

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between:

TOWNSHIP OF SADDLE BROOK

"Public Employer"

-and-

SADDLE BROOK PBA LOCAL 102

"Union."

**INTEREST ARBITRATION
DECISION
AND
AWARD**

Docket No. IA-99-59

**Before
James W. Mastriani
Arbitrator**

Appearances:

For the Employer:

Raymond R. Wiss, Esq.
Thomas K. Bouregy, Jr., Esq.
Wiss, Cooke & Santomauro, P.C.

For the Union:

Richard Loccke, Esq.
Loccke & Correia, P.A.

I was appointed arbitrator by the New Jersey Public Employment Relations Commission on March 1, 1999 in accordance with P.L. 1995, c. 425, in this matter involving the Township of Saddle Brook ("Township" or "Saddle Brook") and PBA, Local 102 (the "PBA"). Pre-arbitration mediation was held on May 20, 1999. Because the impasse was not resolved, a formal interest arbitration hearing was held on August 31, 1999 at which the parties examined witnesses and introduced evidence. Post-hearing briefs were submitted on or about November 5, 1999. 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.

FINAL OFFERS OF THE PARTIES

Before beginning the formal hearing, the Township and the PBA submitted the following final offers:

PBA LOCAL 102

Economic Issues

1. Duration--January 1, 1999 to December 31, 2001.
2. Wages-- Across the board salary increases as follows:

Effective January 1, 1999	5%
Effective January 1, 2000	5%
Effective January 1, 2001	5%

3. Longevity Improvement-- The PBA proposes a two (2%) percent longevity increase to 10% at the 21 year plateau and to 12% at the 24 year plateau of the longevity schedule (Article XII).

4. Clothing Allowance-- The PBA seeks to increase the clothing allowance by \$100.00 per contract year. The PBA also proposes that the clothing allowance value be merged with and folded in with the base pay procedure. As a result, clothing allowance would cease to exist as an independent benefit and would merge with base compensation.

Non-Economic Issues

5. Vacation Carry Over-- The PBA proposes that employees be permitted to carry forward one full year of vacation value. If the vacation entitlement is not used by the end of the second year, then the value of said carried forward vacation shall be paid to the employee at the end of the second year.

6. Insurance Change Notice-- The PBA proposes that whenever any insurance program or policy is modified or intended to be modified by the public employer then there shall be, as a condition precedent to said change, a requirement that the PBA shall be provided with 90 calendar days notice. Said notice shall include sufficient details of the plan so as to enable a full and

complete analysis of the new plan proposed and the current plan then in existence. Such information shall include, but not be limited to, full copies of the plan document of the proposed coverage and the current coverage.

The TOWNSHIP OF SADDLE BROOK

Economic Issues

1. Duration--January 1, 1999 to December 31, 2002

2. Wages-- Across the board salary increases as follows:

Effective January 1, 1999	2%
Effective January 1, 2000	2%
Effective January 1, 2001	2%
Effective January 1, 2002	2%

The Township also seeks to reduce the starting Patrolmen's salary to \$25,000 and to increase the number of steps on the salary guide from four to six.

3. Prospective Longevity-- The Township proposes to eliminate longevity for all employees hired after the date of the award with payment of longevity to existing employees as of such date at the rates provided for in the DPW and White Collar Collective Bargaining Agreement. Those rates are as follows:

Over 3 years	1%
Over 5 years	2%
Over 7 years	3%
Over 9 years	4%
Over 11 years	5%
Over 13 years	6%

Over 17 years	7%
Over 19 years	9%
Over 21 years	10%
Over 23 years	11%
Over 25 years	12%
Over 27 years	13%
Over 29 years	14%
Over 31 years	15%

4. Sick Leave-- The Township proposes a reduction in the number of sick days which may be accumulated for retirement benefit purposes to 50% of unused sick days.

5. Vacation Leave-- The Township proposes to limit the number of vacation days which may be accumulated into the next year to 10 days.

Non-Economic Issues

6. Health and Welfare Benefits-- The Township proposes to include the following provision: "The Township reserves the right to change insurance carriers so long as substantially similar benefits are provided."

The Township and the PBA have offered testimony and considerable documentary evidence in support of their final offers. Lieutenant Robert McNally testified on behalf of the PBA at the hearing. 18 Township and 34 PBA exhibits were received in evidence. 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

Saddle Brook is a suburban, predominantly residential community in Bergen County with approximately 13,500 residents. It is 2.5 square miles and is directly bordered by the communities of Fair Lawn, Elmwood Park, Rochelle Park, Lodi and Garfield. The Township lies along Interstate Route 80 and near several major state routes, including Routes 4, 46 and 17.

Saddle Brook's police department a productive one and has sponsored several new programs in the last five years. Programs including a bicycle squad, a domestic violence hotline, a shut-in program for the elderly and a community traffic safety program are examples of the services the Township receives from its police.

Saddle Brook employs 33 sworn officers including the Chief and the Deputy Chief. The remaining 31 officers are in the bargaining unit including Patrol Officers, Sergeants and Captains. PBA Local 102 also represents police in Hasbrouck Heights, Little Ferry, Moonachie, Rochelle Park and South Hackensack.

Using a 1.51% Cap index rate, the Township's total 1999 appropriations were \$8,061,435 or \$623,122 below that permitted under the Cap law. The municipal tax rate has been relatively stable, dropping from 0.704 in 1997 to

0.698 in 1998 and returning to 0.704 in 1999. At the same time, the tax collection rate was 96.77% in 1996, 96.83% in 1997 and 97.54% in 1998.

The positions of the parties, as well as the evidence in support of these positions, have been comprehensively set forth at hearing and in the post-hearing briefs.

POSITIONS OF THE PARTIES

PBA, LOCAL 102

Focusing on the statutory criteria, the PBA starts by emphasizing the positive attributes of the Township and its Police Department. The PBA characterizes the Saddle Brook Police Department as “progressive and professional.” Citing the high caliber of its training and innovative services, the PBA details the training assignments provided to Officers from 1997 through early 1999. New programs created by the Department since 1995 include a bicycle squad, a shut in program for elderly residents, increased DARE officers to individual schools, increased and improved equipment in vehicles, creation of a domestic violence hotline, annual Night Out program, and institution of a Motor Vehicle Lock Out program. In addition, the PBA cites the “Community Traffic Safety Program” which includes a variety of initiatives such as the Safety Town Summer Program for youths, Operation Headsmart to provide education and bicycle helmets to youths, speed limit awareness program, school safety and

bicycle patrols. These programs supplement the traditional law enforcement work performed by the Saddle Brook Police. The PBA supplied a list of the more routine functions such as motor vehicle stops and service calls. Noting that the Township lies along Route 80 and near State Routes 4, 46 and 17, as well as the Garden State Parkway, the PBA points out that the Town is near the City of Hackensack, borders the City of Garfield, and is one town removed from the cities of Clifton and Passaic. The PBA describes Saddle Brook as part of the metropolitan area and one of 70 communities in Bergen County. Relying on the testimony of Lt. McNally, the PBA asserts that many of the services offered are regional and Saddle Brook Police coordinate regularly with area law enforcement agencies including those in surrounding towns with mutual aid agreements, the Bergen County Prosecutor's Office and the State Police.

Stressing that the Township receives the highest level of service from its Police, that its Police Department enjoys a high esprit de corps, and that its public image is a source of pride, the PBA points out that the public enjoys high productivity from its Police with static levels of staffing and increasing workloads.

Addressing the comparability criterion, the PBA asserts that base pay for Township Police is below average for area Police Departments and there are no off-setting benefits to justify a low base rate. Looking to other municipal police departments for comparison, the PBA focuses its analysis on area departments with recent settlements. The PBA stresses that these comparisons are more

appropriate than what it terms the regressive position of the Township in comparing its police to various DPWs and municipalities as far as 20 miles distant.

Examination of 1998 maximum base pay for patrol officers in Rochelle Park, Maywood, South Hackensack, Rutherford, East Rutherford, Paramus, Lodi, Glen Rock, Hackensack, Garfield, and Oakland, shows an average salary of \$69,190. The PBA compares this salary to the top step salary in Saddle Brook of \$67,610 and asserts that its Police earn 2.4% below the average salary. The PBA calculates further that a \$1600 base increase would be required to bring Saddle Brook Police up to average at the beginning of the contract term on January 1, 1999.

Additionally, the PBA maintains that Saddle Brook's longevity program is already below average and the Township went to great lengths to find municipalities where police do not enjoy longevity pay. While the PBA stresses its attempts to repair inequities where Saddle Brook pays below average longevity, it urges rejection of the Township's proposal to further limit longevity. Comparing maximum longevity at 25 years, the PBA shows that the average benefit is 11.09% compared to 9% in Saddle Brook. Specifically, the PBA averages the 25 year longevity benefit in Fair Lawn, Maywood, Ridgefield, Wyckoff, East Rutherford, Hasbrouck Heights, Paramus, Hackensack, Garfield, Rochelle Park, and Oakland. According to the PBA, its request for a 2%

increase in longevity at the 21st and 24th years would bring Saddle Brook Police up to average. Responding to the argument that this “end of career” benefit should not be increased because cost containment is necessary, the PBA asserts that very few officers are eligible for these payments and since they are near retirement, they are paid for a short time only. On the other hand, increased longevity is valuable to Officers because it effects their pension for the long term. The PBA also points out that the municipalities selected for comparison of longevity benefits by the Township also have average longevity benefits in excess of those provided to Saddle Brook Police. Calculating average longevity benefits in the communities of Lodi, Elmwood Park, Little Ferry, Hillsdale, Wood Ridge, and Old Tappan, the PBA finds the average benefit to be 9.583% compared with the benefit of 9% at 24 years in Saddle Brook. The PBA acknowledges that the Township has found a few municipalities where longevity benefits are not provided, but suggests that off-setting benefits in those communities must be considered. According to the PBA, the Township has not made that comparison. Additionally, the PBA notes that although Saddle Brook Police already have a below average longevity benefit, the Township seeks to further diminish that benefit for new employees.

Looking at overall salary increases for 1999, 2000, and 2001, the PBA calculates the average increases among the communities it considers comparable as 4.125% in 1999, 4.01% in 2000 and 3.975% in 2001. For that comparison, the PBA looked to Ridgefield, Maywood, Fair Lawn, Moonachie,

East Rutherford, Hasbrouck Heights, Paramus, Lodi, Little Ferry, Glen Rock, Hackensack, Garfield, Rochelle Park, Oakland, and Hawthorne. The PBA also calculates average increases in the six communities selected by the Township for comparison. Based upon those communities, the PBA calculates average increases in base pay to be 4.15% in 1999, 4.2085 in 2000 and in 2001, only Old Tappan settled for 4.25% thus far. Honing in on specific comparables cited by the Township, the PBA points out that Elmwood Park police received increases of 5% (split 2%, then 3%) in both 1999 and 2000. The PBA also emphasizes that Old Tappan police received 4.5% in 2000 and 4.25% in 2001.

The PBA disagrees with the remaining comparables used by the Township. The PBA asserts that the public works contracts in distant municipalities are not comparable to Township Police Officers. Pointing out that Police are different from other municipal employees, as evidenced by the policy statement in the interest arbitration statute, the PBA suggests nonetheless that consideration of the Saddle Brook teachers' contract is relevant. That the public had the opportunity to vote on the school budget, few eligible voters voted, teachers and administrators receive longevity are all relevant factors according to the PBA. Additionally, the PBA points out that longevity payments were increased in the last teachers' contract. Given that the largest portion of municipal tax levies are directed to education, that portion is subject to voter's approval, the school budget was approved, and teachers and administrators

received additional longevity, the PBA asserts that the public is not concerned with longevity payments.

Responding to the Township's comparisons with private employment, the PBA maintains that it is not an appropriate comparison. According to the PBA, the unique statutory provisions applying to police in New Jersey results in "strong justification for significantly higher compensation" for police employees. Citing the interest arbitration award in Borough of River Edge/PBA, Local 201, the PBA asserts that private sector comparisons should not be controlling in this case. Specifically, the PBA asserts that no private sector job compares to that of a police officer. According to the PBA, a New Jersey police officer must be prepared to act and may be armed at all times while within the State. Additionally, the PBA points out that police operate "under a statutorily created public franchise of law enforcement with on and off duty law enforcement hours." The PBA also notes that after age 35, police pensions are not portable and police officers are not free to transfer their skills to policing in other states. The PBA cites several state and federal laws that control the relationship of police officers to their employers. These laws include:

1. Fair Labor Standards Act, 29 U.S.C. § 201 et. seq. (different standards applied to private sector employees and to police.)
2. New Jersey State Wage and Hour Law, N.J.S.A. 34:11-56a et. seq. (does not apply to police).

3. N.J.S.A. 40A:14-118 (specific statutory provisions creating and regulating police departments including powers and duties, specifics for assignment of subordinate personnel and delegation of authority.)
4. N.J.S.A. 40A:14-122 (specific qualifications for police officer employment, as well as provisions for dismissal based upon absence without cause, statutorily controlled promotional exams, residency requirements.)
5. N.J.S.A. 40A:14-123.1a (sets hiring criteria and order of preference.)
6. N.J.S.A. 40A:14-127.1 (minimum and maximum age restrictions for initial hire and rehire as a police officer)
7. N.J.S.A. 40A:14-127.3 (acceptance into Police Retirement System as a condition of employment)
8. N.J.S.A. 40A:14-131 (statutorily created minimum police salary that is below current minimum wage).
9. N.J.S.A. 40A:14-133 (Police work week shall not exceed six days "except in cases of emergency.")
10. N.J.S.A. 40A:14-134 (extra duty work paid not in excess of time and one-half.)
11. Maximum age of employment for a police officer is age 65.
12. N.J.S.A. 40A:14-147 - 151 (unique hearing and complaint procedure for departmental charges).
13. N.J.S.A. 40A:14-152.1 (power of arrest).

Additionally, the PBA points out that police are specifically exempted from State fire arms laws, and are trained and retrained in police academies. The PBA points out that failure to maintain required training and retraining can lead to loss of certification as a police officer. The PBA maintains that, few if any, of the requirements and regulations covering police officers apply to private sector

employees and that private sector employees enjoy many benefits not provided to police. Specifically, the PBA notes that private sector employees are not restricted by a residency requirement. Therefore, a private sector employee may travel across the country in search of alternate employment while a police officer is restricted by certification to working within the State.

Citing the interest arbitration award by Arbitrator William Weinberg in the Village of Ridgewood, the PBA maintains that local comparisons are more relevant to police wages. Accordingly, the PBA contends that private employment is “an overly generalized category” without the specialized skills and standards required of police. As such, police wages “should be considered on a higher wage plane than private employment generally,” according to the PBA.

Noting that the stipulations of the parties are procedural in nature, the PBA addresses the lawful authority of the employer under the Cap Law. Based upon its analysis of the Cap Law, the PBA concludes that Saddle Brook has significant Cap flexibility and is not under pressure due to the Cap. Although the Township was entitled to use the available 5% cap limitation, Saddle Brook’s Cap index rate for 1999 was 1.5%. According to the PBA, the use of a 1.5% cap limitation resulted in \$119,470 in additional flexibility for 1999 and the Township waived the remaining \$278,763 that would have been available with a 5% cap.

Notwithstanding the 1.5% Cap, the Township appropriated \$8,061,435 rather than \$8,684,557, the full amount allowed by the Cap law for a difference of \$623,122 according to the PBA's calculations. In other words, the PBA points out that even with the lower Cap limitation. Thus, the PBA contends that no Cap problem exists and its final offer does not conflict with the Township's lawful authority.

The PBA views the Township's budget in light of the cost of a one percent increase in salary. According to the PBA's calculations, the total 1998 base pay for the 33 officers in the Department is \$2,230,774 and one percent equals \$22,307. To illustrate how minimal it believes this amount is, the PBA compares it to the difference between the 1.5% cap limitation and the full legal 5% cap limitation. In other words, the PBA calculates that 12.5 percentage points could be funded by the \$278,763 in additional flexibility that was waived by the Township. As a further point for comparison, the PBA compares the cost of a one percent increase to the \$623,122 available in the 1999 budget and finds that 27.9 percentage points could be funded. Acknowledging that waived opportunities and decisions not to use the full cap potential are not equal to actual cash, but the PBA does find these comparisons useful as illustration of the de minimus impact on the budget of a one percent increase in police salaries.

The PBA also argues that an award of its position in this case would have a minimal impact on the Township's residents and taxpayers. According to the

PBA, an award of its position would not increase costs to taxpayers or reduce services. The PBA characterizes Saddle Brook as a community with high property values and a below average tax rate for Bergen County. Pointing out that the total property value in Saddle Brook is over \$1.1 billion, the PBA maintains that the Township's property value is 21st among the 70 Bergen County municipalities. On the other hand, the municipal tax rate ranks 51st out of the 70 municipalities and the per capita tax levy ranks 53rd. The PBA also cites the continued high tax collection rate in the Township as further evidence of its economic wellbeing. The tax collection rate was 96.77% in 1996, 96.83% in 1997 and 97.54% in 1998. Additionally, the PBA notes that the tax rate dropped in 1998 from .704 in 1997 to .698 in 1998.

Looking to the school budget as a barometer of public sentiment, the PBA notes that portion of the municipal tax levy devoted to the schools is 54.4% for a total of \$13,294,242 and the County portion is 33% and the municipal portion is 12%. However, only 1324 of the 8139 registered voters in Saddle Brook cast votes on the school budget and the budget was passed. Given that only 16.2% of registered voters bothered to vote on the school budget, the PBA asserts that there is no unusual stress or pressure on taxpayers.

The PBA highlights other favorable data in the Township's 1998 budget including that the results of operations exceeded \$386,000, that budget revenues realized exceeded those anticipated by over \$503,000 in 1998, and unexpended

appropriation reserves attributable to 1997 and cancelled in 1998 were \$64,530. Even with the recent tax rate reduction, the PBA notes, the total tax levy has increased in each of the past five years from \$21,242,392 in 1994 to \$24,552,796 in 1998. Likewise, the PBA notes that assessed values increased from \$1,123,872,413 in 1997 to \$1,181,936,659 in 1998 and the value of one tax point is \$118,193. The PBA calculates that one tax point is equal to over five bargaining unit total base wage percentage points. Therefore, the PBA concludes that the reduction in the tax rate for 1999 has a value that would absorb the entire difference between the parties' positions in this case. Given that Saddle Brook already has a below average tax rate and is exercising borrowing power well below the legal limit of 3.5% of equalized valuation, the PBA suggests that the Township is fiscally strong. The PBA finds additional support for this conclusion from the fact that the Township has an A-1 credit rating from Moodys.

Turning to the cost of living criterion, the PBA acknowledges that it does not support the PBA's position in this case, but notes that is only one factor and it is simply an indicator. Pointing out that cost of living data is regional, the PBA notes that it will have the same impact throughout Bergen County and that wage settlements and awards throughout the County are the result of the interplay of the cost of living figures with those of the remaining criteria. Given that Township Police receive below average compensation, and are subject to the same cost of living considerations, the PBA urges adoption of its proposal.

Addressing the continuity and stability of employment, the PBA raises the concepts of “area standards” and “prevailing wage” and asserts that these concepts support the PBA’s final offer. Looking at area standards in terms of total compensation, the PBA maintains that area standards are not being met and the data submitted by the Township supports an wage increase close to the PBA’s proposal and more than double the Township’s last offer. Asserting that there is no empirical evidence to support the Township’s position, the PBA argues that such a position is regressive and would cause extreme hardship.

The Township’s other proposals that would eliminate certain benefits, such as longevity, for new hires are also regressive. Asserting again that the Township’s proposals are not supported by empirical evidence, the PBA contends that the non-salary benefit reductions proposed by the Township are “tantamount to a forfeiture of benefits without compensation.” The PBA contends that the Township is “taking a shot” at the interest arbitration process and suggests that a party seeking to make major revisions to an agreement that include a substantial taking of compensation and benefits from employees should be held to a high standard. The PBA submits that no such evidence has been submitted here and that standard has not been met.

Saddle Brook Township

Initially, the Township emphasizes that its final offer should be viewed in its totality. The Township also suggests that the PBA's exhibits are entitled to less weight because they center chiefly around only one criterion, comparison to other police. Such exclusive reliance on a single criterion confounds the legislative intent that all of the statutory criteria be considered, the Township argues, citing PBA, Local 207 v. Borough of Hillsdale, 137 N.J. 71, 84-85 (1994).

On the other hand, the Township contends that the greatest weight should be placed upon municipalities located in close proximity to it and which have similar characteristics and demographics and those municipalities that share representation with PBA, Local 102 and are also near Saddle Brook. Based upon these criteria, the Township asserts that Elmwood Park, Fair Lawn, Garfield, Lodi, and Rochelle part are all contiguous to Saddle Brook. In addition, Hasbrouck Heights, Little Ferry, Moonachie, Rochelle Park and South Hackensack are neighboring communities whose police are represented by PBA, Local 102.

The Township suggests that salary increases should not be viewed exclusively in percentage terms noting that 4% of \$50,000 is less than 3% of \$100,000. Additionally, the Township points out that objective support from its proposal of increases of 2% per year can be found from the Cap rate of 1.5%. Additionally, the Township points to the cost of living as reflected by the New

York-Northeastern New Jersey Consumer Price Index which was 1.7% for 1998 and 1.7% for the first seven months of 1999.

The Township also asserts that analysis of base pay for police in the jurisdictions it deems comparable shows that maximum base salary for Saddle Brook's police is at the midpoint with five departments paying a 1999 base salary in excess of that proposed by the Township and five departments paying less than the Township's proposal. The Township points out that in terms of actual dollars, its final offer is fair and equitable.

Discussing its goal to "create a fundamental uniformity and equity between its bargaining units," the Township cites the wage increases provided to its DPW bargaining unit. That agreement provides 2% across the board increases in each year for 1999 through 2002. Similarly, the Township's agreement with the school crossing guards provides for 2% across the board increases in each year for 1999 through 2002. The Township points to its efforts to achieve equality and uniformity by providing additional fixed increases to white collar employees to make them "more commensurate" with DPW salaries. Looking to the agreement between the Saddle Brook Board of Education and the Saddle Brook Education Association, the Township asserts that it provides a 2.8% increase for the 1999/2000 school year and a 2.3% increase for the 2000/2001 school year. The Township asserts that its proposal is in keeping with these internal comparisons and with the private sector.

The Township has also proposed a first year starting salary of \$25,000, effective January 1, 2000 and to increase to number of steps to top pay from four to six. The Township compares these proposals to starting salaries among the communities that it considers comparable. Based upon that comparison, the Township notes that its proposal is between Elmwood Park with a starting salary of \$18,000 and Hasbrouck Heights with academy pay of \$36,039 increasing to \$44,879 for the remainder of the first year. The Township asserts that \$25,000 is not significantly less than other first year salaries and this reduction plus the addition of two steps to top pay "holds the line" on public employee compensation in a minimally intrusive manner and it does not impact current employees. The Township also asserts that its proposal is similar to agreements containing two tier guides. The Township's comparison of municipalities shows that only one has a four-step guide, three have five-step guides, two have six-step guides and four have seven-step guides. Therefore, the Township contends that its proposal to move to a six-step guide is in keeping with the guides of similarly situated municipalities.

The Township seeks to eliminate longevity for prospective employees. While supporting the intent of longevity payments to promote stability of employment and to compensate long term employees, the Township now views longevity as one of many "hidden" payments in public sector collective bargaining agreements. According to the Township longevity has evolved from a practical

payments to a major financial undertaking for municipal employers that is no longer warranted. The Township explains that longevity pay for future employees is unwarranted because public employees have made significant strides in increasing their salaries and the net impact of longevity pay is to compound the effect to the extent that public employees now receive salaries comparable to private sector employees plus longevity. As a result, the Township continues, the trend among public employers is to seek to eliminate longevity provisions in order to balance municipalities' need to control future expenses while insuring that their employees are compensated fairly. Because municipalities achieve this balance by eliminating longevity on a prospective basis, the Township maintains that analysis of longevity must extend beyond the present fiscal impact on the municipality.

The Township cites several examples of police agreements in Bergen County where longevity was eliminated prospectively. They include Rochelle Park, Old Tappan, and Hillsdale. Additionally, the Township cites public works agreements in Hillsdale, Old Tappan, and Hackensack, as well as white-collar and public works supervisors' agreements in Hackensack.

The Township emphasizes that it has followed a similar pattern, successfully negotiating to eliminate longevity for prospective employees in its public works, white collar, and crossing guards' bargaining units during the 1998 round of bargaining. The Township has extended this policy to its unrepresented

employees and to all department heads. As a result, the Township points out, the Police are the only group where new hires are eligible to receive longevity.

When the Township negotiated to eliminate longevity for prospective employees, it recognized that there was a disparity between longevity benefits provided to the public works bargaining unit and the white collar bargaining unit. As a result, it agreed to provide "enhanced longevity" to existing employees in exchange for the elimination of longevity for prospective employees. The Township now proposes to provide enhanced longevity to current Police Officers as well.

The Township also seeks to limit the banking of sick days for payment upon retirement. At present, employees may be paid for up to 85% of unused sick days at retirement. The Township proposes to modify that schedule to allow a maximum of 50% of unused sick days to be paid out at retirement. In other words, today an employee who has over 30 years of employment with the Township and 450 unused sick days could be paid for 383 days or 85%. The Township proposes to modify the sick leave bank provision to limit the days paid out to 50% or, in this example, 225 days. The Township explains that this proposal is part of its effort to rationalize benefits and achieve internal consistency among bargaining units and that the public works and white collar bargaining units accepted this new schedule in their recent agreements. The Township also points out that comparable communities that provide for the

banking of sick days provide lower maximums. The Township cites Elmwood Park which provides a maximum of 200 days, Little Ferry which provides a maximum of 120 days and South Hackensack which provides a maximum of 95 days.

Currently, the collective bargaining agreement provides that Police may carry unused vacation into the next succeeding year. The Township proposes to expand the vacation carry-over provision to permit the carry-over of ten vacation days into the next succeeding year. The Township maintains that this provision would provide it as well as Police with additional flexibility. The Township rejects the PBA's proposal to permit all vacation to be carried over to the next succeeding year and to require a pay-out for the unused vacation at the end of the second succeeding year. According to the Township, the PBA's proposal would create the potential for significant additional costs as well as obstacles to the efficient administration of the Police Department.

The Township also seeks to amend the language of the Health and Welfare Benefits provision to provide:

The Township reserves the right to change insurance carriers so long as substantially similar benefits are provided.

The Township suggests that this proposal, combined with the PBA's proposal for notice of changes in insurance carriers would be mutually beneficial to both

parties because it would permit it to change carriers to minimize costs and would not impair any right afforded the PBA under the agreement. However, the Township suggests that a 60-day notice period would be sufficient.

Focusing more directly on the statutory criteria, the Township asserts that its proposal is in the interest and welfare of the public. The Township interprets the interest and welfare of the public to include the interest in limiting costs as well as need for a productive police force. According to the Township, its proposal balances these interests by including reasonable base salary increases, enhanced longevity for current police officers, increasing the number of steps on the salary guide and establishing a \$25,000 first year starting salary.

Analyzing the criteria concerning comparability and overall compensation, the Township points out that its proposal results in maximum base salary remaining in the mid range among comparable communities. Looking at total compensation for Police at maximum base pay, the Township acknowledges that with the existing longevity benefit the Township is at the lower end of compensation in relation to other comparable municipalities. However, the Township calculates that when the enhanced longevity program included in its proposal is added to base pay, the Township is in the middle, rather than at the lower end among the comparable communities.

Comparing the PBA's final offer to the Cap, the Township points out that under the Cap Law it is permitted a maximum 1.5% increase and the PBA's proposal exceeds that by 3.5%. Accordingly, the Township reasons that an award of the PBA's position would require the Township to reduce other expenditures in order to keep costs under the 1.5% CAP and may result in layoffs or reductions in other non-payroll appropriations.

The Township contends that the PBA's final offer would have an undue financial impact on it and its residents and taxpayers. Noting that the Township ranks 51st out of 70 Bergen County municipalities in its general tax rate and 53rd in its tax levy per capita, the Town asserts that this rate was achieved in significant part by a debt per capita that ranks 27th in the County. The Township also points out that the tax rate in the Township has increased approximately 9% from 1995 to 1999, or at a rate of 2.25% per year. The Township reasons that its proposal of 2% annual increases is reasonable and consistent with increases in the tax rates. Therefore, the Township argues that the PBA's proposal is "out of step" with average compensation in comparable communities and with other Township employees and would result in a substantial negative impact on the Township's financial condition and its taxpayers.

The Township asserts that its proposal is supported by cost of living statistics. Pointing out that the CPI for New York and Northeastern New Jersey increased 1.7% for 1998 and for the first seven months of 1999, the Township

contends that 2% increases, excluding the proposed enhanced longevity benefits, are reasonable and appropriate. The Township contrasts its proposal with the PBA's proposal for 5% annual increases, which exceed recent increases in the cost of living by 3.3%

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. If I deem any of the criteria irrelevant, the reasoning for such conclusion must be stated. The Township and the PBA have expertly and comprehensively set forth their positions on the issues in dispute and have submitted testimony, evidence and argument on each statutory criterion to support their respective positions. The testimony, evidence and arguments have been carefully reviewed, considered, and weighed.

Initially, I note that there are several issues which remain in dispute. One principle which is ordinarily and traditionally considered in the determination of wages, hours and other terms and conditions of employment through the bargaining and/or arbitration process is that a party seeking such change bears the burden of establishing the need or basis for such modification. I apply that principle to the analysis of each issue in dispute.

Both the PBA and the Township seek changes to the provision for vacation carryover. At present, Section 2 of Article XXII provides:

When leave for vacation, or any part thereof, is not granted in a calendar year by reason of pressure of Police Department business, such leave for vacation, or part thereof, not granted shall accumulate and shall be granted during the next succeeding year only.

The PBA seeks to amend this provision to permit carry over of one full year of vacation to the second year, and if the vacation benefit is not used by the end of the second year, then the PBA seeks payment for the value of the vacation benefit. The Township seeks to limit vacation carry over to ten days, and then to pay employees for unused vacation carried forward at the end of the second year. The Township maintains its proposal would provide additional flexibility and the PBA's proposal would be too costly. The record does not provide sufficient justification for any change to the existing contractual provision and, accordingly, both proposals are denied.

The PBA seeks to improve the clothing allowance from its current level of \$800 per year for uniformed officers and \$1050 per year for non-uniformed officers by \$100 in each year of a three-year agreement. The PBA also proposes to fold into base pay the value of the clothing allowance so that it would be counted for pension purposes. The Township opposes these proposals. Review of clothing allowances in nearby municipalities shows that Maywood provides a \$900 annual clothing allowance and police in other neighboring communities

receive a smaller allowance than do the Township's Police Officers. The adjustment to the clothing allowance sought by the PBA would cost \$18,600 over the life of the Agreement. This would represent an additional cost of 0.86% and cannot be sustained when this cost is calculated into the Award's net economic change especially when the existing benefit is within the general range in the County. Therefore, the proposal to increase clothing allowance during this contract term is denied.

Both the PBA and the Township have made proposals to modify the Health and Welfare Benefits provisions of Article XXIV of the Agreement. The Township seeks language permitting it to change insurance carriers and the PBA seeks to establish procedures to receive notice of such changes. Both proposals have merit. The Township should have the flexibility to select insurance carriers with the most competitive premiums but should also be obligated to obtain at least the same benefits unless changes are otherwise negotiated. A notice provision of reasonable length will allow for participation by the Union to discuss the pros and cons of a proposed change and to promote adherence to the standard for change. A reasonable notice period should be set at least sixty (60) days. Accordingly, Article XXIV shall be modified to delete reference to the insurance carrier and the following language shall be added to the provision: "Consistent with the law, the Township has the right to change the insurance provider so long as the same or better benefits are provided."

An additional paragraph shall be added to Section A of Article XXIV providing as follows:

Whenever any insurance program or policy is modified or intended to be modified by the Township then there shall be, as a condition precedent to said change, a requirement that the PBA shall be provided with 60 calendar days notice, unless the Township is compelled to respond to a lapse in coverage. Said notice shall include sufficient details of the plan so as to enable a full and complete analysis of the new plan proposed and the current plan then in existence. Such information shall include, but not be limited to, full copies of the plan document of the proposed coverage and the current coverage.

I now turn to the issue of salary and related compensation issues. Initially, the PBA and the Township disagree as to the term of the agreement. The PBA proposes a three-year agreement and the Township seeks a four-year agreement. Although, these negotiations are now beyond fifteen months past expiration of the prior agreement, the duration of this Agreement shall be for a three rather than four year period. I have determined that a three year duration is appropriate and more consistent with the duration of contract terms throughout Bergen County.

The Township has proposed a cost containment package which would provide current employees with two (2%) percent salary increases and an enhanced longevity schedule. These proposals are identical to that provided to its public works and white collar bargaining units. The Township would also limit

its future costs by establishing a new salary guide for prospective employees with a \$25,000 starting salary, two additional steps on the guide and no longevity benefits for new hires. This latter proposal is coupled with the enhanced longevity for new hires. The removal of longevity benefits is also identical to that provided to its public works and white collar bargaining units. The Township has also proposed reducing sick leave or retirement from 85% of unused sick days to 50%. This proposal must be considered as part of the totality of compensation issues in dispute because it is a major benefit. The PBA would enhance the existing longevity schedule, add five (5%) percent to the salary schedule and would not modify the salary schedule or eliminate longevity benefits for prospective employees. While I have carefully reviewed and thoroughly considered each of these individual proposals, I have also considered these proposals in their totality, as requested by the Township, because they are all deeply related to the overall present and future compensation package.

A main focus of the Township's position on salary and compensation issues is its objective to achieve future cost savings for newly hired police officers. After review of these proposals, I have concluded that the Township's objective be sustained in part and denied in part. The existing salary schedule providing a police officer maximum after three years reflects a compression from minimum to maximum over a duration of time well short of the vast majority agreements in Bergen County. As salaries become more attractive, and assuming that there is no reason not to maintain relative standing within the

comparable communities, the County's position of adding two steps to this schedule for new hires is reasonable and warranted. The complexity of the police officer's job in today's society should require greater on the job experience than three years in order to attain maximum status. A move to a six step guide is clearly consistent with any fairly compiled comparison group and would still be less than many of those municipalities. This aspect of the Township's future cost saving proposals is awarded effective as of the date of this Award.

It is also reasonable for the starting (first year) base salary to be modified downward in order to give proper balance and spacing to the steps on the new six step salary schedule. A new starting salary of \$30,000 will provide for future cost savings, but will still provide a reasonable starting salary. At \$30,000, the Township's starting salary would be higher than Elmwood Park's academy pay of \$18,000 but less than Hasbrouck Heights' academy pay of \$36,039. Substantial incremental increases proportionately set will be received annually by new employees until the sixth step is reached. Having set the new starting salary for new hires after the date of the Award, I deny that portion of the Township's proposal to freeze this rate through the contract terms. The starting rate shall be adjusted by the same percentage increase to be applied at each step for contract year 2001.

I also find merit in the Township's proposal to modify the number of sick days that may be accumulated for retirement purposes, but not to the extent

proposed and limited to new hires after the date of the Award. At present, employees may be paid for up to 85% of unused sick days at retirement. In other words, today an employee who has over 30 years of employment with the Township and 450 unused sick days could be paid for 383 days or 85%. The Township proposes to modify the sick leave bank provision to limit the days paid out to 50% or, in this example, 225 days. The Township justifies this proposal by explaining that it is part of its effort to rationalize benefits and achieve internal consistency among bargaining units and that the public works and white collar bargaining units accepted this new schedule in their recent agreements. The Township also points out that many of the comparable communities that provide for the banking of sick days provide lower maximums. The Township cites Elmwood Park which provides a maximum of 200 days, Little Ferry which provides a maximum of 120 days and South Hackensack which provides a maximum of 95 days. Further review of maximum benefits provided in nearby communities shows that Paramus provides a sick leave buy back at retirement at 50% of accumulated days. Rochelle Park provides up to six months of terminal leave and Maywood provides up to three months. In Hackensack, employees hired before 1985 may be paid for all of their sick leave at retirement, and those hired after January 1, 1985 may be paid for 75% of their accumulated sick leave at retirement. In Garfield, employees may be paid for up to 60% of their accumulated sick leave.

Because the value of an unused sick day will most likely substantially increase from date of hire to date of retirement for a new hire, this benefit, expressed in percentage of unused days, will appreciate over a career. I conclude that a modification of this benefit for new hires is warranted. Based upon all of the data submitted on this issue, I will modify this number to 60%. At this level, there will be future cost savings but the benefits will still rank at or above many of the comparable communities. I deny the Township's proposal for existing employees who have a strong interest in maintaining a system which is currently applied to them and anticipated by them for their future.

The Township also seeks to achieve future cost savings by the deletion of longevity benefits from the Agreement for new hires while enhancing this benefit for existing employees. The current agreement provides longevity payments under the following schedule:

<u>Years</u>	<u>Percent</u>
3	1
6	2
9	3
12	4
15	5
18	6
21	7
24	9
28	10

The PBA seeks to increase longevity payments to 9% at 21 years and to 11% at 24 years. The Township seeks to eliminate longevity for prospective

employees and to provide enhanced longevity for current employees. The Township's proposal for current employees is the same schedule as is currently provided under the public works and white-collar agreements. That schedule provides the following benefit:

<u>Years</u>	<u>Percent</u>
3	1
5	2
7	3
9	4
11	5
13	6
17	7
19	9
21	10
23	11
25	12
27	13
29	14
31	15

I deny this aspect of the Township's proposal to achieve future cost savings by the deletion of longevity benefits from the Agreement for new hires. Although the Township's proposal was accepted with its other bargaining units, this fact does not dictate that this result be directed in the law enforcement unit. The new salary schedule with a lower starting salary and two additional steps will provide immediate and long-term cumulative savings for new hires and long-term savings will also accrue from modification of the sick leave benefit or retirement for new hires. Modifications beyond these issues are not warranted during this single contract term. I am mindful that the Township has provided evidence that a similar proposal to delete this benefit for new hires was agreed to in Hillsdale,

Old Tappan and Rochelle Park. Although the parties in these three communities did reach voluntary agreements, these agreements represent only a few out of several dozen Bergen County municipalities. In each instance, there was a trade-off to do so. In this instance, the Township has proposed to enhance longevity benefits for existing employees, but the enhancement would require an officer to remain an employee for more than thirty years to receive an additional five (5%) percent of base pay. I deny both the Township's and the PBA's proposals to enhance longevity benefits during this contract term.

I turn now to the issue of increases to the salary schedule for contract duration January 1, 1999 through December 31, 2001. Total salaries amount to \$2,230,744 and one percent (1%) equals \$22,307. The current wage scale is as follows.

Salaries

Position	Eff. 1/1/96	Eff. 1/1/97	Eff. 1/1/98
Patrolman (starting)	\$36,400	\$38,220	\$40,131
Patrolman (One Year)	\$51,066	\$53,619	\$56,300
Patrolman (Two Years)	\$55,953	\$58,751	\$61,689
Patrolman (Three Years)	\$61,324	\$64,390	\$67,610
Sergeant	\$65,332	\$68,599	\$72,029
Lieutenant	\$69,467	\$72,940	\$76,587
Captain	\$73,599	\$77,279	\$81,143

The Township and the PBA have submitted extensive comparability data dealing with neighboring Bergen County communities. The Township contends that the comparisons entitled to a greater weight are those which arise from municipalities located in close proximity to Saddle Brook and which therefore manifest similar characteristics and demographics (Elmwood Park, Fair Lawn, Garfield, Lodi and Rochelle Park) and those municipalities which share a common union representation with PBA, Local 102 and are likewise within close geographic proximity to Saddle Brook (Hasbrouck Heights, Little Ferry, Moonachie, Rochelle Park and South Hackensack). The PBA has submitted a chart for the purposes for comparability which include the communities of Ridgefield, Maywood, Fair Lawn, Moonachie, East Rutherford, Hasbrouck Heights, Paramus, Lodi, Little Ferry, Glen Rock, Hackensack, Garfield, Rochelle Park, Oakland, and Hawthorne. There are 71 municipalities in Bergen County. Although a county-wide average of all of these municipalities would be relevant, for the purposes of this decision I will accept the communities of Elmwood Park, Fair Lawn, Moonachie, Hasbrouck Heights, Lodi, Little Ferry, Garfield, and Rochelle Park for comparability purposes for the reasons set forth by the Township. I will also include Paramus as proposed by the Union because it shares a border with Saddle Brook although the size of the community and its police department and its characteristics are not as common as the other communities. I note that the PBA has also included these municipalities in its presentation on comparability. A review of law enforcement settlements and salaries at patrol maximum reflect the following:

**Comparable Bergen County Municipalities
Top Patrolman's Salary**

Town	1998	1999	1999	2000	2000	2001	2001
Paramus	\$77,584	4%	\$80,867				
Rochelle Park	\$72,121	4.5%	\$75,366	4.5%	\$78,757		
S. Hackensack	\$71,297	3.25%	\$73,614	3.25%	\$76,007		
Hasbrouck Heights			\$72,868	3.8%	\$75,637	3.9%	\$78,587
Saddle Brook	\$67,310						
Little Ferry	\$66,202	4%	\$68,850	4%	\$71,604		
Garfield	\$65,922	4%	\$68,599				
Fair Lawn			\$68,581	3.9%	\$69,178	4%	\$71,745
Lodi ¹	\$64,966	4%	\$67,544	4%	\$70,245		
Elmwood Park	\$64,437	5% (2%/3%)	\$67,041	5% (2%/3%)	\$70,433		
Moonachie	\$64,188	4%	\$66,758	4%	\$69,428		

Looking at 1998 top step base salaries, the municipalities of Paramus, Hasbrouck Heights, Rochelle Park and South Hackensack had higher top patrolman's salary while Little Ferry, Garfield, Fair Lawn, Lodi, Elmwood Park and Moonachie had lower. The salary increases in these communities in 1999 did not go up in lockstep fashion. The increase range was from a low of 3.25% in South Hackensack to a high of 4.5% in Rochelle Park and a split 5% (3%/2%) and 3.5% payout in Elmwood Park. The remaining settlements were 4%. Increases among these communities averaged 4.09%.

Among comparable municipalities who have reached agreement for 2000, increases again ranged from 3.25% in South Hackensack to a high of 4.5% in Rochelle Park and a split 5% (3%/2%) and 3.5% payout with 1.5% rollover in

¹ Lodi's agreements provide increases effective July 1 of each year.

Elmwood Park. Lodi, Little Ferry and Moonachie received increases of 4%, Fair Lawn 3.9%, and Hasbrouck Heights received 3.8% in 2000. Increases among these communities averaged 4.05%.

Only Fair Lawn and Hasbrouck Heights have reached agreements for 2001. Those agreements provide for 4% and 3.9%, respectively.

The Township also seeks that weight be given to the 2% settlements reached with its blue collar bargaining units. The PBA contends that this internal comparison be given no weight inasmuch as the nature of the respective jobs are so dramatically different that the law enforcement comparisons should be given the most weight. On this point, the PBA's assertions are more persuasive. There is no evidence that prior PBA wage adjustments have been directly linked or fixed by a prior settlement among the Township's blue collar workers. Further, the nature of the compensation systems are different between the two as reflected in the above determinations to lower the starting salary for new hire police officers and to reconfigure the future salary schedule to reflect two additional steps. The Township and the PBA also recognize the significance of comparability data among law enforcement units by virtue of the extensive data each has submitted on such comparability. I conclude that this data is entitled to greater weight than the comparable data for non-law enforcement public employees. Specific analysis of the comparability data is, of course, subject to an examination of other key criteria which I also find relevant to a reasonable

determination of the issues, including the lawful authority of the Township, the financial impact of the terms of the Award on the governing body, its residents and taxpayers, and the interests and welfare of the public. I have also given weight to the Township's objective to achieve cost savings for new police officers as a result of the disposition of its non-law enforcement units.

Based upon the arguments and evidence submitted, and after applying the statutory criteria, I have determined that a three-year agreement with wage increases shall be 4.05% effective January 1, 1999; 4.0% effective January 1, 2000 and 3.9% effective January 1, 2001; for a total increase of 11.95% over the three-year term representing an average increase of 3.98%. The Award results in a net economic change of \$277,331 over the three years by virtue of increases of \$90,345 in 1999, \$92,843 in 2000 and \$94,143 in 2001. There will be substantial future cost savings as a result of the salary schedule modifications for new hires but these are not calculable absent knowledge of when and how many new police officers will be employed. The existing salary schedule shall be deleted from the Agreement after all police officers achieve top or maximum salary. The new salary schedules are set forth as follows:

New Salary Schedule

Position	Eff. 1/1/99	Eff. 1/1/00	Eff. 1/1/01
Patrolman (starting)	\$41,756	\$43,426	\$45,119
Patrolman (One Year)	\$58,580	\$60,923	\$63,299
Patrolman (Two Years)	\$64,187	\$66,754	\$69,358
Patrolman (Three Years)	\$70,036	\$72,837	\$75,678
Sergeant	\$74,946	\$77,944	\$80,983
Lieutenant	\$79,688	\$82,876	\$86,108
Captain	\$84,429	\$87,806	\$91,230

Salary Schedule for Newly Hired Police Officers

Position	Eff. 1/1/00	Eff. 1/1/01
Patrolman (starting)	\$30,000	\$31,170
Patrolman (One Year)	\$38,567	\$40,071
Patrolman (Two Years)	\$47,134	\$48,972
Patrolman (Three Years)	\$55,701	\$57,873
Patrolman (Four Years)	\$64,268	\$66,774
Patrolman (Five Years)	\$72,837	\$75,678
Sergeant	\$77,944	\$80,983
Lieutenant	\$82,876	\$86,108
Captain	\$87,806	\$91,230

These terms (4.05%, 4.0%, 3.95%) closely parallel the average of settlements in the comparable communities (4.0%, 4.05% and 3.95%). The awarded increases would modify existing salaries in relation to comparable communities as follows:

**Comparable Bergen County Municipalities
Top Patrolman's Salary**

Town	1998	1999	1999	2000	2000	2001	2001
Paramus	\$77,584	4%	\$80,867				
Rochelle Park	\$72,121	4.5%	\$75,366	4.5%	\$78,757		
S. Hackensack	\$71,297	3.25%	\$73,614	3.25%	\$76,007		
Hasbrouck Heights			\$72,868	3.8%	\$75,637	3.9%	\$78,587
Saddle Brook	\$67,310	4.05%	\$70,036	4%	\$72,837	3.9%	\$75,678
Little Ferry	\$66,202	4%	\$68,850	4%	\$71,604		
Garfield	\$65,922	4%	\$68,599				
Fair Lawn			\$68,581	3.9%	\$69,178	4%	\$71,745
Lodi ²	\$64,966	4%	\$67,544	4%	\$70,245		
Elmwood Park	\$64,437	5% (2%/3%)	\$67,041	5% (2%/3%)	\$70,433		
Moonachie	\$64,188	4%	\$66,758	4%	\$69,428		

The Township wage proposal would diminish the standing of its police officers in relation to the comparable communities. While such a result might be justified by evidence such as adverse financial impact on the governing body, its residents and/or taxpayers, there is no persuasive support for such a conclusion. The PBA's proposed seeks greater weight to be given to higher than average settlements to place the Township's police officers in a more favorable relationship with departments such as Paramus. This proposal must also be rejected. The terms of this Award will not move the PBA beyond the four chosen comparable communities above it nor cause it to fall below the five chosen departments which now rank below its salary level.

The terms of the Award are clearly within the Township's lawful authority. The Township's 1999 budget has established a CAP level at 1.5%. It has adopted a fiscally prudent budget. The Township did not appropriate an additional 3.5% which would be allowable under P.L. 1976 c. 68 (C.40A:4-45 et seq.) The total allowable appropriations in the 1999 budget are \$8,062,435 and the Township anticipated a \$500,000 surplus.

The record reflects that the Township is fiscally sound. The 1998 Annual Financial Statement reflected a surplus of \$386,217.22. The results of operations on the Annual Financial Statement reflects that the Township has had the ability to annually generate surplus funds. These statements also reflect an excellent

² Lodi's agreements provide increases effective July 1 of each year.

and increasing tax collection rate 96.77% in 1996, 96.83% in 1997 and 97.54% in 1998.

The financial data also reflects that the municipality has succeeded in maintaining a relatively flat tax rate. Its tax rate dropped in 1998 from .704 in 1997 to .698 in 1998, but rose back to .704 in 1999. Placing the tax rate in context, within Bergen County, the Township's general tax rate ranks 51st out of 70 Bergen County municipalities and 53rd in its tax levy per capita.

Based upon all of the above, I conclude that the terms of this Award will not adversely impact upon the financial health of the governing unit, its residents and taxpayers. The Township has pointed out that the New Jersey Supreme Court's Hillsdale decision does not permit a result to be awarded merely because a public employer has an ability to pay or has not proven an inability to pay. Hillsdale does not find that a financially healthy condition of an employer is irrelevant to a wage determination. It does require, as here, consideration and application of all relevant criteria.

The terms of the Award are consistent with the interests and welfare of the public. The public is served, as here, by an efficient and productive police force. It should receive these services without excessive cost but must support the cost of this, as well as other essential services, as long as they are neither excessive nor unsupported by objective considerations. These terms do increase such

costs but without adverse financial impact and consistent with terms and conditions of employment among comparable communities. Weight has also been given to future employment costs which will result in savings as a result of the modifications for new hires.

I have also considered the overall compensation presently being received, including salary and longevity, as well as provisions covering vacation carryover, clothing allowance and sick leave buy back at retirement. The Award does not expand on any existing benefits. It has created future cost savings for new employees but the overall compensation package will continue to promote, and not adversely affect, the continuity and stability of employment of the Township's police officers.

I have also considered the cost of living data. The CPI for the New York metropolitan area has risen a consistent 1.7% from the beginning of 1998 through the first seven months of 1999. This factor does favor the Township's salary proposal, but for reasons stated in this Award, has been given less weight than data on comparability with respect to salaries for law enforcement personnel in comparable communities in Bergen County, private sector wage data and the favorable budgetary posture of the Township. The cost of living is a moderating factor and weighs against awarding the PBA's proposal. It also supports the future cost saving terms of the Award. I do not conclude that the terms of the

award should be set at the equivalent level of the cost of living or should be the sole and determining factor in the determination of wage increases.

Neither party has placed great emphasis on private sector comparisons, but the terms of the Award are consistent with widely accepted private sector wage data. According to the New Jersey Department of Labor report published by PERC in December 1998 showing changes in the average wages of private sector jobs covered under the state's unemployment insurance system, private sector wages increased 4.76% from 1996 to 1997 in New Jersey generally and 5.0% in Bergen County specifically. Total government increases during that period averaged 3.0%. This data weighs against the PBA's wage proposal, but must be weighed against the data on comparable law enforcement settlements. I note that these statistics were computed on salaries substantially less than those received by Saddle Brook police officers and I cannot be simply directly applied to a wage determination in this case.

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

AWARD

1. There shall be a three-year agreement effective January 1, 1999 through December 31, 2001. All proposals by the Township and the PBA not awarded herein shall be denied and dismissed. All of the terms of the prior Agreement except as modified by mutual agreement or the terms of this Award shall be carried forward and are incorporated herein.

2. **Health and Welfare Benefits**

Article XXIV shall be modified to delete reference to the insurance carrier and the following language shall be added to the provision: "Consistent with the law, the Township has the right to change the insurance provider so long as the same or better benefits are provided." An additional paragraph shall be added to Section A of Article XXIV providing as follows:

Whenever any insurance program or policy is modified or intended to be modified by the Township then there shall be, as a condition precedent to said change, a requirement that the PBA shall be provided with 60 calendar days notice, unless the Township is compelled to respond to a lapse in coverage. Said notice shall include sufficient details of the plan so as to enable a full and complete analysis of the new plan proposed and the current plan then in existence. Such information shall include, but not be limited to, full copies of the plan document of the proposed coverage and the current coverage.

3. **Salary**

The salary schedule shall be modified as set forth below and retroactive to the effective dates.

Effective January 1, 1999	4.05% shall be added to each step
Effective January 1, 2000	4.0% shall be added to each step
Effective January 1, 2001	3.9% shall be added to each step

The salary scale for all current Police Officers will be as follows:

Position	Eff. 1/1/99	Eff. 1/1/00	Eff. 1/1/01
Patrolman (starting)	\$41,756	\$43,426	\$45,119
Patrolman (One Year)	\$58,580	\$60,923	\$63,299
Patrolman (Two Years)	\$64,187	\$66,754	\$69,358
Patrolman (Three Years)	\$70,036	\$72,837	\$75,678
Sergeant	\$74,946	\$77,944	\$80,983
Lieutenant	\$79,688	\$82,876	\$86,108
Captain	\$84,429	\$87,806	\$91,230

4. For all employees hired after the date of this award, the starting salary shall be \$30,000. The salary scale for all employees hired after the date of this award shall be modified to include two additional steps as reflected herein. The salary scale for all employees hired after the date of this Award shall be as follows:

Position	Eff. 1/1/00	Eff. 1/1/01
Patrolman (starting)	\$30,000	\$31,170
Patrolman (One Year)	\$38,567	\$40,071
Patrolman (Two Years)	\$47,134	\$48,972
Patrolman (Three Years)	\$55,701	\$57,873
Patrolman (Four Years)	\$64,268	\$66,774
Patrolman (Five Years)	\$72,837	\$75,678
Sergeant	\$77,944	\$80,983
Lieutenant	\$82,876	\$86,108
Captain	\$87,806	\$91,230

5. The existing benefit for the use of unused sick days upon retirement shall remain except the percentage of such days to be used shall be modified to 60% but only for employees hired after the date of this Award.

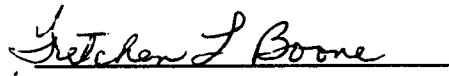
DATED: April 26, 2000
Sea Girt, New Jersey



James W. Mastriani

State of New Jersey }
County of Monmouth }ss:

On this 26th day of April, 2000, 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 8/13/2003