

State of New Jersey
Public Employment Relations Commission

In the Matter of the Compulsory :
Interest Arbitration :
-between- : Opinion and Award
Township of South Hackensack :
-and- :
P.B.A. Local No. 102 :
Docket No. IA-96-109 :
_____ :

BEFORE: CARL KURTZMAN, ARBITRATOR

APPEARANCES: For South Hackensack P.B.A. Local No. 102

Loccke & Correia

By: Richard D. Loccke, Esq.

For Township of South Hackensack

Oury & Mizdol

By: Dennis J. Oury, Esq.

Pursuant to a petition to initiate Compulsory Interest Arbitration, filed by PBA Local 102 (PBA) on Feb. 21, 1996, the undersigned was appointed by the Public Employment Relations Commission on July 3, 1996, pursuant to P.L. 1995, c. 425, to hear and decide the contract issues in dispute.

On Sep. 13, 1996 and October 15, 1996, mediation sessions were conducted in the offices of the Township of South Hackensack (Twshp or Employer), New Jersey. Since minimal progress was made during the mediation sessions, an interest arbitration hearing was scheduled.

Interest Arbitration hearings were conducted on April 8, 1997 and June 17, 1997. At the first session, on April 8, 1997, the parties were asked to place their initial positions on the record. In addition to the duration of the contract and the amount of the wage increase, the Township sought to include the following issues:

Eliminate longevity

Remove one (1) sick day per year.

Increase the salary guide for all new employees from 5 steps to 15 steps.

Bi-weekly pay period.

Remove Gun Allowance

If an officer upon retirement age accrues over 300 sick days the town will give 30 days comp. time or pay.

At the session on April 8, 1997, PBA objected to the introduction of the additional issues submitted by the Employer (specifically Issues #5 and #6 of Exhibit E-1) claiming that they constituted a procedurally defective late filing. The parties were advised that this issue had previously been raised in a Middlesex County/PBA interest arbitration proceeding and the Public Employment Relations Commission (PERC) had reviewed an Interim Decision issued by the undersigned which found that Middlesex County had failed to respond to the PBA petition within the time denoted in N.J.A.C. 19:16-5.5 and had not requested an extension of time to file its response. Accordingly, in the interim award, the undersigned limited the arbitration to those issues contained in the PBA's petition because, in accordance with N.J.A.C. 19:16-5.5 (b), the County was deemed to have agreed to the request for the initiation of interest arbitration as submitted by the PBA. On Nov. 19, 1996, the Commission issued a decision in

which it found that Middlesex County had not demonstrated why the requirements of N.J.A.C. 19:16-5.5 should be relaxed. The Commission declined to grant leave to appeal. Accordingly, the issues in the Middlesex County proceeding were limited to the issues contained in the PBA petition. At the conclusion of the hearing, the Township limited the issues contained in its Final Offer to the duration of the new Agreement and the amount of the proposed salary increase in each year.

After the conclusion of the evidentiary hearings, the parties were provided with an opportunity to file briefs. After the grant of an extension, the final brief was received by the undersigned on October 27, 1997. The parties agreed to the arbitrator's request for an extension, to November 30, 1997, for the filing of the award in this matter.

The Public Employment Relations Commission has advised that these arbitration proceedings shall be conducted in accordance with the provisions of P.L. 1995, c. 425. Accordingly, since the parties in this proceeding have not agreed to a terminal procedure for resolving the contract issues in dispute, the award issued in this matter will be based on the conventional arbitration mode.

FINAL OFFERS

Township of South Hackensack

Economic:

1. Duration: Jan. 1, 1996 - Dec. 31, 1998

2. Salary:

Year 1: \$1,500.00 per man increase

Year 2: \$1,500.00 per man increase

Year 3: \$1,500.00 per man increase

P.B.A. Local 102

Economic:

1. Duration: Jan. 1, 1996 - December 31, 1999.

2. Salary:

1/1/96: 5.0%

1/1/97: 5.0%

1/1/98: 5.0%

1/1/99: 5.0%

The increase is intended to be effective across the board.

3. Clothing Allowance:

\$100 per year increase in the clothing allowance.

Non-Economic:

PBA seeks the addition of "Term and Renewal Language" as follows:

This Agreement shall have a term from January 1, 19__ through December 31, 19__. If the parties have not executed a successor agreement by December 31, 19__, then this Agreement shall continue in full force and effect until a successor agreement is executed.

Negotiations for a successor agreement shall be in accordance with the rules of the Public Employment Relations Commission.

In Exhibit P-1, PBA had proposed the following:

3. Article XI, Hours of Work & Overtime (Pg. 12)

Overtime Distribution - The PBA proposes that overtime opportunities be equally distributed whenever possible.

The parties resolved this issue at the negotiation meeting of Feb. 12, 1997 and this issue was removed from the table on the first day of hearing.

STATUTORY CRITERIA

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 relevant factor:

The eight statutory criteria set forth in N.J.S.A. 34-13A-16G which will guide the disposition of this matter 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
 - b. In public employment in general.
 - 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, that 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 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 P.L. 1976, c.68 (C.40A:4-45.1 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 of 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 a 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. (N.J.S.A. 34:13A-16g)

Positions of the Parties

Township of South Hackensack

The Twshp points out that South Hackensack is a small community in Southwest Bergen County with a small and declining population, with a comparatively high rate of poverty and with minimal growth in development in recent years. The Twshp notes that successful tax appeals, filed in recent years by commercial property owners, have decreased the Township's assessed valuation from \$355,429,574 in 1991 to a current ratable base of \$307,445,282. Since the amount of tax refunds has exceeded the amounts funded for tax settlements, the Township issued \$1,000,000 of refunding bonds, in May, 1997, in order to fund the settled tax appeals. As a result, the Township's required debt service appropriation will increase by approximately \$110,000 in 1998. The Twshp shows that, despite a decrease in the municipal tax levy in 1997, the decline in ratables has still led to a tax increase. In addition, the Twshp cites the substantial school tax increases and municipal tax increases which have led to an increase from 1.90 per \$100 of assessment to 2.32, an average annual increase of 8.4 points in the last five years or \$147 per annum.

The Twshp notes that it has not experienced an increase in State or Federal Aid during the last three years.

The Twshp points out that police salaries and wages increased from

\$1,400,115 in 1995 to \$1,450,207 in 1996 and that pension costs continue to escalate significantly. The Township notes that salaries and wages outside of the Police Department have little impact on the municipal budget.

The Twshp acknowledges the availability of a CAP bank but claims that any additional appropriations from the CAP bank would entail increases in municipal taxes. The Twshp has utilized the maximum 5% CAP increase permitted under State law. The Twshp maintains that its tight budget could not accomodate the increased salaries in the PBA Final Offer within the CAP without reducing other governmental services and might compel the reduction of police personnel and services.

The Twshp claims that the surplus remaining after the succeeding year appropriation has averaged 2.6% of the municipal budget and is very low when compared with other public bodies. Therefore, the Twshp is dependent on regeneration of surplus from strong tax collections or non-budget revenues. However, the Tshp notes that municipal tax collections have been unpredictable, ranging from a low of 92.53% in 1992 to 97.39% in 1995 and a drop in 1996 to 95.49%. In addition, Municipal Court fine revenue have shown a steady decline since 1993.

The Township believes that its salary proposal is fair and reasonable whereas the PBA salary proposal, supported primarily by evidence in non-comparable communities, is unfair to the Township taxpayers and makes the typical South Hackensack police officer one of the highest paid in the area.

The Twshp notes that PBA members have received a significant increase in real dollars because their wage increases have exceeded the Consumer Price Index in previous contracts. The Twshp believes its wage proposal is in line with the CPI.

The Twshp references the recent teacher contract in South Hackensack which, it claims, provides no increase in the first year and a small increase in the following year. The Twshp believes that, by comparison, its offer in this proceeding is fair and equitable and exceeds the teacher settlement.

The Twshp claims that the appropriate group for comparative purposes is a group of nine communities which most closely resemble South Hackensack in income, size and other socio-economic factors. The Twshp shows that South Hackensack has the second lowest 1989 per capita income among the group, The Twshp maintains that its comparison of the selected group shows that, under the Township proposal, base salaries in 1996 for South Hackensack police officers exceed their colleagues in almost every category. The Twshp notes that its proposal would provide a top salary for a patrolman which is almost \$2,000 higher than the nearest comparable patrolman whereas the PBA proposal would give the South Hackensack patrolman a salary edge ranging from \$3,693 to \$12,676. The Twshp notes that its offer also provides higher salaries for other ranks of officers when compared with superior officers in the other communities. The Twshp also cites the very generous longevity package enjoyed by South Hackensack police. The Twshp believes a similar pattern appears in 1997. The Twshp argues that the PBA proposal, which will increase the base salary of its members significantly above their colleagues in comparable communities, is too generous in the context of a period of governmental austerity whereas the Township proposal is fair because it allows the South Hackensack police officers to maintain a competitive salary with their peers and, in addition, the Township proposal is economically sound and would prevent the need for a force reduction.

The Twshp maintains that the PBA proposal would increase the municipal

budget by \$168,822 over the term of the contract and would cause an additional tax burden of \$95 per home. The Twshp believes the adoption of its proposal will best serve the public interest because it will maintain an adequate police force at a reasonable cost while keeping the budget at a reasonable level without impacting on other fiscal decisions. The Twshp argues that the fair compensation of the South Hackensack police officers is not imperiled by the Township Offer. On the other hand, the Township believes that the PBA proposal disregards the financial impact on the local residents and taxpayers.

The Township seeks an award which adopts its Final Offer.

PBA

The interests and welfare of the public

PBA argues that the interests and welfare of the public are well served by this multi service municipal law enforcement agency which has answered over 9,000 calls of various types in 1996. PBA claims that the full year police department report (Exhibit P-26) shows the extent of the significant work load in this department and that the work is done in a proficient and professional manner. PBA points out that this high level of activity and the varied special services have been provided by the South Hackensack police force with a relatively small number of personnel. PBA maintains that the number of patrolmen has been reduced from eleven to eight since the beginning of the most recent contract. Since there are less officers doing the required police work in the township, PBA argues that a high level of productivity is thus clearly demonstrated.

PBA points out that these personnel changes have provided a significant cost reduction. Citing the Township's 3 Year Police Salary Analysis, PBA shows that there was a higher base salary cost in 1994 than was shown in 1996. PBA

notes that base wage costs, holidays, overtime and longevity have been reduced.

Accordingly, PBA maintains that the residents of South Hackensack have been well served by the high level of professionalism and productivity shown by the police force while, at the same time, receiving a significant economic benefit. PBA believes that this criterion should weigh significantly in favor of the PBA's final position.

Comparison of the wages, salaries and conditions of employment

PBA maintains that South Hackensack is similar to many towns in the area. PBA points out that most of the towns in the immediate area, as well as Bergen County generally, have settled or received interest arbitration awards which cover the first years of the proposed contract in this proceeding.

PBA agrees that the base wage component of South Hackensack police compensation is competitive but argues that other benefits such as scheduling, holidays, longevity and most other paid benefits are in the mid range of law enforcement compensation. PBA notes that this town does not offer retiree medical but other area jurisdictions provide this benefit. PBA focuses on clothing allowance because the South Hackensack police receive the lowest paying clothing allowance of the Bergen County municipal police contracts in evidence in this proceeding, \$332 less than the average. PBA seeks a \$100 per year increase in clothing allowance as a reasonable improvement which will bring this unit's allowance closer to average.

PBA maintains that the towns in the South Hackensack area are homogenous with few meaningful disparities in compensation between them. Although all benefits are not the same in each town, PBA believes that the gross compensation for the area towns is similar and, therefore, the average experiences in these communities merit consideration.

PBA lists the Area Municipal Police Department wage Increases by percentage of change in the base wage component of compensation and shows an average increase of 4.738% in 1996, 4.447% in 1997, 4.313% in 1998 and 4.125% in 1999. PBA argues that the average rates of increase are very close to the PBA's last offer position in this proceeding. On the other hand, PBA argues that the Township has failed to provide support for its proposals to reduce benefits and undo long standing areas of compensation.

PBA claims that the education salaries established in the negotiations between teachers and the South Hackensack Board of Education supports the PBA position in this case. Because education settlements are set through direct bargaining without the availability of interest arbitration, PBA believes these settlements are a better barometer of public sentiment and willingness to pay than are police salaries. PBA points out that the Teachers' contract provides for average base rate increases of 5.1% plus other benefit improvements. PBA references the five year contract between the Board of Education and the Administrative Principal/ Chief School Administrator which provide for increases in excess of 10% annually (plus other benefits) and are approximately double the PBA's last offer position in this case.

PBA cites an oft quoted comment by Arbitrator Weinberg in the Ridgewood Arbitration Award, IA-94-141. Arbitrator Weinberg indicated that only slight weight should be given to the standard of comparable private employment because of the lack of specific and obvious comparable occupational categories in the private sector. Arbitrator Weinberg stated that the greatest weight should be allocated to the comparison between the unit employees and other employees performing the same or similar services and with other employees generally in public employment in the same or similar comparable jurisdictions.

Stipulations of the Parties

PBA confirms the stipulated agreement on overtime distribution. PBA maintains that there are no other substantive stipulations that would have any noticeable impact on the disposition of this matter.

Lawful Authority of the Employer

PBA claims that the payment of the PBA's last offer is well within the lawful authority of the employer. PBA notes that the Township, in its 1997 budget, allocated \$101,000 less than was permitted by law under the "Total General Appropriations for Municipal Purposes Within Cap".

Since unused cap flexibility from one year may be carried forward up to two years for future use, the Township has carried forward a significant "cap bank" from 1997 to 1998. PBA points out that "CAP" flexibility is increasing in the Township and, therefore, does not believe that there will be a CAP problem in 1998 or in the immediate future years. Accordingly, PBA maintains there is sufficient flexibility within the cap and the banked cap funds to accommodate the PBA position and there is no lawful authority problem for the employer in this proceeding.

The Financial Impact on the Governing Unit, its Residents and Taxpayers

PBA maintains that the award of its position will not have a perceptible impact on the residents and taxpayers. PBA claims that the Township has ample fiscal flexibility to implement the PBA position. PBA cites the "Township of South Hackensack - 3 Year Police Salary Analysis" submitted by the Township at the request of the arbitrator to show that the total base salary cost for the entire police department was \$945,494 in 1995. PBA estimates that the total cost of its 5% annual increase would be \$47,270 as compared to the employer's offer which would cost \$24,000 or a difference of \$23,270. PBA claims that this is a very small

amount which can be funded in many areas of the budget. PBA points to savings in Police Chief sick pay, \$75,000 of Public Safety Grant money available in 1997, \$25,000 in "COPS Fast Program" money, and a \$55,000 increase in receipts from delinquent taxes. PBA also notes that the Township has allocated \$114,450 more in 1997 for police salaries and wages than was designated for 1996. PBA argues that any of the sources it has cited are more than enough to bridge the cost difference between the parties' positions.

Citing Exhibit P-31, PBA maintains that the employer has saved a large amount of money as the result of police personnel changes in the recent past. PBA notes the separation of six unit members and their replacement by only three new officers. Besides the payroll savings accruing from three fewer top step patrolmen, PBA refers to the lower starting salaries and absence of longevity for the new hires. PBA points out that the Township exhibit confirms a lower payroll cost in 1995 and 1996 when compared with the cost in 1994. PBA maintains that the record confirms that the cost impact of its wage proposal is insignificant in the context of the substantial wage savings experienced in the past few years, and, as a result of the reduced costs and increased productivity, the police force has more than paid for their own wage increase.

PBA points out that the total 1996 tax levy was about 7.5 million dollars and the municipal portion constituted significantly less than 50% of the levy. PBA estimates the impact of a police force base wage point as .001% of the 1996 tax levy. PBA maintains there is adequate budgetary flexibility to pay the PBA increase.

PBA notes that there was a six cent reduction in the municipal tax rate from 1995 to 1996. PBA cites the consistent improvement in "Net Surplus", steady improvement in issuance of building permits and a steady decline in the

township unemployment rate. PBA also cites the five year low in 1996 of the percentage of levy represented by delinquent taxes and tax liens. PBA notes the remaining municipal borrowing capacity as another indicator of fiscal stability.

PBA rejects the use of the increased costs attributable to step movement of new patrolmen because of the savings benefiting the employer due to the separation of senior personnel and because it fails to take into account academy training time and the increased load on senior personnel to provide training and supervision to the new-hires.

Cost of Living

PBA does not believe that this criterion should have a significant impact on the award in this matter. PBA points out that both offers are at or above the current rate of cost of living increase. PBA argues against placing great importance on this factor because police did not receive increases commensurate with the high peaks in the cost of living cycle.

Continuity and Stability of Employment

PBA maintains that it has shown that the wage rate experience and rates of change in other municipalities strongly support the PBA position. On the other hand, PBA claims that the Employer is disregarding this statutory criterion by requesting an award which would negatively impact on long standing benefits without providing any evidentiary support for this drastic action. PBA maintains that its position is supported by the record, including the clear establishment of the "going rate".

Accordingly, PBA requests that the arbitrator rule in favor of the last offer position presented by PBA.

Analysis

The Township of South Hackensack and the Township of South Hackensack PBA., Local No. 102, were parties to a collective negotiations agreement which expired on December 31, 1995. The negotiations unit includes all full time law enforcement personnel for the Township but excluding the Chief of Police and the Deputy Chief of Police. The unit, in 1996, includes one Captain, two Lieutenants, five Sergeants and eight patrolmen.

The disposition of this matter has been guided by the application of the eight statutory criteria set forth in N.J.S.A. 34-13A-16G.

1. The interests and welfare of the public; considering, inter alia, the limitations imposed upon the employer by the CAP Law, N.J.S.A. 40A:4-45.1 et seq.

In analyzing and evaluating the interests and welfare of the public, the arbitrator must consider the concerns of both parties and attempt to reconcile these concerns in the development of a conventional arbitration decision which is based on a reasonable determination of the issues.

Chief of Police Joseph E. Brown, Jr. issued a Police Report of Total Calls for 1996 in which he detailed the various activities which the police officers perform in order to better serve and protect the citizens and business community of the Township of South Hackensack. The report notes that there were 120,371 total miles covered by patrols and that 9373 total calls were logged by the Police Department. The calls include "dangerous conditions", "domestic violence", "fires", "motor vehicle accidents", "narcotics", "property damage", "theft" and "traffic summons issued". The Department contains a Detective Bureau which has maintained 94 continued investigations, originated 33 investigations and processed 191 warrants.

Accordingly, it appears that this police force well serves the interests of South Hackensack by its active involvement in the prevention, correction and investigation of crime, traffic and other offenses affecting residents, property owners and commercial activity in this Township, located in Southwest Bergen County, approximately six miles southwest of the George Washington Bridge. Certainly, the public interest of the residents and commercial community of South Hackensack is served by the continued maintenance of an experienced, well-trained, professional police force which, as a result of high morale, is motivated to continue the productive performance of the various activities noted above. On the other hand, although the Township residents seek to maintain a police force which is productive in all of the above-mentioned public safety activities as well as a force large enough to meet the law enforcement needs of the Township, the Township's residents and taxpayers, faced with numerous tax appeals filed in the past few years in large part by commercial property owners, are forced to seek to limit the costs of its police force so that other Township services may be preserved and, at the same time, keep the tax rate as low as possible.

Productivity and high morale are achieved and maintained when police officers receive adequate compensation for their training, experience and unique responsibilities. Morale and a commitment to dedicated performance of these unique responsibilities is dependent on a recognition by police officers that there is a reasonable correlation between their working conditions and the working conditions of other police officers in comparable communities. On the other hand, the Township, concerned with declining real estate assessments due to tax appeals and lack of growth in development, seeks a modest three year wage package which would help the Township in addressing its current financial

problems.

PBA cites the significant cost reductions accruing to the employer as the result of personnel changes and the high level of productivity demonstrated by a smaller police force as support for its request for a 5% annual wage increase for each of four years. In addition, PBA references a 4.738 percent average of settlements in twenty two Bergen County law enforcement agencies in 1996, 4.447% in 1997 and 4.313% in 1998 and 4.125% in 1999. PBA also seeks a clothing allowance increase to rectify a situation wherein the South Hackensack police force receives the lowest clothing allowance of all the towns in evidence in this proceeding. PBA, in seeking a 5.0% increase in each year, maintains that the average rates of increase are very close to the PBA's last offer in this proceeding and its wage offer should be adopted to maintain its standing among comparable communities.

On the other hand, the Township rejects the comparables offered by the PBA because they consist of evidence relating to existing contracts in non-comparable communities. The Township has submitted comparative evidence which focuses on the law enforcement agencies in nine communities which most closely resemble South Hackensack in the areas of income, size and other relevant socio-economic factors. The Township notes that South Hackensack police are at the top of the comparable Bergen County group of law enforcement agencies and, under its wage proposal, will not suffer any serious decline in standing.

The undersigned does not believe that either the PBA proposal or the Township proposal reasonably addresses the diverse concerns which must be reconciled in the development of this decision in order to be consistent with the public interests and welfare. As shown later in this decision, the PBA proposal

exceeds the rate of increase in the cost of living, exceeds the average of current wage increases in comparable law enforcement agencies and exceeds the rate of increase in the private sector. On the other hand, the Township Offer would fail to match the recent rate of increase in the cost of living, would fall below the average of current wage increases and would be less than the rate of increase in the private sector. Accordingly, the undersigned intends to develop an Award which is more consistent with the public interests and welfare than the competing final offers submitted by the parties.

The statute requires, in the consideration of the interests and welfare of the public, that an assessment be made of the limitations imposed on the Borough by N.J.S.A. 40A:4-45.1 et seq., the CAP law. As will be noted in the "Lawful Authority" section of this analysis, the arbitrator's award will not exceed the limits imposed by the CAP law.

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

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 can 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.

However, the rate of wage change in the private sector generally is a consideration which must be accorded significant weight. The rate of wage change in the private sector and the rate of wage change among public sector law enforcement units are affected by the same national and local factors, such as the health of the economy, prevailing interest rates, status of unemployment, rate of inflation and the impact of tax legislation. Accordingly, this factor merits consideration in conjunction with the rate of wage change in public employment in general and public employment in the same or similar comparable jurisdictions.

Although the parties have not addressed this criterion, the undersigned is constrained to take administrative notice of information, excerpted from the Labor Relations Reporter, 152 LRR 398, dated 7/29/96, which indicates that nationwide private sector settlements have exhibited median average increases of 3% for 1996. However, the Labor Relations Reporter notes that wage increases of unspecified amounts and cost-of-living adjustments were not included in the tabulations of the medians. Accordingly, the rate of change in the private sector appears to be somewhat in excess of 3% for 1996. The Public Employment Relations Commission has furnished the arbitration panel with a report of private sector wage changes compiled by the New Jersey Department of Labor. This report, which shows changes in the average wages of private sector jobs covered under the state's unemployment insurance system, indicates a 3.6% increase in Bergen County in 1995 and a private sector wage increase of 3.4% in the State of New Jersey in 1995. In fashioning the Award in this matter, the undersigned has

given this factor significant weight.

b. In public employment in general.

The BLS Report on Negotiations, 8:310, No.1298, dated 3/2/95, published by the Bureau of National Affairs, Inc., notes that State and local government contracts (usually negotiated in 1993 and scheduled for renegotiation in 1995) showed settlement terms that yield annual wage changes (including COLA payments) averaging 2.5% in all State and Local Government contracts over their contract life. The same BLS Report notes that the rate of increase for protective services averaged 3.1%. However the BLS Report notes the following:

Recent settlements suggest a more favorable bargaining climate for at least some State and local government workers with contracts set to expire in 1995. As noted earlier, for the first time since the second half of 1990, settlements reached in the first six months of 1994 provided wage gains that were larger, on average, than those negotiated in the replaced contracts. Both first-year changes (3.0 percent) and annual changes over the contract term (3.3 percent) were at their highest level since the six month period from July 1990 to December 1990. In addition, the proportion of workers with decreases or no changes in their wage rates was considerably lower than in recent years.

Thus the BLS Report on Negotiations confirms the emergence of a more favorable collective negotiations climate in the public sector with fewer wage freezes and annual changes over the contract term increasing to 3.3 percent when parties negotiated renewal contracts for contracts expiring in 1995. This is an additional significant factor to which the undersigned has assigned weight

and has been considered in the formation of the Award.

c. In public employment in the same or similar comparable jurisdictions, as determined in accordance with N.J.S.A. 34:13A-16.2.

PBA argues that the most appropriate comparison is the one between South Hackensack Police and the other law enforcement agencies in Bergen County. On the other hand, the Township suggests that a better law enforcement agency comparison exists between the South Hackensack police and the police departments in the nine communities that most closely resemble the Township with respect to income, size and other socio-economic factors. The undersigned believes that the "comparables" offered by the Township more closely conform to the requirements of N.J.S.A. 34:13A-16.2 since they measure employment conditions of law enforcement officers which are geographically adjacent to South Hackensack and exhibit similar socio-economic characteristics while the comparable communities offered by PBA are geographically more distant and no evidence has been offered to establish any similarity in socio-economic characteristics.

Based on the above, the undersigned believes that the comparables proposed by the Township are appropriate for consideration in this proceeding.

Although the Township has provided information detailing the base salaries of the Top Patrolman in each of the nine municipalities in 1996, it has not furnished the base salaries of the Top Patrolman in each of the nine municipalities in 1995 and has listed the base salaries of the Top Patrolman in only six of the nine municipalities of the comparison group in 1997. In Chart No. 1 of the PBA brief, PBA has listed "Area Municipal Police Departments Wage Increases in Evidence Expressed in Percentage of Change" for 1996, 1997, 1998 and 1999. This chart includes information concerning five of the nine

municipalities identified by the Township as the appropriate comparable group. In order to accurately develop the pattern of change from the 1995 base year to the years involved in this proceeding, the undersigned has focused on the five municipalities in the Township's comparable group for which there is adequate information. Listed below are the wage increases for this group expressed in percentage of change:

<u>Municipality</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Hasbrouck Heights	3.75	3.75		
Wallington	5 (2/3)	5 (2/3)		
Carlstadt	4.75	4.5		
Woodridge	4.0	4.0		
Little Ferry	4.75	5.0		
Average:	4.45	4.45		

In order to determine the average change in rate, the undersigned has used 5% in Wallington in 1996 and 1997 although the wage increases are split. If the monetary value of the split increases is utilized for Wallington, the average in 1996 is 4.15% and 4.45% in 1997 and there is a 1.5% unused carryover into 1998.

Using the 1996 percentage increases, the undersigned has backed into the 1995 Top Patrolman rates, which are listed below.

	<u>1995 Base Pay Rates</u>
<u>Municipality</u>	<u>Rate</u>
Little Ferry	57,876
Carlstadt	57,068
Wood-Ridge	56,729
Hasbrouck Heights	61,995
Wallington	59,365

The Average 1995 Top Patrolman Base Rate in the comparable group is \$58,607. The Top Patrolman Rate in South Hackensack, effective 7/1/95, was \$64,774. The South Hackensack Top Patrolman Rate exceeded the average in the comparable group by \$6,167 in 1995. The Top Patrolman Rates, negotiated or awarded, for the five communities in the comparable group are as follows:

<u>Municipality</u>	<u>1996</u>	<u>1997</u>
Hasbrouck Heights	64,320	66,732
Wallington	62,333	65,487
Carlstadt	59,779	62,469
Woodridge	58,998	61,358
Little Ferry	60,625	63,656
Average:	61,211	63,940

Under the Township Offer, the South Hackensack Top Patrolman Rate would increase to \$66,274 in 1996 and \$67,774 in 1997. Under the PBA Offer, the Top Patrolman Rate would climb to \$68,013 in 1996 and \$71,413 in 1997. The effect of these offers on the averages of the comparable group is shown below:

Average:	61,211	63,940
Township Offer:	66,274	67,774
Difference:	5,063	3,834

Average	61,211	63,940
PBA Offer:	68,013	71,413
Difference:	6,802	7,473

As can be seen from the charts above, under the Township proposal the favorable South Hackensack differential would shrink from \$6,167 in 1995 to \$3,834 in 1997 and, under the PBA proposal, the favorable South Hackensack

differential would escalate from \$6,167 in 1995 to \$7,473 in 1997.

In addition, it should be noted that the annual \$1500 increase proposed by the Township, when applied to the Top Patrolman Rate, has a percentage increase value of 2.32% in 1996, 2.26% in 1997 and 2.21% in 1998 as opposed to the PBA proposal which has a percentage increase value of 5% in each year.

Both the Township and PBA have offered the South Hackensack Board of Education settlement as an appropriate comparable in this proceeding. The undersigned believes that the Board of Education settlement is a very significant comparable and should be given considerable weight. The South Hackensack Board of Education budget is funded by the same taxpayers who fund the South Hackensack police department. The sources of revenue for the Board of Education are similarly affected by the levels of State aid and loss of income due to tax appeals. A significant portion of the total tax levy is devoted to education. Accordingly, the size of the Board of Education budget impacts substantially on the Township taxpayers. Furthermore, the Board of Education budget is submitted to the taxpayers each year for approval or rejection. In the face of these circumstances, the South Hackensack Board of Education has negotiated a three year contract with the Education Association of South Hackensack which provides for the following:

The salaries of all persons covered by this agreement shall be as set forth in Schedule A attached hereto for the school years 1996-1997 and 1997-1998. Commencing with the 1997-1998 school year and thereafter, full-time teachers who have been on the fourteenth (14th) step of the salary guide for at least one (1) year and who have been employed in the district for at least ten (10) years, shall receive an additional payment of Two Thousand Dollars

(\$2,000.00). For the 1998-1999 school year, the salary guide shall be revised to reflect an increase of Two Hundred Fifty dollars (\$250.00) on each step except the fourteenth (14th) step. The fourteenth (14th) step for 1998-1999 will be increased three percent (3%) over the 1997-1998 salary guide.

It appears that the negotiators made special efforts to upgrade the Salary Guide and also made special efforts to compensate long-term employees who were no longer eligible for step increments. The undersigned has studied the Board of Education salary settlement and salary guides contained in Exhibit 13 and compared the resulting salaries with the salaries in the expired Board of Education agreement, Exhibit P32, and notes the following dollar and percentage increases for a long term employee on Step 14 of the BA column:

<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>
53,336	55,100 (3.31%)	55,100 + 2000 (3.63%)	56,753 + 2000 (3%)

An employee on Step 11 of the BA column would have received the following increments under the old agreement, as the employee moved from Step 11 of the BA column to Step 14 of the BA column.

<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>
48,254	49,937 (3.49%)	51,629 (3.39%)	53,336 (3.31%)

Under the new agreement, this employee would experience the following increases:

<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>
48,254	51,000 (2.13%)	53,550 (3.72%)	56,753 (6.41%)

Thus, in 1996-1997, this employee would receive a salary 2.13% higher than under the old agreement. In 1997-1998, this employee would receive a salary 3.72% higher than under the old agreement and, in 1998-1999, this employee would

receive a salary 6.41% higher than under the old agreement.

An employee, in the mid-range of the Salary Guide, on Step 6 of the MA+30 column, received the following increments under the old agreement, as the employee moved from Step 6 of the MA+30 column to Step 9 of the MA+30 column.

<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>
48,192	50,243 (4.26%)	52,297 (4.09%)	54,351 (3.93%)

Under the new agreement, this employee would experience the following increases:

<u>1995-1996</u>	<u>1996-1997</u>	<u>1997-1998</u>	<u>1998-1999</u>
48,192	51,931 (3.36%)	54,263 (3.76%)	56,595 (4.13%)

Thus, in 1996-1997, this employee would receive a salary 3.36% higher than under the old agreement. In 1997-1998, this employee would receive a salary 3.76% higher than under the old agreement and in 1998-1999, this employee would receive a salary 4.13% higher than under the old agreement.

Although an exact costing of the Board of Education agreement can not be effectuated without a scattergram of affected employees, it appears from the above examples that long term employees will average an annual increase of 3.31% and employees, moving through the guide, will average a 4.09% annual increase. It must be noted that the increases listed above were the result of negotiations, were voluntarily agreed to and not the product of terms imposed by a third party neutral.

The undersigned, in the consideration of the statutory criterion of "Comparables" also takes administrative notice of a summary of Interest Arbitration Awards and voluntary settlements issued by P.E.R.C. since January 1, 1997 which generally cover the same time frame implicated in this proceeding.

The charts below reflect only wage increases provided in 1996, 1997 and 1998, the years involved in this proceeding. The arbitration awards list all conventional arbitration awards to date. The undersigned has not included the State/SLEU conventional award because of the inability to translate bonuses and dollar amounts to comparative percentages. However, it appears that inclusion of this conventional award would lower the average because the award provides for a \$250 cash bonus in 1996 plus uniform maintenance or clothing allowance. In 1997 and 1998 a 3.5% increase is provided.

Settlements

	1/1/96	7/1/96	1/1/97	7/1/97	1/1/98	7/1/98
New Milford	2.0%	2.0%	3.5%		2.0%	2.5%
Franklin	4.0%		4.2%			4.2%
Mendham	4.0%		4.25%			
Bordentown	4.0%	4.5%			4.5%	
Montclair	2.0%	3.0%	3.0%	1.75%	3.0%	1.75%
Marlboro	4.0%		4.75%		4.65%	
Hillside		2.9%		3.0%		3.5%
Hamilton		4.0%		4.0%		4.0%
Princeton	3.9%		3.9%		3.9%	
Verona	3.0%		3.0%	3.0%	3.0%	5.0%
Lebanon	4.0%		4.5%		4.5%	
Camden	3.9%*		3.9%*		3.9%*	

(Co. Pros)

*plus 1.1% for top step

After adjusting for the split increases, the average increase in 1996 is 3.8%, in 1997 it is 4.4% and in 1998 it is 4.38%.

Interest Arbitration Awards

	1/1/96	7/1/96	1/1/97	7/1/97	1/1/98	7/1/98
Far Hills	4.0%		4.0%		4.25%	
Hackettstwn	3.4%		3.5%		3.5%	
Emerson	4.0%		3.5%		2.0%	
Hudson Co	5.0%		5.0%		5.0%	
Rutherford	3.75%		3.75%		2.0%	2.0%
Allendale	4.0%		3.75%		3.50%	
W. Caldwell	4.95%		4.0%		4.0%	
Bernards	3.5%		3.75%		4.0%	
Average:	4.19%		3.91%		3.53%	

When one combines average increases in settlements and Interest Arbitration Awards, the pattern of increases for 1996, 1997 and 1998 appears as follows:

	1996	1997	1998
Settlements:	3.8	4.4	4.38
IA Awards:	4.19	3.91	3.53
Average:	4.00	4.16	3.96

It is noted that the average of Interest Arbitration Awards is on a downward slope. However, it appears that the average, between settlements and Interest Arbitration Awards, is still higher than the rate of increase in the Consumer Price Index. In addition, the composite three year increase in IA Awards is 11.63% in the three year period analyzed. Accordingly, the undersigned believes that the above listed salary comparisons are pertinent and should provide guidance in the development of the Award in this matter.

The undersigned has placed considerable weight on the voluntary,

mutually negotiated South Hackensack Park Board of Education settlement and the wage settlements in the comparable Southwest Bergen communities which were the product of a negotiations process, either settlement or an award.

It must be noted that the rate of wage increases contained in the South Hackensack Board of Education is closely related to the current increase in the cost of living index, falls below the "going rate" of increases in 1996 (as shown in the comparisons listed above) but follows the downward trend of settlements and awards in the most recent period and is also closely related to the rate and trend of wage increases in the private sector.

For all of the above reasons as well as the significant weight which should be accorded to an internal Township settlement with a large bargaining unit , which is influenced by the same economic factors affecting the disposition of this matter and having a significant economic impact on the same residents and taxpayers as are affected by this proceeding, the wage settlement in the South Hackensack Board of Education will significantly influence the development of the Award in this proceeding.

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.

An analysis of the economic benefits received by the members of this unit indicates that the employees receive an outstanding package of holidays, vacations, longevity, medical and hospitalization benefits and pension coverage. It should be noted that the employer has recently experienced a significant increase in pension costs and the employer projects a further substantial increase in the cost of providing this benefit. In the development of this Award,

the undersigned has been mindful of the Township's additional pension cost burden in this area.

As part of their overall compensation, South Hackensack police receive an annual \$400 clothing allowance for the purchase or replacement of clothing and maintenance of clothing. The PBA seeks a \$100 per year increase in this allowance. An analysis of the clothing allowances in five of the comparable communities, noted above, reveals the following:

Town	Annual Clothing Allowance
Hasbrouck Heights	\$1050
Wallington	\$ 650
Carlstadt	\$1125
Woodridge	\$ 800
Little Ferry	\$ 975
Average:	\$ 920

Accordingly, it appears that South Hackensack police receive an allowance which is \$520 less than the average of the other five communities. In fact, the South Hackensack police are now in last position concerning this benefit. Although a \$100 annual increase in clothing allowance appears to be warranted, in developing the economic award, the undersigned has determined that only the category of salaries should be modified in this matter in order to provide employees with the maximum wage improvement within the reasonable constraints of the Township's fiscal situation. Thus, the PBA request for an improvement in clothing allowance is not included in this award.

4. Stipulations of the parties.

There are no pertinent, substantive stipulations of the parties which require consideration in this matter.

7. The cost of living.

The undersigned takes administrative notice of Table 16 by Expenditure Category of the Consumer Price Index for all Urban Consumers. This table indicates a 2.72% increase from January, 1995 to January, 1996 and a 3.32% increase from January, 1996 to December, 1996, amounting to a 6.2 percent increase in 1995 and 1996.

This low level of inflation has persisted for several years and, despite the improved conditions now apparent in the national economy, the inflation rate has not accelerated to date.

As noted above, the Township proposed annual \$1500 increase, when applied to the Top Patrolman Rate, has a percentage increase value of 2.32% in 1996, 2.26% in 1997 and 2.21% in 1998 as opposed to the PBA proposal which has a percentage increase value of 5% in each year. Under the Township's proposal, the salaries of the police officers in this unit would not keep pace with the increase in the cost-of-living and would, indeed, result in a loss of purchasing power for these officers. On the other hand, the PBA proposal would entail annual increases which are considerably higher than the present rate of inflation. Under these circumstances, the undersigned believes that both proposals are flawed with respect to this statutory criterion. The undersigned believes that the award developed in this matter should more closely track the cost-of-living index increase and, therefore, be more consistent with this statutory criterion.

5. The lawful authority of the employer; considering, inter alia, the limitations imposed upon the employer by the CAP Law, N.J.S.A. 40A:4-45.1 et seq.

6. The financial impact on the governing unit, its residents and taxpayers. The arbitrator 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 of 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.

At this point, based on the factors analyzed above, the terms of the economic award will be listed and the costs calculated in order to determine how the award will comport with the two statutory criteria listed above. In developing the economic award, the undersigned has determined that only the category of salaries should be modified in this matter in order to provide employees with the maximum wage improvement within the reasonable constraints of the Township's fiscal situation. Thus, as noted above, the PBA requests for an improvement in clothing allowance are not included in this award.

Term:

PBA seeks a four year agreement while the Township requests a three year agreement. The undersigned notes that, of twenty two contracts referenced by PBA in the comparison of Area Municipal Police Department Wage Increases, there are only seven contracts with settled figures for 1998 and there are only four contracts with settled figures for 1999. In this proceeding, the Township has emphasized the financial impact of significant loss of revenue due to successful

tax appeals and projected significant increases in pension contributions. The award in this proceeding has been affected by these serious financial impacts. However, there are no sound or reliable long range projections on which this arbitrator can rely in order to fashion a supportable award beyond 1998. The undersigned believes that the three year agreement, requested by the Township, will provide the parties with an opportunity to reconsider their positions and demands in the light of more current conditions. It is noted that a three year agreement will not compel the parties to return to the negotiations table shortly after the issuance of this award and should provide a period of stability before engaging in a new round of negotiations.

Accordingly, the term of the new agreement shall run from Jan. 1, 1996 to Dec. 31, 1998.

Salaries:

As noted above, the development of the award herein has been significantly influenced by the Township's fiscal constraints caused by loss of revenue and ratables due to tax appeals, the relatively superior position of South Hackensack police officers with regard to Top Patrolman rates, the rate of wage change in the private sector and the rate of wage change among public sector law enforcement units in general, the comparison of the wages, salaries, hours, and conditions of employment of the law enforcement employees involved in this arbitration proceeding with the wages, hours, and conditions of employment of other law enforcement employees performing similar services in a group of comparable communities, the overall direction and rate of wage increases in settlements and Interest Arbitration Awards, the rate of increase in the Consumer Price Index and the rates of increases in the South Hackensack Board of Education agreement.

The undersigned believes that the diverse considerations noted above will be best addressed by the award of a 3.25% increase in 1996, a 3.25% increase in 1997 and a 3.25% increase in 1998.

The Township has provided a costing of 1996 Salary and Longevity benefits by Officer, 1997 Salary and Longevity benefits by Officer and 1998 Salary and Longevity benefits by Officer. This costing includes base pay, detective differential, longevity and the projected cash outlay for step movement for four officers, giving effect to anniversary date. The undersigned has carefully studied and confirmed the methodology and accuracy of the Township's costing with the exception of one error. The projected salary for Patrolman Olsomer, under the Township proposal, is overstated by \$7,390 in 1996, 1997 and 1998. As a result, the overall cost of the Township proposal has been overstated by these amounts. The Township has offered the following RECAP of the cost of the competing offers:

Year	Township	PBA	Difference
1996	1,078,345	1,098,310	19,965
1997	1,140,304	1,195,386	55,082
1998	1,193,142	1,286,917	93,775
Total:	3,411,791	3,580,613	168,822

After making the correction of Patrolman Olsomer's projected salary under the Township proposal, the RECAP is modified as follows:

Year	Township	PBA	Difference
1996	1,070,956	1,098,310	27,354
1997	1,132,914	1,195,386	62,472
1998	1,185,752	1,286,917	101,165
Total:	3,389,622	3,580,613	190,991

Using the same methodology and including all of the factors utilized by the Township in its costing, the costing of the arbitrator's award is listed below, for each year, by officer.

							<u>1996</u>
<u>Rank</u>	Name	Salary	Long.%	Longevity	Det.	Total	
Captain	Zito	78,506	0.1	7,851		86,357	
Lieut.	Leichtweisz	74,655	0.1	7,465		82,120	
Lieut.	Montenegro	74,655 0	0.02	1,493	800	76,948	
S'gt.	Frew	70,751	0.06	4,245	800	75,796	
S'gt.	Furbacher	70,751	0.04	2,830		73,581	
S'gt.	Garris	70,751	0.04	2,830		73,581	
S'gt.	Terraccino	70,751	0.02	1,415		72,166	
S'gt.	Ulliana	70,751	0.04	2,830		73,581	
Ptl.	Kaiser	66,879	0.02	1,338		68,217	
Ptl.	Olsomer	66,879	0.04	2,675		69,554	
Ptl.	Rizer	66,879	0.02	1,338		68,217	
Ptl.	Veprek	66,879	0.04	2,675		69,554	
Ptl.	Brando	51,003	0.01	510		51,513	
Ptl.	Riotta	51,003	0.01	510		51,513	
Ptl.	Licanara	47,851	0.01	479		48,330	
Ptl.	Evans	38,617	0.01	386		39,003	
Total:						1,080,032	

							<u>1997</u>
<u>Rank</u>	<u>Name</u>	<u>Salary</u>	<u>Long.%</u>	<u>Longevity</u>	<u>Det.</u>	<u>Total</u>	
Captain	Zito	81,057	0.1	8,106		89,163	
Lieut.	Leichtweisz	77,081	0.1	7,708		84,789	
Lieut.	Montenegro	77,081	0.04	3,083	800	80,965	
S'gt.	Frew	73,050	0.06	4,383	800	78,233	
S'gt.	Furbacher	73,050	0.06	4,383		77,433	
S'gt.	Garris	73,050	0.04	2,922		75,972	
S'gt.	Terraccino	73,050	0.02	1,461		74,511	
S'gt.	Ulliana	73,050	0.06	4,383		77,433	
Ptl.	Kaiser	69,053	0.02	1,381		70,434	
Ptl.	Olsomer	69,053	0.06	4,143		73,196	
Ptl.	Rizer	69,053	0.04	2,762		71,815	
Ptl.	Veprek	69,053	0.04	2,762		71,815	
Ptl.	Brando	60,411	0.01	604		61,015	
Ptl.	Riotta	60,411	0.01	604		61,015	
Ptl.	Licanara	57,622	0.01	576		58,198	
Ptl.	Evans	47,833	0.01	478		48,311	
Total:						1,154,300	

							<u>1998</u>
<u>Rank</u>	<u>Name</u>	<u>Salary</u>	<u>Long.%</u>	<u>Longevity</u>	<u>Det.</u>	<u>Total</u>	
Captain	Zito	83,691	0.1	8,369		92,060	
Lieut.	Leichtweisz	79,586	0.1	7,959		87,545	
Lieut.	Montenegro	79,586	0.04	3,183	800	83,570	
S'gt.	Frew	75,424	0.06	4,525	800	80,750	
S'gt.	Furbacher	75,424	0.06	4,525		79,950	
S'gt.	Garris	75,424	0.04	3,017		78,441	
S'gt.	Terraccino	75,424	0.04	3,017		78,441	
S'gt.	Ulliana	75,424	0.06	4,525		79,950	
Ptl.	Kaiser	71,297	0.04	2,852		74,149	
Ptl.	Olsomer	71,297	0.06	4,278		75,575	
Ptl.	Rizer	71,297	0.04	2,852		74,149	
Ptl.	Veprek	71,297	0.04	2,852		74,149	
Ptl.	Brando	67,552	0.02	1,351		68,903	
Ptl.	Riotta	67,552	0.02	1,351		68,903	
Ptl.	Licanara	65,633	0.02	1,313		66,946	
Ptl.	Evans	57,973	0.01	580		58,553	
Total:						1,222,033	

The cost of the parties' offers and the arbitrator's award is shown below:

<u>Year</u>	<u>Township</u>	<u>PBA</u>	<u>Award</u>
1996	1,070,956	1,098,310	1,080,032
1997	1,132,914	1,195,386	1,154,300
1998	1,185,752	1,286,917	1,222,033
Total:	3,389,622	3,580,613	3,456,365

The difference in the annual and three year total of the competing offers versus the arbitrator's award is listed below:

<u>Year</u>	<u>Township</u>	<u>Award</u>	<u>Difference</u>
1996	1,070,956	1,080,032	9,076
1997	1,132,914	1,154,300	21,386
1998	1,185,752	1,222,033	36,281
Total:	3,389,622	3,456,365	66,743
Difference Annualized:			22,248

<u>Year</u>	<u>PBA</u>	<u>Award</u>	<u>Difference</u>
1996	1,098,310	1,080,032	18,278
1997	1,195,386	1,154,300	41,086
1998	1,286,917	1,222,033	64,884
Total:	3,580,613	3,456,365	124,248
Difference Annualized:			41,416

As can be seen from the charts above, the arbitrator's award will, over three years, cost \$66,743 more than the Township proposal, or \$22,248 per year while the arbitrator's award will cost, over three years, \$124,248 less than the PBA proposal, or \$41,416 per year.

As noted above, under the Township proposal the favorable South Hackensack differential, enjoyed by its Top Patrolman over the similar position in comparable communities, would shrink from \$6,167 in 1995 to \$3,834 in 1997 and, under the PBA proposal, the favorable South Hackensack differential would escalate from \$6,167 in 1995 to \$7,473 in 1997. However, under the arbitrator's award, as shown below, the favorable differential would only decline slightly to \$5,668 in 1996 and to \$5,113 in 1997, causing minimal harm to the standing of

South Hackensack Top Patrolmen vis a vis their counterparts in the comparable communities.

	1996	1997
Average	61,211	63,940
Award:	66,879	69,053
Difference:	5,668	5,113

The statutory criterion relating to the lawful authority of the Employer specifically requires consideration of the limitations imposed upon the employer by the CAP Law, N.J.S.A. 40A:4-45.1 et seq. Under the CAP Law, an employer is limited to expenditures within a specified index rate unless it takes the required steps to utilize the maximum CAP rate of 5%. The Township has, in 1996, utilized the maximum CAP rate of 5% instead of the 3.5% index rate and, in 1997, again utilized the maximum CAP rate of 5% instead of the 2.5% index rate. However, on page 3c of the adopted copy of the 1997 budget, after applying 5% to \$3,638,481 (Amount which "CAP" is applied) and adding \$29,425 (1995 CAP Bank), the Township listed \$3,489,830 as "Total General Appropriations for Municipal Purposes within "CAP". Nevertheless, the Township listed \$3,748,619 as the Total General Appropriations Subject to "CAP" Set Forth in this Budget and, therefore, noted that there was \$101,211 "Available "CAP" Remaining". Accordingly, since the three year cost of the arbitrator's award exceeds the Township proposal by only \$66,734, the available "CAP" remaining in the 1997 budget can accomodate the terms of the Award. Accordingly, the Township clearly has the lawful authority to avail itself of sufficient funds under the CAP Law to implement the additional cost of the arbitrator's award, as noted above.

At this point, the analysis of the statutory criteria requires a consideration of the financial impact of the Award on the Township, its residents and taxpayers.

In 1996, as noted above, the arbitrator's award will cost \$9,076 more than the amount proposed by the Township. In 1997, the arbitrator's award will cost \$21,386 more than the amount proposed by the Township.

The undersigned believes that the record indicates that there is sufficient surplus to accommodate the slightly higher costs of the arbitrator's award without making a substantial reduction in the current fund. The employer has furnished a Schedule of Year End Surplus to Budget (Exhibit 17). The Schedule shows the Surplus, Year End for the period from 1991 to 1996, as follows:

Year	Surplus, Year End
1991	371,053
1992	443,464
1993	484,527
1994	346,371
1995	625,378
1996	483,826

Accordingly, the Township's average Year End Surplus during this six year period has been 459,103, a figure very close to the 1996 Year End Surplus. The Schedule also shows that Amounts Anticipated in Succeeding Year's Adopted Budget have ranged from a low of \$250,000 to a high of \$438,000 and have averaged \$325, 500, a figure very close to the amount anticipated in the 1997 adopted budget. Thus, the figures indicate a pattern of reaching an average year end surplus of \$459,103 while anticipating an average of \$325,000 in the succeeding year's adopted budget. Based on this pattern of year end surplus generation, the undersigned does not believe that the slightly higher costs of the arbitrator's award will cause a substantial modification in the current fund.

Furthermore, it must be noted that utilization of the salary appropriations in

the 1997 budget may be sufficient to implement the arbitrator's award without recourse to the surplus fund. In the 1997 budget, the Township has appropriated \$1,500,000 for Police Salaries and Wages, \$114,450 more than was appropriated in the 1996 budget. In its simplest form (without accounting for longevity adjustments or step increments) the Township proposal requires an additional \$24,000 in 1996 ($\1500×16) and \$48,000 in 1997 ($\3000×16) for a two year total of \$72,000. The arbitrator's award for 1996 entails a higher cost of \$9,076 and for 1997 a higher cost of \$21,386 for a total increased cost above the Township proposal of \$30,456. Thus, to implement the first two years of the arbitrator's award, there is a need for \$102,456 ($\$72,000 + \$30,456$). The additional appropriation of \$114,450 would accommodate this need. However, in the absence of a more specific explanation for this appropriation, this source of funding for the wage increases is not certain. Nevertheless, it is noted that only \$1,450,207 was expended in 1996 for Police Salaries and Wages, approximately \$50,000 less than is appropriated for 1997. In addition, the 1997 Police Salary and Wage Account would no longer be encumbered by \$13,093.38 expended in 1996 for a departed captain's sick pay. Accordingly, it appears that the 1997 budget, in this line item, already contains a significant amount of appropriations to fund the increases contained in the arbitrator's award.

In addition, it appears that the Township has realized significant savings as the result of employee turnover which will help in funding the difference between the Township's proposal and the Arbitrator's Award. When measuring the potential financial impact of an award, the arbitrator assumes a static cadre of personnel for the term of the agreement and projects the future costs accordingly. However, in actuality this is rarely the case. Financial Impact based on a projected static police force is generally a "worst-case scenario". The

financial impact is often significantly ameliorated by personnel turnover. A case in point is the experience of this negotiations unit during the prior contract which has had a substantial effect on the cost of providing police services during that period and has impacted on the cost of providing these services during the term of the new agreement.

At the request of the undersigned arbitrator, the Township provided a "3 Year Police Salary Analysis" covering 1994, 1995 and 1996. A review of the parties' Jan. 1, 1993 through Dec. 31, 1995 agreement indicates that provision was made for the following increases:

1/1/93	3%	7/1/93	3%
1/1/94	3%	7/1/94	3%
1/1/95	3%	7/1/95	3%

In spite of the wage increases implemented in accordance with the parties' agreement, the "3 Year Police Salary Analysis" shows the following payroll costs in the area of base pay and longevity:

	1994	1995	1996
Base Salary	988,888.39	945,494.49	984,683.19
Longevity	41,836.48	31,442.76	35,127.60
Total:	1,030,724.87	976,937.25	1,019,810.79

Had there been a static cadre of personnel, the base salary and longevity costs in 1995 and 1996 would be, as shown below, after applying the two 3% increases in 1995 and using the 1994 longevity percentage in 1995 and 1996.

	1995	1996
Base Salary	1,033,833	1,049,111
Longevity	43,421	44,062
Total:	1,077,254	1,093,173

The difference between the projected costs of a static force and the actual costs are shown below:

	1995	1996
Static Force	1,077,254	1,093,173
Actual Force	976,937	1,019,810
Difference:	100,317	73,363

Thus, as the result of significant personnel turnover, there have been substantial cost savings of \$100,317 in 1995 and, before the implementation of the arbitrator's award in 1996, the actual cost of the police force is \$73,363 less than had been projected for a static force. In fact, the cost of the arbitrator's award in 1996, which includes a 3.25% base salary increase, longevity and substantial step increments for four junior police officers, is \$1,080,032, \$13,141 less than had been projected for a static force in 1996 by the terms of the expired agreement. It must be pointed out that, despite the obvious cost savings due to personnel turnover and a reduced force, there is no evidence that the reduced police force has failed to provide adequate police services and the "3 Year Police Salary Analysis" shows that the overtime costs in 1995 were less than in 1994 and the overtime costs in 1996 were about the same as in 1994.

Thus, it appears that, payroll savings, attributable to turnover, have provided a very favorable financial impact on the Township and its taxpayers and have helped considerably in stabilizing the municipal levy and provide a meaningful offset to the relatively small additional cost of the arbitrator's award.

In any event, even if one were to disregard any offsets discussed above, the minimal financial impact on the Township's taxpayers of the additional cost of the arbitrator's award is demonstrated below. The additional costs of the arbitrator's award have been applied against the 1996 Assessed Valuation of

\$321,901,716 (Pg. 88 of Report of Audit for Year Ended Dec.31,1996).

Year	Additional Cost	Tax Effect on Average Home (\$175,000)
1996	9,076	\$ 4.93
1997	21,386	\$11.63
1998	36,281	\$19.72
Three Year Total:		\$36.28

Inasmuch as evidence has not been produced in the areas listed below, the arbitrator need not make a comparison of the percentage of the municipality purposes element required to fund the employees' contract in the preceding local budget year; consider the impact of the award for each income sector of the property taxpayers of the local unit (the impact on the average homeowner has been considered); consider the impact of the award on the ability of the municipality to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the municipality in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the municipality in its proposed budget.

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 undersigned does not believe that there is sufficient evidence in the record to support a finding that the continuity or stability of employment in this unit of police officers would be significantly affected by the adoption of either proposal. Although the record indicates that there has been significant personnel

turnover in this small unit of police officers, the record does not contain evidence that prior officers have left this unit voluntarily to accept higher paying jobs in other communities. On the other hand, it appears that the Township has been able to attract replacements when needed and to retain a competent and profesional police force. The undersigned believes that the compensation package developed in this award is fair and reasonable. A fair and reasonable compensation package, applied within the confines of budgetary constraints, should promote stability and continuity of employment in this unit by encouraging employees to persevere in their law enforcement efforts on behalf of the Township and its taxpayers and foreclose the employer's need to consider a reduction in a force that is providing a valuable public safety function for the residents and taxpayers.

In the resolution of this dispute, the undersigned has deemed each of the statutory criteria relevant (except for the criterion relating to stipulations) and has assigned due weight to the criteria discussed above. In addition, the undersigned has carefully considered the evidence and arguments presented by the parties. In this analysis, the undersigned has assigned considerable weight to the trend in private sector increases and other public sector increases generally as well as the current rate of increase in the Consumer Price Index. The undersigned has given considerable weight to an internal comparison within the Township of South Hackensack, the recent Board of Education settlement. The undersigned has considered the average rate of increases among law enforcement agencies in the group of communities comparable to South Hackensack but has awarded a somewhat lower percentage package in light of the comparisons noted above, the relatively superior position of South Hackensack police officers with regard to Top Patrolman rates, the substantial revenue loss due to tax appeals

impacting on the budget of this community and creating the need for bonding and additional interest costs and the projection of higher pension costs. The undersigned believes that the arbitrator's award does not require expenditures which will exceed the Township's lawful authority. In my role as an arbitrator with conventional authority, I have sought to develop an award which addresses and balances the concerns of both parties. The undersigned believes that the interests and welfare of the public will benefit by an Award containing a reasonable compensation package which will have a modest financial impact on the Township's residents and taxpayers and contribute to the continuity and stability of employment in this negotiations unit.

Non-Economic:

PBA seeks the addition of "Term and Renewal Language" as follows:

This Agreement shall have a term from January 1, 19__ through December 31, 19__. If the parties have not executed a successor agreement by December 31, 19__, then this Agreement shall continue in full force and effect until a successor agreement is executed.

Negotiations for a successor agreement shall be in accordance with the rules of the Public Employment Relations Commission.

There is nothing in the record to indicate that the lack of this language has created problems or any other reason for the requested change. In the absence of a demonstration of a need for a contractual change, this non-economic modification must be denied.

Accordingly, based on an evaluation of the evidence submitted and the arguments advanced by each party and, after due consideration of each of the statutory criteria contained in N.J.S.A. 34:13A-16, the undersigned renders the following

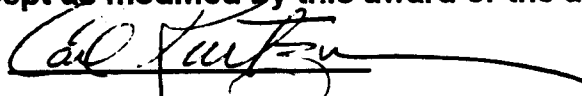
INTEREST ARBITRATION AWARD

1. The term of the agreement shall be from Jan.1, 1996 through Dec. 31, 1998.
2. There shall be across-the-board wage increases in the following percentages on the effective dates noted below:

1996:	1/1/96:	3.25%
1997:	1/1/97:	3.25%
1998:	1/1/98:	3.25%

Each step of the 7/1/95 Salary schedule shall be increased by 3.25% on 1/1/96, 1/1/97 and 1/1/98. In addition, each step of the 7/1/95 Salary Schedule for Employees Hired After July 1, 1993 shall be increased by 3.25% on 1/1/96, 1/1/97 and 1/1 98.

3. All other proposals made by both parties are denied.
4. All of the provisions of the prior agreement shall be retained in the new agreement, except as modified by this award or the agreement of the parties.



Carl Kurtzman, Arbitrator

Dated: November 28, 1997

State of Florida)

County of Palm Beach)

On the 28th day of November, 1997, before me personally came and appeared Carl Kurtzman, to me known and known to me to be the person described herein who executed the foregoing instrument, and he acknowledged to me that he executed the same.



