIES, HOURS CONDITIONS OF EMPLOYMENT AND OVERALL COMPENSATION

The PBA, contending that its police officers are poorly paid compared to other municipalities in this area of Bergen County, submits the following chart to support its claim:

	2000 Base Patrol Officer
Bergen County Police	\$81,970
Hasbrouck Heights	75,637
Fort Lee	72,894
Ridgefield Park	70,341
Lodi	70,244
Edgewater	68,659
Garfield	71,180
Leonia	70,978
Maywood	75,674
Bergen County Sheriff	71,048
Little Ferry	71,604
South Hackensack	76,004
Saddle Brook	72,837
Average	\$73,005
Moonachie 2000 max patrol officer rate	\$69,428
Moonachie 2000 max rate compared to average	(\$3,577) (5.15%)

The PBA points out that only one town, Edgewater, is paid less on the base rate and that it would take an increase of over \$3,500 or 5 percent just to catch average. Not only is the base wage top step in Moonachie well below the mean but, the PBA notes, it takes longer than average for a new officer to reach the top step, as shown in the following exhibit:

Annual

River Edge	6
Cresskill	7
Englewood	4.5
Bergen County Police	3
Hasbrouck Hts.	5
Fort Lee	6
Ridgefield Park	8
Bergenfield	5
Lodi	5
Edgewater	6
Garfield	6
Rutherford	6
Paramus	7
Wood Ridge	7
Leonia	7
Maywood	4
Ridgefield	8
Bergen Co. Sheriffs	5
Little Ferry	5
South Hackensack	5
Saddle Brook	5
Average number of steps	5.83
Moonachie Steps	7

The longevity provision in the expired contract provides a maximum of 8 percent at the 24 year level. The PBA proposes an increase to 10 percent and submits the following chart to show that it lags on longevity as well as base salary:

River Edge	10%
Cresskill	9.3% @ 25 yr. + 1/3 of 1% each year thereafter
Englewood	9%
Hasbouck Heights	10%
Fort Lee	15%
Ridgefield Park	8%
Bergenfield	8%
Lodi	12%
Edgewater	12%
Garfield	9%
Rutherford	9%
Paramus	10%
Wood Ridge	9%
Leonia	12%
Maywood	10%
Ridgefield	15%
Little Ferry	9%
South Hackensack	10%
Saddle Brook	10%
Max Avg. Longevity	10.33%
Moonachie Longevity	8%
Moonachie Longevity Max compared to average	(2.33%)

As a typical benefit most police departments offer educational incentive plans. The PBA has offered in evidence various police department contracts which set forth all the various forms of benefits and remuneration which officers receive. An example is the educational incentive provided for completion of a Bachelor's degree. The following chart comparing Moonachie to other Bergen County regions including its neighbors on the southern tier and reflects the fact that Moonachie offers a below average plan:

River Edge	\$1280
Cresskill	\$700
Englewood	\$950 (BA) \$1200 (MA)
Bergen County	\$425 (BA) \$525 (MA) \$625 (PHD)
Fort Lee	\$500
Bergenfield	\$1300
Edgewater	\$1000
Garfield	\$1280
Rutherford	\$1580
Paramus	\$1200
Leonia	\$3468
Maywood	\$1800
Bergen Sheriff	\$425 (BA) \$525 (MA) \$625(PHD)
Little Ferry	\$750
South Hackensack	\$1,000

Educational Incentive Plan Chart (continued)

Saddle Brook	\$1,800
Avg. BA Benefit	\$1,211 BA benefit
Moonachie BA Benefit	\$350
Moonachie compared to average	(\$861)

While not disputing these statistics, the borough insists that they paint a less than accurate picture of a police officer's overall compensation and benefits. The fact is, the borough submits, that many of its officers' wages will reach \$100,000 per year, a figure much higher than the average Moonachie taxpayer's earnings. Indeed, some of the superior officers exceed \$100,000 when overtime is included. So if the PBA's offer were to be accepted perhaps a majority of the bargaining unit would reach that rarified atmosphere, the borough predicts, declaring that for a community with a declining crime rate, an aging population and static tax rates, such a result is intolerable.

The statute calls for comparison to private sector employment, a bit of a strained endeavor to my mind since it's hard to find a private sector job which encompasses all the varied duties of a modern day police officer. Years ago an officer might have arguably been compared to a security guard. But today with the educational requirements – most if not all municipalities require a college degree – physical conditioning, legal, domestic relations, anti-terrorist and psychological training, the need for heightened

sensitivity to inter-personnel relationships, the job has been transformed into a unique and much more difficult undertaking than what it was a generation ago.

Nevertheless a look at the private sector does offer some illumination. The following table compiled by the New Jersey Department of Labor is an overview of the private sector juxtaposed against government employees for 1998 and 1999, the latest years available:

Average Wages in Employment Covered by Unemployment Insurance Major Industry Divisions

<u>Major Industry</u>	<u>1998</u>	<u>1999</u>	<u>Percent Change</u>
Total Private Sector	\$39,138	\$40,805	4.3
Construction	42,139	44,121	4.7
Manufacturing	49,443	51,877	4.9
Transportation/Communications/ Public Utilities	46,913	48,837	4.1
Wholesale Trade	50,808	53,119	4.6
Retail Trade	19,881	20,693	4.1
Finance/Insurance/Real Estate	58,254	61,448	5.5
Services	36,542	37,969	3.9
Total Government	\$41,732	\$42,602	2.1
Federal Government	45,692	45,890	0.4
State Government	43,308	44,009	1.6
Local Government	40,440	41,503	2.6
TOTAL - All Employers	\$39,516	\$41,062	3.9

This report reflects an average 2 percent increase in wages for government employees and an overall 3.9 percent increase in wages for all employees,

private and public. The same data also shows a 3.4 percent increase in Bergen County average wages in the private sector employment. The borough submits that these statistics lend credible support to its position in this proceeding.

While acknowledging that the statute requires a comparison with private sector employment the PBA, emphasizing that there is no comparable private sector job compared to that of a police officer, cites a decision by Arbitrator Carl Kurtzman who stated:

As other arbitrators have noted, it is difficult to compare the working conditions of public sector police officers with the working conditions of private sector employees performing the same or similar services because of the lack of specific private sector occupational categories with whom a meaningful comparison may be made. The standards for recruiting public sector police officers, the requisite physical qualifications for public sector police and their training and the unique responsibilities which require public sector police to be available and competent to protect the public in different emergent circumstances sets public sector police officers apart from private sector employees doing somewhat similar work. Accordingly, this comparison merits minimal weight. (**Borough of River Edge and PBA Local 201, PERC IA-97-20, pg. 30**)

STIPULATIONS OF THE PARTIES

There are no stipulations, procedural or substantive, on the record. An implicit stipulation arises however from the fact that both the borough and the PBA have included in their offers the holiday benefit fold-in to base salary.

THE LAWFUL AUTHORITY OF THE EMPLOYER

This criterion focuses on the Municipal Cap Law, a statutory formula essentially limiting expenditures in certain categories of finance to 5 percent. It authorizes the governing body by ordinance to utilize any number up to 5 percent and under certain circumstances allows it to exceed that cap. Given the parties' offers, the cap law would appear to have minimal if any impact on these proceedings.

The borough's budget for 2001 shows that Moonachie, opting not to avail itself of the right to use the 5 percent maximum, elected to go with a 4 percent cap. By using a 4 percent cap, the borough waived the value of an additional 1 percent which is worth \$36,481. Although the lower figure was used in the cap formula the borough did not utilize even this level of calculated flexibility. The line item in the budget "Total General Appropriations for Municipal Purposes Within Cap," is \$4,003,082, the amount available using the 4 percent limitation. But the amount actually utilized is \$3,853,672, a difference of \$149,410 which under New Jersey law may be carried forward up to an additional two years for future utilization.

Nor is this the first year in which a substantial amount has been carried forward for additional flexibility. The 2000 cap bank and the 1999 cap bank were respectively \$88,089 and \$104,043, a continuation showing that cap banking is most definitely not an anomaly in Moonachie. Needless to say, this does not mean that the borough must raise a white flag to the PBA's demands. What it does mean however is that

the Municipal Cap Law does not impose any limitation on the lawful authority of the employer in this case.

THE FINANCIAL IMPACT ON THE GOVERNING UNIT, ITS RESIDENTS AND TAXPAYERS

With a per capita income of \$16,539, the borough contends that it is a community in which small increases in taxes and/or losses of outside revenue create a significant impact on its taxpayers. Over the last three years it has experienced a loss in state aid of \$195,000 and anticipates that the loss will increase this year based upon the state's budgetary crises. Imputing that loss to the average taxpayer, the borough notes, results in a \$78 increase in local property taxation. Exacerbating its financial problems, the borough adds, is the fact that the tax base has diminished over 7 percent over the past six years, the gradual erosion reflected in the following table:

<u>Year</u>	<u>Assessed Value</u>	<u>Decrease In Assessed Value</u>	<u>Actual Tax Dollar Loss</u>	<u>Actual Tax Refunds/ Cancellations</u>
1996	423,993,187			200,671
1997	416,117,671	(7,875,516)	(148,847)	954,567
1998	392,322,639	(23,795,032)	(466,382)	197,339
1999	390,690,671	(1,631,968)	(33,945)	54,455
2000	391,445,679	755,008	16,308	323,814
2000	393,855,833	<u>2,410,154</u>	<u>52,323</u>	<u>N/A</u>
Total				<u>\$1,730,846</u>
Percentage Change (1996-2001)		<u>-7.11%</u>		
Cumulative Total		<u>\$(135,533,442)</u>	<u>\$(2,626,659)</u>	

The borough highlights the fact that tax refunds have resulted in payments of \$1.7 million while the municipal tax rate has increased over the same six year period by over 75 percent resulting in an average increase per year of over 12 percent to each taxpayer. Its financial woes have been compounded, the borough explains, by a drop in revenue from its inter-local agreement for police services, an amount which has been reduced from \$300,000 to \$178,500, a projected loss over the next four years of over \$600,000.

It doesn't look good today, the borough asserts, and it looks no better tomorrow. For example, the borough notes, it has been ordered by the Bergen County Tax Board to conduct a community-wide reevaluation of borough property which will in all likelihood result in a realignment of tax obligations. The cost of the reevaluation program alone will be over \$100,000, an expense which will surely impact the borough's budget and its ability to fund community services.

In an effort to save money the borough points to a number of joint or shared services into which it has entered including inter-local agreements for recreational services, police services, and/or equipment sharing. Other services have been privatized with independent contractors: janitorial maintenance of the borough hall, animal control, and recycling services and collection. The borough insists that it cannot tolerate spending beyond a 3 percent level, a policy position which it has adopted, an absolute limit for the simple reason that any increase over that number would cause an additional burden to the average

taxpayer. In fact, the borough declares, even staying within the 3 percent limit generates an onerous increase in borough spending.

Quite the contrary, the PBA counters, asserting that the impact of an award of the full PBA offer on the residents and taxpayers will be extremely small and almost imperceptible. The PBA dismisses the borough's financial arguments on the ground that there is more than ample funding within the present budget to pay for the wage increase it seeks without any fiscal stress on the residents and taxpayers. The cost of a percentage point on the police salary guide is \$10,525, the PBA points out, an amount it calculates in the following table:

(A) RANK	(B) CENSUS	(C) CURRENT PAY RATE (PER J-1)	(D) COL. (B) X COLUMN (C)
Patrolman	11	\$69,428	\$ 763,708
Sergeant	4	\$72,205	\$ 788,820
Totals	15		\$1,052,528

1% = \$10,525

The PBA reasons that since 55 percent of the tax levy is for schools and only 13 percent comprises the municipal portion, the actual impact of the base wage cost of \$1,052,528 is 12.9 percent of the entire budget – in other words of every dollar of taxes paid, 12.9 cents runs the bargaining unit base rate costs. Put this amount in perspective, the PBA suggests, by considering a typical homeowner with a \$4,000 annual tax bill. 12.9

percent of his or her bill would be dedicated to police – \$518 per annum or about \$43 a month, less than a cable bill if the homeowner does not get HBO or STARZ channel.

The borough's hand wringing over its tax rate is totally unfounded, the PBA declares, pointing out that of the seventy municipalities in Bergen County, Moonachie's general tax rate ranks 58th from the top, or 12th from the bottom, a tax rate ensconcing it well within the fourth quartile. The borough has also achieved some cost savings, the PBA notes, in that there are presently two less police officers than there were in 1996, the last full year preceding the prior contract's commencement.

Nor does the borough lose money on the police department, the PBA says, referring to the fact that when the \$178,000 paid for the Teterboro contract is added to the overtime surcharge paid to it of \$91,000 and the \$336,000 generated through municipal court activity – all revenue sources directly attributable to police officer activity – it becomes readily apparent that more than one-third of the base wage costs are absorbed by the police officers themselves through their own efforts.

The PBA makes some additional fiscal observations in support of its contention that the borough can well afford the PBA's final offer:

- Budget revenues in 2000 indicate that \$200,998 was realized more than was anticipated.
- In the year 2000 unused budgetary appropriations of \$153,261 from the year 1999 were canceled into surplus, a sum representing additional budgetary flexibility.

- Surplus has increased by 35% from 1996 to 2000. In 1996 the surplus was \$592,929 and in December 31 of 2000 the surplus was \$800,964.
- The tax collection rate is excellent, collections in recent years exceeding state averages. The collection rate in 1998 through 2000, the most recent years reported, all exceed 96%.
- Using the equalized valuation bases as of December 31, 2000 the borrowing power statutorily provided to the municipality is \$16,146,360. The current net debt is only \$2,507,784. The remaining borrowing power is \$13,638,576. This is well below the statutory debt limit. The PBA does not suggest that the municipality borrow to pay an Arbitration award but rather raises this issue as an indication of fiscal stability and strength.
- The debt per capita in Moonachie is only \$346.03. This is one of the lowest in the entire County of Bergen, 56 out of 70 towns.
- The Moody's Credit Rating for Moonachie is "A".
- The cash balance in the current fund as of December 31, 2000 was \$2,630,583. The cash balance in the capital fund was \$140,226, both numbers indicative of the borough's fiscal well being.
- The Borough of Moonachie has received significant funds from federal grants for law enforcement: the "COPS FAST" grant, for example, in the amount of \$25,000; and many other smaller grants such as the Drunk Driving Enforcement Fund.
- The public employer's assertion at hearing that they had lost some State aid is incomplete information. There was a reduction in some categories. However there was also an increase in others. The legislative State Aid line item for 2001 is \$130,000 as compared to \$70,000 in 2000, a \$60,000 increase.
- The surplus in 2001 increased to \$600,000 from the previous year's surplus of \$545,000, a 10% increase.

COST OF LIVING

For the past twelve months, the Consumer Price Index increased nationally by a modest 1.5 percent but was up by 2.5 percent in the New York-Northeastern New Jersey area, an increase primarily due to housing costs. The Regional Shelter Index has been up 6.3 percent. Another factor boosting the national increase is energy prices, up 3.8 percent over the past year after a slightly less than 1 percent dip. In the past two months gasoline prices have increased almost ten percent, the largest advance since last fall. Fuel oil prices rose 2.2 percent, the largest increase since December 2000.

The PBA points out that both final offers exceed the Consumer Price Index and notes that the difference between their offers is minimal. On the other hand, the borough argues that the increases received by the police officers over the past decade or so well exceed the CPI increases and that the time has come to rein in those boosts to comport with the modest cost of living increases which have remained steady over the past decade.

CONTINUITY AND STABILITY OF EMPLOYMENT

The borough maintains that this criterion goes to the very essence of the award. Specifically, it says, the mayor and council of the Borough of Moonachie as an elected entity has determined that its police budget should not exceed a certain level. If that level is exceeded by the imposition of an excessive award, the borough says it may be

placed in a precarious situation in which employment cutbacks may be necessary – a result that would most definitely impact upon the continuity and stability of the present police employment picture. While it concedes that such an approach is a last resort, the borough urges that the general welfare of the public must be taken into consideration so that the borough may continue to live within its budgetary means. In the context of this criterion, the PBA proposal of a 5 percent increase across the board standing alone is untenable, the borough submits, and piling on the other items which the PBA seeks on top of that percentage serves only to highlight the glaring excessiveness of its proposal.

The PBA argues that this criterion offers strong support for its position. The language of this standard, in its view, suggests private sector concepts – "area standards" and "prevailing rate" come to mind. The continuity and stability of employment will be enhanced, the PBA asserts, by the increase in longevity which it seeks for their most senior police officers, a proposal which has an extremely small impact, a point of longevity being worth 1/100th of the \$10,525 base wage percentage point. The impact to the employer is minimal but quite significant to those officers who have given yeomen's service to the borough for two and a half decades or more and who will now get a little boost which will ripen into a small increase in their retirement. They surely deserve it, the PBA says.

As for the holiday fold-in, the PBA says, it is a benefit clearly established as a common method of payment to police officers throughout the region. It also

benefits the employer, the PBA contends, reasoning that paying officers for their holidays in their regular wages assures that no holiday time will be taken.

* * *

I think it's fair to conclude that the key factors in this controversy are a comparison of other police salaries which show Moonachie to be below average balanced against two factors favoring the borough: its need to keep its costs in check coupled with the modest cost of living increases over the past few years. At any rate, the gap between their substantive proposals is more of a fissure than a chasm: 1.5 percent in each of the first two years and 1 percent in the last two; longevity increase at the top sought by the PBA while the borough seeks a give back of one personal day.

Stepping away from the wage issue for a moment and focusing on the longevity increase sought by the PBA, I am constrained to state I find no basis for awarding this benefit. True, other municipalities may offer 10 percent, some 12 percent or more, but they are municipalities of greater means – Paramus, for instance with its huge ratable base and Fort Lee with its much higher per capita income. An 8 percent top longevity comports more closely with what is offered by municipalities whose finances and demographics are more in line with Moonachie.

On the other hand, I believe the borough's request for the elimination of a personal day is justified. A review of this benefit as compared to other municipalities supports the conclusion that one less personal day would serve no real

hardship on the rank and file while still leaving this bargaining unit with around the average number of personal days offered in comparable municipalities.

Turning to the wage proposals, the following chart shows the base rate increases for the years 2001 through 2003 for a number of Bergen County municipalities, large and small, some immediately close by and some a bit more distant.

MUNICIPALITY	2001	2002	2003
River Edge	4	4	
Englewood PBA	4.25	4.25	4.25
Englewood SOA	4.25	4.25	4.25
Cresskill	3.95	3.95	3.95
Teaneck PBA	4	4	4
Teaneck SOA	4	4	4
Hasbrouck Heights	3.9		
Fort Lee	4	4	
Ridgefield Park	4	4	
Bergenfield	4 (3/1)	4 (3/1)	4 (3/1)
Lodi	5	4	
Edgewater	4	4	
Garfield	3.75	3.75	3.75
Rutherford		4	4

Paramus	3.85	3.85	3.85
Wood Ridge	4	4	4
Leonia	4	4	4
Ridgefield		5.5	4
Bergen Sheriff	5		
Little Ferry	4	4	4
Ridgewood	4.5	4.5	4.5
South Hackensack	4	4	4
Tenafly		3.9	4
East Rutherford	4 (2/2)	4	4
Saddle Brook	3.9	4.5	4.5
NJSP	4	4	4
NJSP/SOA	4	4	4
Port Authority	5		
Averages	4.134%	4.098%	4.043%

As noted earlier, the Moonachie police officer at a base rate of \$69,428 in the year 2000 was approximately \$3,500 below the average for comparable Bergen County municipalities, a shortfall clearly militating in support of a higher than average increase. Yet that shortfall is counterbalanced by Moonachie's per capita income, a comparatively low number warranting the conclusion that its residents can ill afford to sustain police wages which some of its wealthier sister municipalities can support. In short,

there is little justification in this record for imposing on the Borough of Moonachie the multiple year 5 percent across the board increase sought by the PBA.

The borough makes the valid point that its offer of 3.5 percent in the first two years of a four year agreement is actually 4 percent if the fold-in of holiday pay, a component of the borough's final offer, is factored into the calculation. Hence the borough stresses that its proposal comports with those wage packages offered by comparable municipalities and is more in keeping with the ability of its residents to foot the bill. Yet the 3.5 percent, even assuming it is 4 percent with the fold-in of the holiday, will still serve to push Moonachie further down from the average.

Consider Little Ferry, a bordering town and co-signatory to the inter-municipal contract providing police services to Moonachie. The Little Ferry police officer's top step base pay is \$2,176 more than his colleague in Moonachie. What's more, it takes only five years to reach maximum pay there as compared to seven steps in Moonachie. The Little Ferry sergeant is paid \$3,445 more than the Moonachie police officer and the Little Ferry maximum longevity is 1 percent higher.

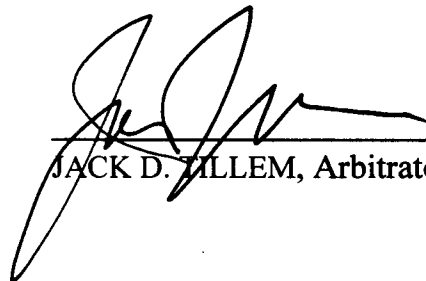
A fair balance of the parties' wage offers, in my judgment, justifies an award of 4 percent across the board for each of four years, an increase which is only ½ point more than the borough has offered in the first two years. It is, to my mind, a slight adjustment to keep Moonachie from falling much further behind the area average, a tinkering if you will which will have little if any discernible effect on borough finances and its tax rate.

Based on all of the above the undersigned respectfully enters the following award:

AWARD

- 1) The term of the new agreement shall be January 1, 2001 to December 31, 2004.
- 2) Wages shall be increased by 4 percent across the board effective January 1, 2001 and each successive January 1 thereafter.
- 3) The lump sum holiday benefit shall be modified so that it shall be folded into, paid and used for all calculation purposes as part of the regular payroll.
- 4) Effective January 1, 2003 the agreement shall provide for one less personal day.
- 5) Except as provided herein, all terms and conditions of the predecessor contract shall be continued in the new agreement.

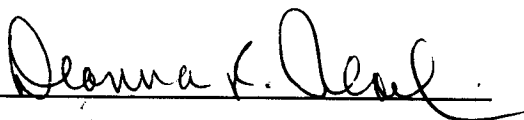
Dated: May 24, 2002



JACK D. LILLEM, Arbitrator

STATE OF NEW YORK)
COUNTY OF NASSAU) SS:

On the 24th day of May, 2002, before me personally came and appeared JACK D. TILLEM, to me known and known to me to be the individual described herein and who executed the foregoing instrument and he acknowledged to me that the same was executed by him.



A handwritten signature in cursive script, reading "Deanna R. Pearl", is written over a horizontal line.

DEANNA R PEARL
Notary Public, State of New York
No 4823999
Qualified in Nassau County
Commission Expires Nov. 30, 2002