

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between

BOROUGH OF ALLENTOWN,

“Public Employer,”

- and -

FOP LODGE NO. 114

“Employee Organization.”

**INTEREST ARBITRATION
DECISION
AND
AWARD**

Docket No. IA-98-11

**Before
James W. Mastriani, Arbitrator**

Appearances:

For the Employer:

Thomas J. Savage, Esq.
Savage and Serio, PA

For the Union:

W. Reed Gusciora, Esq.

I was appointed arbitrator by the New Jersey Public Employment Relations Commission in accordance with P.L. 1995, c. 425, in this matter involving the Borough of Allentown (the "Borough") and the FOP Lodge No. 114 (the "FOP"). The issues were narrowed in pre-arbitration mediation sessions which were held on November 18, 1997 and January 8, 1998. Because the impasse was not resolved, a formal interest arbitration hearing was held on May 26, 1998. Post-hearing briefs were filed and received by the Arbitrator on August 14, 1998. At the arbitration hearing, each party argued orally, examined and cross-examined witnesses, and submitted documentary evidence into the record. The mandatory terminal procedure of conventional arbitration was used to decide all issues in dispute. Under this procedure the arbitrator has the authority to fashion an award which he believes represents the most reasonable determination of the issues in dispute.

The FOP represents five (5) bargaining unit personnel. There is one sergeant and four (4) police officers. The existing collective negotiations agreement (the "Agreement") expired on December 31, 1996. Pursuant to that agreement, the sergeant is placed on a single step salary scale at a rate of \$39,680 per year. The police officers are placed on a three step salary schedule commencing at Step C at a rate of \$28,190, Step B at \$31,72 and Step A at \$35,748. Step A is the maximum step. The issues in dispute are primarily economic in nature.

FINAL OFFERS OF THE PARTIES

The Borough and the FOP have submitted the following final offers pursuant to the provisions of N.J.S.A. 34:13A-16.

FOP Lodge No. 114

1. Duration - January 1, 1997 through December 31, 1999

2. Salary Increases

Class	Current Salary	January 1, 1997	January 1, 1998	July 1, 1998	January 1, 1999	July 1, 1999
Sgt.	\$39,679.94	\$41,663.93	\$43,747.13	\$43,747.13	\$45,934.48	\$45,934.48
A	35,748.39	37,535.80	39,412.59	41,383.22	41,383.22	43,452.38
B	31,741.33	33,328.39	34,994.81	34,994.81	36,744.55	36,744.55
C	28,189.63	29,599.11	31,079.06	31,079.06	32,633.01	32,633.01

The above wage scale proposed by the FOP represents a 5% annual increase in the existing salary schedule annually for both police officers and the sergeant. In addition, the FOP proposes an additional 5% increase effective on July 1, 1998 for Step A, the maximum step for police officers and that the 5% 1999 increase for those officers on Schedule A be increased on July 1, 1999.

3. Article X: Holidays and Personal Time

The FOP proposes that personal time be increased from 24 hours of pay to 4 days of personal leave per annum.

4. Funeral Leave

The FOP proposes a change in funeral leave from no more than three (3) days to leave time to be set at time of death until the second day after interment.

5. Article XII: Vacations

The FOP proposes the following new vacation schedule:

<u>Years Employment</u>	<u>Existing</u>	<u>New</u>
6 mos.	1 week (40 hours)	same
1 year	2 weeks (80 hours)	10 days (120 hours)
5 years	-	15 days (180 hours)
10 years	3 weeks (120 hours)	20 days (240 hours)
15 years	4 weeks (160 hours)	25 days (300 hours)
20 years	-	30 days (360 hours)

6. Article XIV: Longevity Pay - Uniform Allowance

The FOP proposes the following new longevity pay schedule:

<u>Years of Service</u>	<u>Existing</u>	<u>New</u>
5	\$200	\$250
6		350
7		450
8		550
9		650
10	250	750
11		850
12		950
13		1050
14		1150
15	350	1250
16		1350
17		1450
18		1550
19		1650
20	450	1750

The FOP proposes that the Borough set up a minimum uniform inventory and that each unit member receive an increase in the clothing allowance from the existing amount of \$600 per year to \$800 per year.

Borough of Allentown

1. **Duration** - January 1, 1997 to December 31, 1999
2. **Salary Increases**

Class	Current Salary	January 1, 1997	January 1, 1998	July 1, 1998	January 1, 1999	July 1, 1999
Sgt.	\$39,680	40,672	41,892	--	43,254	--
A	35,748	36,642	37,740	--	38,968	40,137
B	31,742	32,536	33,512	--	34,601	--
C	28,190	28,894	29,761	--	30,728	--
D (new)		25,000	25,000	--	25,000	--

The above wage scale proposed by the Borough represents a 2.5% increase in 1997, an additional 3% in 1998 and an additional 3.25% in 1999 for both police officers and the sergeant. All increases are effective on January 1 of each year. In addition, the Borough proposes an additional 3% increase effective on July 1, 1999 for police officers on Step A, the maximum step on the schedule. In addition, the Borough proposes a new step on the salary schedule. Step D at a rate of \$25,000.

STATUTORY CRITERIA

I am required to make a reasonable determination of the above issues giving due weight to those factors set forth in *N.J.S.A. 34:13A-16g(1) through (8)* which I find relevant to the resolution of these negotiations. I am also required to indicate which of these factors are deemed relevant, satisfactorily explain why

the others are not relevant, and provide an analysis of the evidence on each relevant factor. These factors, commonly called the statutory criteria, are as follows:

(1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by (P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.)).

(2) Comparison of the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the same or similar services and with other employees generally:

(a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.

(b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.

(c) In public employment in the same or similar comparable jurisdictions, as determined in accordance with section 5 of P.L. 1995. c. 425 (C.34:13A-16.2) provided, however, each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

(3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.

(4) Stipulations of the parties.

(5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976 c. 68 (C.40A:4-45 et seq.).

(6) The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element, or in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers on the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in its proposed local budget.

(7) The cost of living.

(8) The continuity and stability of employment including seniority rights and such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations and collective bargaining between the parties in the public service and in private employment.

BACKGROUND

The Borough is located in the western part of Monmouth County. Many major roads and highways lead in and out of the Borough. Route 195 runs through the northern part of the Borough and county roads, such as Routes 539, 524 and 526 also intersect within the Borough's boundaries.

The Borough is a small residential community measuring only 0.6 square miles. As of 1994, its total population was 1,913, an increase of 4.6% over 1990. In 1990, the per capita income of borough residents was \$18,907. The average residential value in 1996 was \$139,410. Most of the Borough's ratables come from real estate taxes on property owners, as evidenced by the fact that 87.6% of its ratables are generated from the taxpayers.

Counsel for both the Borough and the FOP have submitted expert and thorough arguments and evidence in support of their respective positions. The heart of this dispute centers on the FOP's assertion that the existing terms and conditions of employment for the police officers and the sergeant are substantially less than that provided by police departments in virtually all other municipalities both within the county, within comparable municipalities in nearby Mercer and Burlington counties and within the State of New Jersey in general. This asserted lag and the need to catch up with those municipalities forms the basis for the FOP's proposals on wages and benefits. The Borough, in response, believes that its final offer is reasonable and equals or exceeds the increases provided by most municipalities. The Borough also responds that there are many other statutory criteria to be considered which, when weighed, mitigate against the substantial economic improvements sought by the FOP. In particular, the Borough contends that the FOP's proposals, if adopted, would have a negative financial impact on the governing unit, its residents and taxpayers.

POSITIONS OF THE PARTIES

The FOP

The FOP strongly believes that its proposals are reasonable when all of the statutory criteria are applied. Its main premise is that its unit members are due substantial increases based upon comparisons with other municipal police departments and that the Borough has the ability to absorb the requested increases without any adverse impact on the taxpayers.

The FOP contends that the interests and welfare of the public and its evidence on comparability are closely intertwined. It asserts that the failure of its terms and conditions of employment to reasonably compare among area police forces negatively affects the morale of the work force. It believes that a higher than average increase in wages coupled with increases in other benefits will positively impact on the interests and welfare of the public by increasing the morale of the work force and increasing the police officers' motivation to remain employed by the Borough. The FOP also asserts that such increases in its terms and conditions of employment are consistent with maintaining the continuity and stability of employment among unit employees. It believes that the Borough should not have to invest considerable sums in the training of police officers only

officers only to have them leave their positions to be employed by higher paying municipalities.

In support of its position the FOP has submitted many collective negotiations agreements for police officers. Most of these agreements come from Monmouth County, although it also cites certain Ocean County and Burlington County communities.

In particular the FOP submits a chart comparing wages and benefits among police officers of various Monmouth County municipalities. These include Avon by the Sea, Belmar, Bradley Beach, Deal, Interlaken, Neptune, Neptune City, Spring Lake and Spring Lake Heights.

With respect to salaries, the chart reflects that salaries in the aforementioned municipalities were higher by \$10,000 to \$21,000 annually for police officers and proportionally higher for the rank of sergeant.

The chart also reflects that those communities have substantially higher payments for longevity. With the exception of Neptune, all of the municipalities calculate the longevity payments on a percentage basis. When the percentages are applied to base pay they yield substantially higher amounts of longevity than that received by Borough police officers. Where the longevity calculations are based on dollars, as in Neptune, the dollar amounts yield more than a \$1,000

difference for five years of service and more than a \$5,000 difference for 20 years of service.

The FOP points to similar unfavorable results when the vacation provisions of the comparison of municipalities are applied. The existing Agreement caps vacation at 4 weeks, or 160 hours, at 15 years of employment, while Belmar, Bradley Beach, Deal, Interlaken, Neptune, Neptune City and Spring Lake Heights all yield between 4 and 6 weeks vacation, although, in general, more years of employment are required to achieve the greater amount of vacation leave.

The FOP contends that the increases it seeks are achievable with no long-term adverse financial consequences on the Borough or its taxpayers. In support of this view, the FOP points to the annual municipal data sheets and the testimony of Kevin P. Frenia, a certified public accountant, registered municipal accountant and public school accountant. Frenia testified that the Borough could finance the FOP's proposals without a tax increase. He cites the amount of unexpended budget appropriations in years 1995, 1996 and 1997 to be \$114,735, \$82,122 and \$119,880, respectively. He estimates that even a 10% annual increase in salaries would amount to only \$17,500 annually and that these funds could come from unexpended budget appropriations or available surplus. He notes that in 1998, the Borough has allotted a smaller percentage of its available surplus to fund its annual budget. This figure in 1998 was 39.27%

or \$140,768 compared to 63.25% or \$255,596 in 1997. Frenia points out that even if the entire amount of increase in 1998 came from surplus, the percentage of surplus would only rise to 44.15%, a figure less than in 1996 and 1997. Frenia acknowledged that if a \$17,500 increase were funded solely through a tax increase, such increase would require a 2.5 cent or 2.26% increase over the existing rate but that such increase is modest given the asserted need for substantial economic improvements. He estimates that a home assessed at \$125,000 would have a tax increase at approximately \$2.60 per month to fund a ten (10%) percent increase.

BOROUGH OF ALLENTOWN

The Borough opposes the increases sought by the FOP for many reasons. It believes that the increases it has proposed are reasonable when compared with the percentage increases offered by the Borough to its non-police employees and also when compared with the percentage increases given to police officers in the comparison municipalities which have been introduced into the record. The Borough believes that its offer would allow its police officers to retain its relative position among these municipalities. The Borough asserts that the proposals of the FOP would have a significant negative impact on the governing unit, its residents and taxpayers.

The Borough specifically points to comparisons with other Borough employees. It asserts that the 2.5% increase offered in 1997 is equal to that given to other Borough employees and that the 3.0% increase for 1998 is equal to the increase given to other Borough employees who did receive increases in 1998. The Borough points to a chart reflecting that police officers received more than other Borough employees during the 1993-1996 time period. The Borough cites 1996 and 1997 salary resolutions for other municipal employees which reflect that only its police director earned more money than its police officers.

The Borough also contends that its financial situation would be adversely affected by acceptance of the FOP proposal. It points to escalating total police expenditures which have increased by 52% between 1991 (\$245,446) and 1997 (\$374,647). It cites the 1997 increase as reaching 8.9% exclusive of salary increases to be awarded in this proceeding. The Borough further contends that, notwithstanding the increase in police expenditures, there has been a decrease in productivity on the part of the police department. It points to a drop in the number of motor vehicle summonses issued from 2,430 in 1995 to 1,984 in 1996 and that there was another decrease in 1997 to 1,351. Accompanying this asserted drop in productivity is a drop in total court revenues. The Borough states that these revenues were approximately \$100,000 in 1996, \$94,200 in 1997 and are projected to decrease to \$73,100 in 1998.

The Borough also points to a loss in the amount of state aid which it receives to supplement its local tax levy. This figure was \$189,292 in 1996 and decreased to \$184,292 in 1997, and further decreased to \$184,118 in 1998. While the amount of state aid it has received has decreased, the Borough points to a consistent increase in its total tax rate. This rate has increased from 2.201 in 1987 to 3.809 in 1997 while it has realized less local revenues than its budgets have anticipated. The Borough also cites lost tax appeals requiring reimbursement to property taxpayers. Because of the tightness of the budget, the Borough points to its adoption of an emergency resolution to appropriate \$50,000 in 1996 to support the costs of its obligation to reevaluate its ratables. The Borough also cites the fact that 9% of its population is 65 years of age or older and that its senior citizen population must be considered when it increases any of its expenditures. The Borough acknowledges the existence of a \$216,059.10 surplus fund balance as of December 31, 1997. It contends that such surplus is the result of sound financial planning, that an adequate surplus balance is fiscally prudent, and that it should not be required to fund the FOP's proposals merely because of the fund balance.

The Borough also believes that its proposal is consistent with cost of living data. It cites statistics in annual cost of living increases and that its proposals are in excess of these figures.

DISCUSSION

As stated above, I am required to issue an award based upon a reasonable determination of all issues in dispute after giving due weight to the statutory criteria which I judge relevant. The Borough and the FOP have fully articulated their positions on the issues and have presented testimony, documentary evidence and argument on the relevant statutory criterion in support of their respective positions. The evidence and arguments have been carefully reviewed, considered and weighed.

I have considered the statutory criteria and conclude that all are relevant to the resolution of the dispute, although, as set forth below, not all have been accorded equal weight. As required by law, I have also decided, to the extent that they are calculable, the total net annual economic changes for each year of the three-year award.

I have first calculated the costs of each party's salary proposal and the costs of the differences between them. For the purposes of these calculations I have assumed the existence of one sergeant and four police officers on Step A of the salary schedule. Based on that assumption, the cost of the FOP's salary proposal for 1997 is \$9,135 and the cost of the Borough's proposal is \$4,568 for 1997. The difference in cost between the two proposals for 1997 is \$4,567. For 1998, the cost of the FOP's salary proposal is \$13,532. This assumes a 5% cost

for the entire year of 1998 and one-half of the proposed 5% increase annually effective on July 1, 1998 for police officers on Schedule A. The cost of the Borough's salary proposal for 1998 is \$7,920. The difference in cost between the two salary proposals is \$5,612. The cost of the FOP's salary proposal for 1999 is \$10,263. This cost includes the cost of the six-month roll-over of the July 1, 1998 increase of 5% into 1999 and 50% of the annual cost of the July 1, 1999 increase of 5%. The cost of the Borough's salary proposal for 1999 is \$8,610. This includes the annual cost of the 3% proposed increase on January 1, 1999 and 50% of the annual cost of its 3% proposed increase effective July 1, 1999 for police officers on Step A. The difference in cost between the two salary proposals for 1999 is \$1,653. The total costs of the FOP salary proposals over three years is \$32,903 compared to the \$18,790 cost of the Borough's salary proposals. The difference between the two salary proposals is \$14,140. These are new money costs per year and do not include cumulative costs such as those resulting from the effect of costs such as overtime. As reflected in percentages, the FOP has proposed a 15% rate increase over three years for the sergeant, a 20% rate increase for police officers on Step A of the salary schedule and a 15% rate increase for Steps B and C of the salary schedule. The Borough has proposed an 8.75% rate increase for the sergeant, an 11.75% rate increase for police officers on Step A of the salary schedule and an 8.75% increase for Steps B and C of the salary schedule. There are no costs associated with the Borough's proposal for a new Step D on the Salary Schedule at \$25,000, although I note that if the Borough's salary proposals were adopted

a new police officer placed on Schedule D, would yield a savings of \$5,728 to the Borough for his/her first year of employment, and an average of over \$4,000 thereafter for each year of the next two years of employment.

Based upon this analysis and all of the evidence and arguments submitted, and after applying the statutory criteria, I have determined that the salary schedules shall be increased by 4.0% effective January 1, 1997, 4.25% effective January 1, 1998 and by 4.5% effective January 1, 1999. Further, in recognition of the demonstrated need to augment the Step A level of the salary schedule, there shall be an additional 3.0% increase effective July 1, 1999. An augmentation is mutually acknowledged as reflected in the final offer of each party. In recognition of the Borough's desire for offsets of future costs, I also award its proposal for a Step D on the salary schedule for new employees to be effective as of the date of this award. The awarded salary schedule shall read as follows:

Class	Current Salary	January 1, 1997	January 1, 1998	July 1, 1998	January 1, 1999	July 1, 1999
Sgt.	\$39,680	41,267	43,020	--	44,955	--
A	35,748	37,177	38,757	--	40,501	41,717
B	31,742	33,011	34,413	--	35,961	--
C	28,190	29,317	30,562	--	31,937	--
D (new)		25,000	25,000	--	25,000	--

The awarded salary schedule represents a net annual economic change of \$7,304 in 1997, \$8,073 in 1998 and \$11,139 in 1999. The total of the net annual changes in new money costs over the three years is \$26,517; a cost of \$12,377 above the Borough's salary proposal and \$6,413 below the proposal of the FOP. My conclusions are based upon the following observations and application of the statutory criteria.

The statute requires that due weight must be given to those factors which I find relevant to a determination of this dispute. There are several considerations which weigh heavily in support of my conclusions. Some weigh in favor of the Borough and others in favor of the FOP. Among them are the comparisons of unit employee wages with other police officers within the County and the State of New Jersey, with public employees within the Borough's jurisdiction, and the financial impact of any awarded increases on the Borough, its residents and taxpayers.

The issues in dispute in this proceeding require a careful balancing of these specific considerations and other remaining considerations which are also relevant. The evidence concerning law enforcement comparability supports the FOP's asserted need to enhance the terms and conditions of employment of unit members but also requires that such enhancement be reasonable in nature, responsive to the Borough's financial needs, and in harmony with certain factors which limit the rate of such increases, such as the cost of living and the

Borough's internal wage structure. These latter considerations weigh in favor of the Borough's contention that the final offer of the FOP on salary and benefits is overly ambitious and cannot be supported when the statutory criteria is applied to the totality of the proposals.

The cost of living data reflects an increase in this index by about 6% over the last three years. These figures are somewhat less than the wage increases proposed by the Borough and substantially less than those proposed by the FOP. I do not find the cost of living data to be controlling because of the FOP's demonstrated need for some catch-up in salary. However, the data does weigh against the rate of increases the FOP seeks in salary and benefits.

The internal wage structure of the Borough also weighs against the amount of increases the FOP seeks in salaries and benefits, although the FOP has demonstrated that the salaries and benefits of unit personnel are well below surrounding communities and those within the County. The FOP must recognize that the rate of wage increases proposed by the Borough are consistent with what it has proposed for non-law enforcement employees of the Borough and that the salaries for police officers are the highest within the Borough except for the police director. This evidence does not control nor compel an awarding of the Borough's proposal but it does weigh against the substantial salary and benefit increases proposed in the FOP's final offer.

The data concerning the financial impact of the increases awarded herein also must be considered and weighed. This evidence reflects that the Borough can absorb the increases awarded which are beyond that which it has offered but below what the FOP has proposed without adverse consequences to the Borough, its residents and its taxpayers. I have considered the evidence which tends to support the Borough's position. This evidence includes the consistent increases in police costs during the last several years, the steady increase in the Borough's total tax rate, the decrease in state aid, the lost tax appeals and the substantial portion of the Borough's budget which comes from residential property owners. These considerations must be balanced with the evidence which tends to support the FOP's position. These considerations include the amount of unexpended budget appropriations and available surplus. The record supports a finding that the additional cost of \$12,377 above the Borough's salary proposal can most likely be funded without an increase in the municipal tax rate and that if the Borough chooses to do so, the amount of any such tax increase as a result of this Award would be minimal and without adverse impact on the Borough's taxpayers.

Further, the amount of increases required by this award can be appropriated within the lawful authority of the Borough as reflected in the municipal data sheets. The Borough has successfully pursued a fiscally prudent spending plan in its efforts to restrain expenditures. It has chosen to impose a 2.5% cap on municipal expenditures. The costs of this award will not compel the

Borough to exceed its lawful spending authority. An examination of the proposed use of current fund surplus into the 1998 budget reflects a surplus balance of \$358,427.10 as of December 31, 1997, a \$140,768.00 anticipated surplus in the 1998 budget and \$217,659.10 in surplus balance remaining. While the Borough correctly asserts that the surplus balance is an important factor in its fiscal stability, the costs of the award will not significantly impact on this balance and are clearly within its lawful and practical ability to fund. In sum, the financial data weighs against awarding the final offer of the FOP but does allow increases in wages and benefits which have been awarded based upon the FOP's presentation that such increases must take into consideration the negative comparison which exists among the Borough's law enforcement employees in virtually all other communities.

The data with respect to law enforcement personnel in other jurisdictions supports an award beyond that which has been proposed by the Borough, although, based upon the considerations set forth above, below that proposed by the FOP. The Borough of Allentown is a unique community which defies a precise comparison with any of the jurisdictions which have been submitted into evidence. However, the data does reflect that the maximum salaries paid to police officers in this Borough are the lowest in the County of Monmouth and that these differences are substantial. The average percentage increase in the voluntary settlements and arbitration awards introduced into the record approximate 3.8% to 4%. If such increases were applied to this bargaining unit,

the substantial dollar gap differential between the Borough's police officers and others within the county would continue to grow, a result which I believe would not serve the interests and welfare of the public and which could negatively impact on the continuity and stability of employment. The increases awarded herein are somewhat above the average figures and are directed towards preventing a growth in this dollar gap differential. The additional 3% awarded to police officers on Schedule A effective July 1, 1999 beyond the across the board increases which have also been awarded is based upon achieving this objective.

These increases are also compatible with private sector wage changes as reported in the New Jersey Department of Labor 1997 report on average wages in employment covered by unemployment insurance. This data reflects a statewide percentage change of 4.76% and 5.91% for Monmouth County.

An additional factor to be weighed is consideration of the overall compensation presently received by the employees including all fringe and economic benefits. I have considered this factor in the determination of the salary issue. In addition, the FOP has proposed increases in such leave, personal time, funeral leave, vacations, longevity pay and uniform allowance. The Borough asserts that the existing levels of benefits are reasonable, that the increases proposed are too costly and that no changes are warranted. The FOP disagrees and contends that unit personnel compare unfavorably with other law

enforcement units in all of these areas and that the Borough can afford the increased costs associated with its proposals.

The FOP accurately contends that its levels of economic benefit do not compare favorably among law enforcement bargaining units. This fact, however, must be weighed against the statutory requirement that this award represent a reasonable determination of the issues, that calculations be made as to the net annual economic change and costs of the award and that the financial impact of the award be considered and weighed. The higher than average salary increases provided in this award mitigate against an expansive increase in benefits during this contract term. For this reason, these proposals, except for the issue of longevity, must be rejected during this contract term.

The record reflects that the current longevity pay schedule set in 1993 is substantially beneath the levels contained in virtually all collective negotiations agreements submitted into the record [see U. Ex. #28 & B. Ex. #6]. The FOP's proposal to improve this schedule is simply too costly and must be rejected. However, the record supports the conclusion that a modest improvement in the schedule is warranted. The costs of any such improvement must be reasonable and without adverse financial impact. I conclude that a longevity schedule providing for a one (1%) percent payment commencing after five (5) years of service, and one and one-half (1.5%) percent payment commencing after ten (10) years of service represents a reasonable modification to the existing

longevity schedule. I award this change effective January 1, 1999. The costs of this modification are approximately \$1,000.00 for the bargaining unit and only minimally impact on the total economic costs of the award.

Accordingly, based upon the entire record of this proceeding, I respectfully issue the following Award:

AWARD

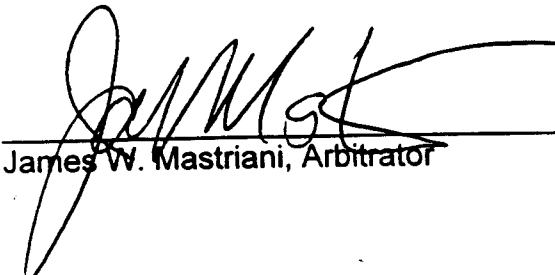
1. The duration of the new Agreement shall be January 1, 1997 through December 31, 1999.
2. The salary schedule shall be modified to reflect the following adjustments. All increases shall be effective on the dates stated and are retroactive.

Class	Current Salary	January 1, 1997 4.0%	January 1, 1998 4.25%	January 1, 1999 4.5%	July 1, 1999
Sgt.	\$39,680	41,267	43,020	44,955	--
A	35,748	37,177	38,757	40,501	41,717 3.0%
B	31,742	33,011	34,413	35,961	--
C	28,190	29,317	30,562	31,937	--
D (new)		25,000	25,000	25,000	--

3. Effective January 1, 1999 the longevity schedule shall be modified to read:

One (1%) after five (5) years of service
 One and one-half (1.5%) percent after ten (10) years of service.

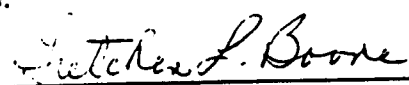
Dated: January 20, 1999
 Sea Girt, New Jersey



 James W. Mastriani, Arbitrator

STATE OF NEW JERSEY } SS:
 COUNTY OF MONMOUTH }

On this 20th day of January, 1999 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