

**NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION**

In the Matter of Interest Arbitration Between

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**TOWNSHIP OF OLD BRIDGE,**

"Public Employer"

-and-

**OLD BRIDGE PBA, LOCAL 127**

"Union."

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**INTEREST ARBITRATION  
DECISION  
AND  
AWARD**

Docket No. IA-97-~~1~~ 44

**Before  
James W. Mastriani, Arbitrator**

**Appearances:**

**For the Employer:**

Robert T. Clarke, Esq.  
Appruzese, McDermott,  
Mastro & Murphy, P.C.

**For the Union:**

Simon M. Bosco, Ed.D.  
S. M. Bosco Associates

I was appointed arbitrator by the New Jersey Public Employment Relations Commission on May 14, 1997 in accordance with P.L. 1995, c. 425, in this matter involving the Township of Old Bridge (the "Township") and PBA, Local 127 (the "PBA"). Pre-arbitration mediation was held on April 7, June 25, and July 18, 1997. Because the impasse was not resolved, a formal interest arbitration hearing was held on October 16, 1997, at which time the PBA presented its case. At the conclusion of the PBA's case, the Township indicated that it would present its case through documentary evidence and its brief. Post-hearing briefs were submitted on March 6, 1998. The Township submitted a reply brief on March 26 and the PBA submitted a reply brief of March 30, 1998. 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 127**

1. Duration--July 1, 1996 to June 30, 1999
2. Salaries--

Across the board salary increases as follows:

- 2.45% effective July 1, 1996
- 2.45% effective January 1, 1997
- 2.35% effective July 1, 1997
- 2.25% effective January 1, 1998
- 2.20% effective July 1, 1998
- 2.20% effective January 1, 1999

3. Effective July 1, 1996 increase by \$500 to \$1500 the amount paid to patrol officers assigned to Planning and Administration, Traffic and Safety, Records, the I.D. Bureau, and the Communications Officer and to patrol officers assigned to the Detective Bureau.

Effective July 1, 1997 increase by \$500 to \$2000 the amount paid to patrol officers assigned to Planning and Administration, Traffic and Safety, Records, the I.D. Bureau, and the Communications Officer and to patrol officers assigned to the Detective Bureau.

4. Amend Article XIII, Section C, the college incentive plan to increase the incentives as follows:

A.A. add \$250.00 to increase incentive to \$750.00

- B.A. add \$250.00 to increase incentive to \$1450.00
- M.A. add \$250.00 to increase incentive to \$1750.00

5. Amend Article XXII to increase the clothing allowance as follows:

Add \$50.00 to increase the allowance to \$950.00 effective  
January 1, 1997

Add \$50.00 to increase the allowance to \$1000.00 effective  
January 1, 1998

6. Amend Article III, Section D-1 to increase the total number of annual PBA  
state delegate release days from 15 to 40 days per year.

### Old Bridge Township

1. Duration--July 1, 1996 to June 30, 1999

2. Salaries--

Across the board salary increases as follows:

- 3% effective July 1, 1996
- 3% effective July 1, 1997
- 3% effective July 1, 1998

3. Amend Article VII, Section E(1), covering work schedules, as follows:

1. Patrol Bureau

All employees assigned to the Patrol Bureau shall work a four on four off (4-4)

schedule, with each daily tour being nine (9) hours and twenty (20) minutes in length. In addition, any officer working a 4-4 schedule shall work twelve (12) additional prescheduled supplemental days per year, in accordance with the following guidelines:

- a) The Township shall be permitted to set this up as a power shift, with at least 9 hours and 20 minutes off before the schedule start of the supplemental day.
- b) All supplemental days will be of a full day duration; pre-scheduled with at least 30 days notice; and, scheduled contiguous with the beginning or end of the officer's regular schedule.
- c) Supplemental days shall not be scheduled as holidays.
- d) Any other time worked in excess of the 9 hours 20 minutes supplemental day shall be paid in accordance with Article VII, Section A.
- e) Regular compensation shall remain the same during each pay period regardless of whether additional supplemental day or days are worked in a particular pay period.

f) Any officer who calls out sick on a scheduled supplemental day shall be rescheduled to work another supplemental day. If not rescheduled to work a make-up supplemental day before the year's end, then a sick day shall be charged.

For the purposes of calculating the employee's overtime rate, however, the standard of thirty-seven and one half (37 1/2) hours shall be utilized.

Article VII, Section A shall be changed from ten (10) hours to nine (9) hours twenty (20) minutes.

4. Clarify Article XII, Health and Disability, Section A(1)(b)(H) to provide, "The Co-payment level for all such plans shall be five (\$5.00) dollars for each physician visit."

5. Amend Article XII, Health and Disability, Section C, to provide for the level of benefits which the Township can provide through its insurance coverage, in accordance with the statutory requirements of N.J.S.A. 40A:14-154.

The Township and the PBA have offered considerable documentary evidence in support of their final offers. 90 Township and 31 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**

Old Bridge is a suburban community in Middlesex County. It has a low crime



rate compared to other similarly sized communities in the County. Although the crime rates are down, the number of calls for police services have increased. Old Bridge's population has grown steadily throughout the 1980's and 90's. Population increased 19.2% from 1980 to 1990, and continued increases are projected. Old Bridge is a middle class community with an average household income of \$53,015, based upon the 1990 census.

The record demonstrates that the Township has, through great effort and sacrifice on the part of its citizens and employees, recovered from significant financial hardship in the early 1990's to robust fiscal health today. Significantly, the PBA, as well as other Township employees, contributed to the turnaround in the Township's fiscal health through an 18-month wage freeze from January 1, 1992 through June 30, 1993. The Township's economy is now vigorous, with a surplus of \$8,000,000.00 in 1996. After a \$.35 tax hike in 1993, taxes have decreased 10% over the last four years.

The Township's total assessed property tax valuation has increased from \$2.73 billion in 1994 to \$2.79 billion in 1996. 76.5% of that valuation is residential, causing Township residents to bear most of the tax burden. Still, the Township enjoys a high rate of tax collection, at 96.8%.

The Township currently employs 57 police officers in the rank and file bargaining

unit. The superior officers are represented by the Fraternal Order of Police (FOP) in another bargaining unit. Annualized base salary costs for the 57 police officers as of June 30, 1996, exclusive of increments, is \$2,762,547.00, and one percentage point costs \$27,625.47.

### **THE PBA'S POSITION AND ARGUMENT**

The PBA's principle argument is that an award in its favor would not be burdensome on the Township's taxpayers, since the Township did not prove that it had an inability to pay. Specifically, the PBA asserts that this fact should be controlling in application of the statutory criteria. Citing How Arbitration Works, and Twin City Rapid Transit Co., 10 LA 581, 594 (1948), the PBA suggests that ability to pay is very important and should be taken into account because the Township has reduced taxes 10% over the past four years. As evidence of the Township's ability to pay, the PBA points to an \$8 million dollar surplus at the end of 1996, a stabilized tax rate, and an above average tax collection rate of 96.8%. The PBA also asserts that the Township's tax burden compares favorably with the rest of Middlesex County, with the ninth lowest combined tax rate in Middlesex County in 1995. Additionally, taxes have not increased for five years in a row.

Based upon this evidence, the PBA asserts that the Township's "overall relative

position" has remained constant or improved. The PBA argues that the Township is experiencing "vibrant growth and an expanding tax base" because the overall assessed valuation increased from \$2.73 billion in 1994 to \$2.8 billion in 1996. During this period, the Township has aggressively acquired and developed new tracts of public land. The PBA maintains that 137 acres were removed from the tax rolls in 1996 for future Green Acres development.

The PBA relies upon the FY1996 audit to show that the Township's current funds have increased consistently in every year except 1992. The PBA suggests consideration of only the years from 1993, when Mayor Cannon took office, to the present. The PBA acknowledges that 1992 was "fiscally calamitous" for the Township and the Mayor inherited fiscal problems which she and the Township have resolved over the past four years. Based upon end of year balances, the PBA asserts that the Township has returned an average of \$3,841,250.00 per year in the form of utilization in the succeeding budget. The PBA cites the amounts carried over from year to year as evidence of the Township's fiscal strength as well as its "administrative and legislative acumen."

The PBA highlights the Township's high rate of tax collection as well as its income level. According to the PBA, the 1990 Mean Earning of Workers by county lists Middlesex County as the tenth highest in average earnings at \$29,482.00, which was, in 1990, only \$8.00 below the State average of \$29,450.00. Turning to an analysis of mean household income, the PBA relies upon 1990 census figures to show that the Township has an average household income of \$53,015, compared to the average household income for Middlesex County of \$52,084.00. In several categories, the PBA demonstrates that the Township is near or slightly above average when compared to Middlesex County as a whole. The categories cited include mean family income, per capita income, and mean household income for owners and renters. Based upon this information, the PBA concludes that the income of the Township's population is "squarely in the middle of the County." Therefore, the PBA argues that the Township's police officers should not receive salary increases below the County average. The PBA compares the Township to four contiguous Monmouth County communities, Aberdeen, Englishtown, Matawan and Marlboro, but finds comparison with contiguous communities within Middlesex County more appropriate.

Therefore, the PBA compares the income levels in the Township with those in East Brunswick, Monroe, Perth Amboy, South Amboy, South River and Spotswood. Based upon this comparison, the PBA concludes that the Township's residents are better off than all of the contiguous communities, except East Brunswick. Specifically,

the average household income in these communities is \$48,148.29 compared with \$53,015 in Old Bridge. Comparisons between the average family, per capita, owner and renter income levels in these communities and in Old Bridge yields similar results.

Relying further on 1990 census data, the PBA notes that the Township ranked third for total housing units with 21,116 and less than 75% of its usable land developed. Citing preliminary approvals for large scale developments within the Township, the PBA asserts that the Township will continue to grow and to expand its tax base. The PBA further asserts that the Township has not shared the benefits of its well being and good fortune with its police officers, and to award the Township's final offer would result in a diminution of the relative ranking of its compensation package.

Turning to the Township's proposal to change work schedules from four ten hour days to nine hours and twenty minutes with the time made up through 12 additional work days, the PBA recounts the history of that proposal. During negotiations for the previous agreement, the PBA and the Township negotiated over a similar proposal. During those negotiations, the Chief of Police opposed the proposal and the rank and file rejected it, despite the inclusion of extra financial incentives to adopt the proposal.

The PBA addresses the proposal in light of the current size of the Township's police force. Down from a high of 104 officers in 1986 and up from a low of 79 in 1993

and 1994, the Township employs 84 officers. According to the PBA's calculations, the current annual average call per officer ratio is 454.76 to 1, compared to the average call per officer ratio of 177.88 to 1 in 1986. The PBA also notes that the Township is one of ten departments in Middlesex County with a four on, four off schedule and that no department in the County has a schedule similar to that proposed by the Township. The PBA asserts that the objective of the Township's proposal is to reduce overtime costs without increasing the size of the police force. The PBA notes that the Township did not provide an overtime analysis comparing overtime hours for rank and file officers to those of superior officers and did not breakout overtime caused by casual absences as compared to those caused by long term absences or special assignments. The PBA asserts that the "overwhelming majority" of funds spent on overtime within the last five years are from the superior officers' unit. The PBA also asserts that high overtime costs are due to personnel shortages rather than the work schedule.

The PBA contends that when the four on four off work schedule was initially implemented in 1986 and 1987, overtime dropped dramatically, and then began to increase as the number of officers decreased. According to the PBA, the Township has not provided information about the gross and net savings in payroll costs from 1986 to 1996. The PBA asserts that the Township has saved approximately \$461,629.00, plus longevity and other costs, for each patrol officer it has not hired or replaced since the police force had a total of 104 officers in 1986. Based upon its calculation of the cost of

additional officers in each year since 1986, compared to the overtime cost for each year, the PBA calculates that the Township has saved a total of approximately \$4,684,844.00. This calculation is premised upon the assumption that a full complement of police officers is 104. The PBA points out that this savings has been achieved during a decade in which the Township has seen the crime rate drop dramatically and the number of calls answered per officer increase. That, according to the PBA, means that the Township's taxpayers are receiving great value from the services provided by each police officer.

The PBA asserts that the current schedule is the County norm, and is providing taxpayers with a cost effective method of working with fewer officers and more calls. According to the PBA, changing a schedule that works "could prove detrimental and disastrous" and the Township assertions to the contrary are without merit. In support of this assertion, the PBA points out that the Chief of Police is opposed to the schedule change.

The PBA strenuously opposes the Township's proposal for changes to the Long-Term Disability benefit included in the agreement. According to the PBA, that benefit includes the Annual Earned Income Formula (AEIF), which was negotiated in conjunction with the current 4/4 work schedule. According to the PBA, the Township insisted upon including this formula in order to limit its exposure and liability where a

disabled and retired officer is earning income through some other form of gainful employment. However, the PBA contends that the Township has not held disabled officers to the AEIF. The PBA maintains that, given the nature of police work, this benefit is crucial. According to the PBA, the AEIF was included after the Township lost the Stawicki arbitration, and was designed to resolve the Township's concerns about the financial burden of the disability policy. The PBA notes that the Township has not included examples of financial burden, despite having retired disabled officers who qualify for payments.

The PBA also asserts that the remaining relevant statutory criteria support an award favoring the PBA. The PBA considers the interest and welfare of the public to be a preeminent criterion in this case, particularly when compared to the Township's emphasis on comparison with the private sector economy and the internal pattern of settlement. Turning to the remaining statutory criteria, PBA notes that the parties have not entered into stipulations. Arguing that the lawful authority of the employer should rarely apply in interest arbitration proceedings, the PBA asserts that the Township does not have a Cap problem. To the contrary, the PBA points out that the Township has a significant Cap bank in 1998, which may be carried into 1999.

Stressing the importance of the cost of living to collective bargaining, the PBA acknowledges that the current cost of living is less than three percent. However, the



PBA notes that Social Security, which generally is a correlative percentage of the rise in the cost of living, has announced a 2.9% increase in benefit payments. From this, the PBA argues, a more accurate estimate of the cost of living is in excess of three percent. The PBA also submits that to rely strictly upon the cost of living would require initially an analysis of the wage history of the parties in comparison to the historic rise in the CPI. Additionally, analysis and judgment of the portion of wage increases due to increased demands on employees, as well as the amount of salary at the starting point of the analysis, would be required. Since no such study has been proposed or undertaken by the parties, the PBA suggests that little reliance should be placed upon the cost of living.

Turning to the continuity and stability of employment, the PBA contends that police employment within the Township is stable, but the number of police officers has decreased from a high of 104 in 1987 to a low of 84 in 1996. While the PBA does not contend that this decrease reflects instability, the PBA does assert that it demonstrates that the workload per officer has increased dramatically.

With respect to overall compensation currently received, the PBA asserts that before the ten-month wage freeze in the second half of 1991 and all of 1992, its officers "enjoyed a preeminent position within the County." Since that time, the PBA argues the wage freeze has effectively reduced the Township's relative ranking by almost five. As

an example, the PBA points to a 2.15% traditional differential between Sayreville, a contiguous community, and the Township. According to the PBA, the 2.15% differential in 1994 and 1995 would virtually disappear if the Township's proposal of 3% is awarded. Specifically, in 1996 Sayreville's maximum base salary was \$53,715.00, and if the Township's proposal of 3% is adopted in Old Bridge, the maximum base salary for 1996 would be \$53,820.00. In comparison, if the PBA's proposal of 2.45% effective July 1, 1996 and 2.45% on January 1, 1997 were awarded, than the top patrol salary for 1996 would be \$54,844.00, or \$1129.00 or 2.06% more than Sayreville.

### **THE TOWNSHIP'S POSITION AND ARGUMENT**

The Township begins its analysis of this dispute with a discussion of the costs of the PBA's proposals. According to the Township, for 1996, the PBA's wage proposal would cost 7.5% or \$206,781, if incremental costs are included. This amount does not include carryover, or increases in the detective and administration stipends, which the Township calculates as \$9,500 in additional costs. Further, the proposed increase in the education stipend would effect 23 officers at present, and would cost \$5,750. Adding these costs to the PBA's wage proposal, the Township calculates, the proposal, for 1996 alone, would cost \$222,031, or, the equivalent of an 8% increase.

For 1997, the Township calculates that the PBA's proposal would cost \$226,448, inclusive of increments, but not the cost of the carryover into the third year. The second increase in the detective and administration stipends would cost the Township another \$9,500 in new money in 1997. The second year of the PBA's proposal also includes a \$50 increase in the uniform allowance, which totals \$2,850 in new money. The Township calculates further that the PBA's proposal for the second year is equivalent to a 7.2% increase, or a 7.6% increase with the stipends and uniform allowance.

For 1998, the Township calculates that the PBA's final offer will cost \$183,368, or 5.8% inclusive of increments and an additional increase in the uniform allowance, plus the carryover cost into the next year of 1.1%. Therefore, according to the Township's calculations, the PBA's proposal would cost approximately \$631,847, or 21.4% over three years, plus 1.1% in carryover costs. The Township notes that the PBA's final offer would cost taxpayers an additional \$250,196 over three years, plus the 1.1% carryover. Possible results of awarding such an increase are either an increase in the cost of collective bargaining in the Township as other bargaining units seek similar gains, or discontented employees in other bargaining units.

Addressing the interest and welfare of the public, the Township asserts that the public interest would not be served by awarding more to police officers, who are already better compensated, than to other Township employees. Relying upon Arbitrator

Jeffrey Tener's 1994 award involving these parties, the Township asserts that the "disharmony" caused by treating one group of public employees differently from other public employees is not in the public interest.

Next, the Township notes that 12% of its population are senior citizens who generally live on fixed incomes. Then the Township describes its relative wealth as lower than other municipalities in the County. The Township notes that although Old Bridge has the fourth highest residential tax bill in the County, its ratables have decreased in value by over \$227 million since 1990. The Township supports these points with reference to Arbitrator Tener's 1994 award which states that the police officers' high compensation "in relation to others in the County is not related to the wealth of the Township."

Addressing the taxpayer's ability to pay for the PBA's final offer, the Township acknowledges that its financial picture has brightened since the 1992 economic crisis. However, the Township urges close scrutiny of the financial picture. First, it notes that the PBA, as well as all other Township employees, received an 18 month wage freeze, but the PBA was least affected by personnel cutbacks and layoffs caused by the 1992 budget crisis. Specifically, a total of 45 civilian employees and 8 police officers were laid off in 1992, and only the eight police officers were recalled by July of 1993.

The Township's equalized tax rate ranks 18<sup>th</sup> out of 25 Middlesex County municipalities, and among the larger municipalities in the County, only New Brunswick and Perth Amboy have higher equalized tax rates. The Township points out that although its tax rates have decreased for the past five years, taxes are still unacceptably high after a 35% increase in one year. The tax rate was 0.56 cents in SFY 1992, and after a 0.35 cent increase in 1993, followed by subsequent decreases, is 0.69 cents in SFY 1998. In considering the interest and welfare of the public, the Township points out that Old Bridge property tax consumes 6.4% of the average residential taxpayers' before tax income, and that only 6 municipalities in the County pay a higher percentage of their income in real estate taxes. According to the Township, since residential ratables are disproportionately high compared to other Middlesex County municipalities, Old Bridge's homeowners bear a greater percentage of the tax burden than in other communities, and therefore bear a greater portion of any salary increase. Specifically, the Township points out that total ratables declined from \$3,048,681,450 in 1990 to \$2,806,853,948 in 1996. According to the Township, as a result of low ratables, residential tax rates in Old Bridge are higher than in the rest of the County.

Old Bridge also points out that it can not be competitive with other municipalities and that it lost an opportunity to induce AT&T to relocate one of its facilities to the Township despite tax abatements. The Township also points out that developers are

going elsewhere to avoid its high tax rate, and in order to complete its economic recovery, it must reduce its tax rate to be more competitive. The Township makes reference to the Brunetti Gold Coast project, which the PBA refers to as a source of increased rates. The Township points out that the project has yet to be approved, and if approved, the project will not begin until 2000, and collection of additional rates would not begin until its completion five years later. Taxpayer sentiment may be gauged by the school budget, which has been defeated in 24 out of the last 26 years. Turning to the Township's purchase of open spaces, these acquisitions have been funded with a Green Acres grant and Green Acres 2% loans payable over 20 years. While Old Bridge has improved its bond rating from Ba to A, it received an AAA rating only after purchasing insurance to guarantee the bond.

Examining the budget, the Township argues that there are few available sources of additional revenue other than increased taxes. According to the Township, \$8 million in surplus funds has stabilized the tax rate. Diminishing this surplus would decrease a recurring source of revenue. According to the Township, if the amount of the surplus used annually to offset taxes is considered, then the effective surplus after adoption of the budget is only \$2.2 million. Given a budget of approximately \$40 million, this amounts to 5.6% or under three weeks' worth of expenses. According to the Township, in SFY 1998, after adoption of the budget, the fund balance decreased to \$173,680, which is less than was available during the last contract term.

According to the Township several factors have contributed to the leveling off of the surplus, and in the future the surplus may not be available to offset a negative event, such as a decrease in the stock market. One factor which has contributed to the surplus leveling off is a wide variation in actual tax collections compared to anticipated revenues. The Township explains that, as the anticipated tax collection rate increases, there is a smaller variance between the amount projected and the amount collected. Therefore, the Township reasons that the collection rate, which has improved since 1992, does not result in the availability of additional funds for salary increases. Additionally, the Township asserts that its collection rate will not increase beyond its current 95.53%, and any change in the collection rate is likely to be downward. The Township notes further that because it has had success in collecting revenue from 1991 and 1992, as the tax delinquency rate decreases there are fewer funds left to collect.

On the other hand, the Township notes that expenses continue to increase, and the overall cost of its public safety budget for 1998 is 48.6% of its budget and the cost of public safety salaries have increased 37% from \$5,445,462.00 in 1994 to \$7,486,065.00 in 1998. Specifically, the Township points to \$492,281.00 for public safety overtime in 1997. The Township maintains that increases in employee costs must be paid for either by cutting services or increasing taxes. The Township asserts

that its final offer will cost 16.4% over the life of the agreement, and two budgets funding this final offer have already been passed. Therefore, increasing the amount would require the Township to fund the increase out of the SFY 1999 budget.

Turning to the criteria covering comparables, the Township asserts that the wages, hours and conditions of employment of its police compare favorably with those of both public and private sector employees. Addressing first the issue of comparability with other Old Bridge employees, the Township notes that its police officers justifiably earn more than other Township employees. However, the Township asserts that, due to past interest arbitration awards, the disparity between police salaries and those of other municipal employees is too great. Therefore, under the new law, the Township asserts that greater emphasis should be placed upon internal comparability.

The Township notes that police officers occupy 58 out of the 70 highest earning positions in the Township. The Township maintains that the PBA's final offer would further the salary disparity between the police and other bargaining units by providing an additional 4.4% across the board over three years. The Township points out that police already enjoy better benefits than other Township employees, including retiree health benefits, sick leave, sick leave redemption upon retirement, vacation, holidays, college incentive plan, uniform benefits and pension benefits. Specifically, the Township notes that police officers have greater overtime earnings opportunities as well



as opportunity for "outside employment" at \$30.00 per hour, or \$45.00 per hour after 8 hours.

In light of these benefits, the Township asserts that the PBA's final offer of a salary increase that is 4.4% greater than that received by other bargaining units is unfair. The Township notes that when compounded, the increase amounts to 4.9%, and since police salaries are already higher, the PBA's proposal simply increases the disparity with other units.

The Township urges that substantial weight be placed on internal comparables in order to insure sound labor relations. Further the Township points to a previous interest arbitration award in which Arbitrator Jeffrey Tener found compelling the pattern of settlement established by the non-police bargaining units within the Township. The Township also notes that its proposal would contain the current differential between its police and non-police employees, by allowing the actual dollar difference to grow (based upon the currently higher police salaries) without increasing the differential. However, adoption of the PBA's final offer would cause the dollar differential to grow an additional \$2560.00 over the life of the agreement.

Turning to the pattern of settlement within the Township, the two agreements with Teamsters Local 469, representing about 90 professional and non-professional employees provided the following increases:

3%	7/1/96
3.5%	7/1/97
3%	7/1/98

According to the Township, the additional .5% in the second year is in return for converting the primary election day holiday to a floating holiday, which permits the Township to keep its operations open an additional day each year. The Township notes that the agreement also clarified Health Insurance contract language to provide that "the co-payment level for all such plans shall be five (\$5.00) dollars for each physician visit." The Township urges similar clarification to the PBA agreement. According to the Township, the language clarification does not result in any change in benefits.

According to the Township, the pattern settlement established by the Teamsters was followed by the Old Bridge Public Works and Sanitation Union, S.E.I.U. The Township refutes the PBA's contention that settlement of the SEIU's lawsuit over retiree health benefits was a method of providing an extra benefit to SEIU members. According to the Township, the litigation was settled, on the eve of trial, by an agreement that sick days and holidays would be reduced by one each and in return, the Township would provide retiree health benefits to those retirees with 25 years of service. Additionally, the Township's non-union personnel received a 3% increase in 1996 and a 3.5% increase in 1997, in exchange for a change in holidays like that included in the Teamsters agreement.

The Township urges consideration of the consequences of granting a salary increase to the PBA which exceeds that provided to other bargaining units. To do so, argues the Township, would "wreak havoc" with the negotiations process and each bargaining unit would wait until the police had completed interest arbitration before settling. In essence, the Township argues that the PBA seeks more than has been determined through negotiations to be fair for other bargaining units. The Township asserts that the burden rests upon the PBA to justify an economic package better than that received by all other Township employees. In support of its position, the Township again cites the Tener award which notes that, "going back until at least 1984, the salary increases received by police officers have been the same as those received by other municipal employees." The Township notes that parity with other municipal employees continued after the Tener award with agreement to 4% increases in 1994 and 1995.

The Township acknowledges "rare exceptions" where the pattern is broken for "compelling" reasons and suggests no such reasons exist here. The Township cites interest arbitration awards by Arbitrators Scheinman, Weisblatt, Randles, Light, Haber, and Aiges all endorsing pattern settlements.

Turning to comparability with private employment in general, the Township notes that the average hourly salary of its police officers is \$28.63, and that amount far

exceeds the hourly rate for most occupations, particularly those that do not require a college degree. Additionally, the Township notes that police officers receive additional compensation if they have a college degree and enjoy job security and benefits exceeding that provided to most private sector employees.

From June 1986 through June 1996, the nationwide median wage has increased an average of 3.1% per year or \$.36 per hour. The Township calculates that during that period its police officers' salaries have increased 59.65% or an average of 6.63% per year. The Township suggests that these figures can not be considered in a vacuum. Rather, concessions including two tiered wage schedules, employee contributions to health benefits, and decreasing amounts of time off complement the picture of private sector employment from 1986 through 1996. Comparing this scenario to its police officers, the Township notes that except for one 18 month period, the PBA has been insulated from the radical changes that have occurred in the private sector. According to the Township, nationwide, private sector real wage earnings declined by .8% over the period from 1988 until through the expiration of the agreement, and during the same period, its police officers have received across the board salary increases averaging 6.63%. The Township cites the Bureau of Labor Statistics report that for the first 9 months of 1997, private sector settlements included a median first year increase of 3%, as well as second and third year increases of 3%. The Township also cites median wage increases for the country for 1996 as 3%, but notes that the median private sector

settlement wage increase for the Middle Atlantic states was 2% in 1996 and 2.7% in 1995. Additionally, the Township cites the BLS reports that employment costs, including salary and benefits increased by 3.1% in 1996 and 2.9% during the first half of 1997. Based upon these figures, the Township concludes that, since 1986, it has been paying its police officers more than twice the percentage increase received generally in the private sector. Given this disparity, the Township argues that great weight must be placed upon private sector comparisons, in particular because it reflects the salaries and benefits of the taxpayers who must fund the increase.

Addressing public employment in general, the Township notes initially that the "uncontrolled wage and benefit increases in the public sector during the 1980's and early 1990's have declined drastically." Turning first to the agreements between the State of New Jersey and its unions, the Township notes that compared to those agreements, its final offer is generous. While the State agreement included health benefits concessions and two years of wage freezes, the Township's final offer includes salary increases in each year and no health benefits concessions. The Township also compares legislation requiring additional 2% employee contributions into the Public Employee Retirement System and Teachers' Pension and Annuity Fund compared with changes to the Police and Fire Retirement System. The Township also cites the 2.4% and 3% increases (with locality pay) provided to federal employees in 1996 and 1997 respectively as evidence supporting the fairness of its final offer compared to public sector salary increases generally.

Citing PBA Local 207 v. Borough of Hillsdale/Township of Washington v. State PBA, Local 206, 263 N.J. Super 163 (App.Div. 1993); Hillsdale, 137 N.J. 71 (1994) and Washington Township, 137 N.J. 88 (1994), the Township argues that comparison with police employed by other municipalities is not dispositive and should not be persuasive in interest arbitration proceedings. The Township asserts that for purposes of comparison with other municipal police settlements, Old Bridge is a unique community in Middlesex County. Old Bridge describes itself as a suburban community that does not enjoy the same ratable wealth as other Middlesex County suburban communities. The Township refutes the PBA's contention that it has gone from, in 1993, the second highest to the fifth highest paid police department in the County in 1995 and suggests that the Township ranked fifth in 1993, and under its final offer, will continue to rank fifth. Further the Township asserts that all of the municipalities, except New Brunswick, ranking above Old Bridge have greater relative wealth and a lower equalized tax rate. Additionally, the municipal crime rate is lower in Old Bridge than in the other communities.

When a comprehensive comparison of benefits for all municipalities in the County is made, the Township asserts that it compares favorably. Specifically, the Township notes that its police enjoy the best or almost the best longevity benefits when they cap out at 15%, and 37 out of 57 officers in the department receive longevity

benefits. Additionally, the Township cites its \$900 clothing allowance, which is provided in cash rather than vouchers, as well as education benefits. While many municipalities provide tuition reimbursement benefits, the Township provides \$600 per year for an associate's degree, \$1200 per year for a bachelor's degree, and \$1500 per year for a master's degree. The Township believes that the recurring nature of the benefit is better than a one-time tuition reimbursement payment, and as a result, the Township ranks near the top in education benefits. Considering vacation benefits, the Township points out that beginning with an officer's fourth year of service, the officer receives 21 vacation days. While other municipalities may provide more vacation days in the later years of officers' careers, they do not receive as many vacation days as early in their careers. The Township also provides 14 paid holidays and one floating holiday, and the holidays are added to base salary for pension purposes. Overall comparison of Old Bridge to other Middlesex County municipalities demonstrates, according to the Township, that the benefits provided to police officers are at or near the top, or as Arbitrator Tener stated "superior."

The Township asserts that, based upon economic and demographic data, its police officers should not be ranked as high as they are in the County, and the PBA's efforts to improve its ranking are not supported. Specifically, the Township asserts that the wage settlements or awards PBA cites are comparable are irrelevant because they do not reflect any givebacks or changes in terms and conditions of employment which

may warrant the increase. For example, the Township points to givebacks and a new salary guide for new hires in the Old Bridge Municipal Utilities Authority agreement which are not included in the PBA's exhibit listing salary increases. When considering these givebacks and givebacks present in other settlements and awards, the Township argues that, when current economic conditions are considered, its final offer fits within the awards cited by the PBA.

Additionally, the Township notes that the arbitrator must consider any special conditions of employment. Given the relatively peaceful and suburban nature of Old Bridge, the Township does not have some of the problems of nearby communities and, the Township maintains, these problems need not be taken into account. For example, the risk and workload are much greater in nearby New Brunswick and Perth Amboy, but, according to the Township, its police officers are compensated better than those in Perth Amboy and approximately equal to those in New Brunswick.

Turning to the overall compensation package, the Township maintains that its officers receive an excellent compensation package. In support, the Township details the benefits provided to its police officers. First, the Township notes that 58 out of its top 70 paid positions are police employees and 30 employees earned over \$65,000.00 in 1996.

Then, the Township notes that its police officers receive 17 sick days annually and



officers can, upon retirement, cash in varying amounts depending upon their hire date. According to the Township, its liability for accrued sick leave buyout for all employees totals \$4,127,417.00, and it has set aside \$1,740,645.00 to cover those costs, since not all employees will retire at the same time. As noted above, police employees receive 21 vacation days beginning in their fourth year, which combined with sick days, can provide 38 absences per year. Since the patrol schedule provides 182 workdays per year, a fourth year patrolman could, according to the Township, work only 144 days per year. In light of the time off already provide to police officers, the Township asserts that adding an additional 15 union days per year is unnecessary. The Township notes that the PBA has not asserted that the present 25 union days are insufficient.

Next, the Township points to the work schedule, which includes a 4-4 patrol schedule, or a 5-2 Monday to Friday schedule. All of these officers receive 17 sick days, a benefit the Township suggests is "unheard of throughout the state."

Turning to cash benefits, the Township notes that overtime is calculated based upon a 37½ hour work week and detectives and officers assigned to Administration received a \$1,000 addition to base salary. Longevity benefits, which are provided beginning at five years of service, reach the top level of 15% of base salary at 29 years of service.

As noted above, police officers receive 14 paid holidays, which are rolled into base pay for pension purposes, plus a floating holiday. The Township calculates that these holidays cost \$180,022 in 1996, or an average of \$3,158 per officer. The Township calculates further that including pension costs raises the total annual cost to \$205,765 per year.

Additionally, police officers receive \$10 annually per semester credit toward a college degree, providing that the officer earns a minimum of 12 credits during two successive calendar years. When an officer earns an associate's degree, the officer earns \$600 per year added to base, \$1200 for a bachelor's degree and \$1500 for a master's degree. The Township calculates that 23 of the members of the bargaining unit qualify for this benefit at an annual cost of \$2,800 to the Township.

The Township points to additional benefits including eligibility for outside employment at \$30 per hour, health and disability benefits, dental and optical plans, life insurance, pension and retirement benefits. In sum, the Township calculates that a senior patrolman with a masters degree earned \$67,178 without overtime in 1996, and when other benefits are added to the cost of that patrolman, the cost to the Township rises to \$89,818. The Township estimates that the cost of benefits for an officer with ten years of seniority is \$22,943, and at the 20 year level, \$2,640.

Turning to the cost of living, the Township asserts that police salaries have increased 36% more than the cost of living over the past 13 years. The Township maintains that its final offer exceeds the increase in the cost of living. In 1996, the CPI increased 3.3%, and in 1997, available figures indicated that inflation was increasing at 2.2%. Further, the Township cites projections that the CPI for 1998 will be in the 2% range. The Township notes that CPI data includes the cost of health benefits, and that cost is absorbed by the Township, not by the police. The Township urges that great weight be placed upon the cost of living factor, because the citizens of Old Bridge generally receive salary or social security increases in line with the cost of living and should not have to fund significantly greater increases for the Township's police.

Addressing the its lawful authority, the Township argues that the PBA's final offer would have a negative financial impact on the Township by increasing police wages a total of 21.4%. The Township argues that even if the PBA's final offer does not create a CAP problem per se, the impact that the PBA's final offer would have on other non-police areas of the budget must be considered. According to the Township, that impact is that other Township employees will receive less in order to fund additional increases for the police, and the Township would need to draw upon its surplus in order to provide a safe level of police services. Additionally, any increases in the Township's budget in order to fund the police award would ultimately increase the average tax bill. The Township has relied upon the surplus to stabilize the tax rate and suggests that it is not

sound fiscal policy to dip into the surplus to fund a recurring expense. The Township acknowledges that awarding the PBA's final offer will not force it to exceed the Cap, but it does assert that awarding the PBA's final offer would require the Township to exceed that which has been allocated for police salaries.

The Township contends that the continuity and stability of employment enjoyed by its police officers is far better than that enjoyed by other public or private sector employees. In support of this contention, the Township cites the high police wages and salaries compared to other Township employees, as well as, unemployment rates for police officers far below the 5.2% unemployment rate in New Jersey in August of 1997. Additionally, the Township notes that turnover in its police department is virtually non-existent, and is usually due to retirement. The Township also notes that longevity payments are high and that police enjoy statutory recall rights in case of layoff, as well as a comprehensive disciplinary procedure, which exceeds those of other public sector employees. N.J.S.A. 40A:14-143 and 40A:14-155.

Turning to the Township's proposed schedule, it asserts that a new schedule is in the best interest of the public, the Township, and the police. Initially, the Township points to the dispatchers' agreement. According to the Township, the dispatchers worked a 4-4 schedule of 10-hour days. However "inherent " problems with this schedule, including its cost, led the Township and the dispatchers to agree to a 4-2

work week with 8-hour days. As a result of the new schedule, according to the Township, police dispatchers now work 243 days per year instead of 182.5 days annually. Under the new schedule, dispatchers' hours increased from 1825 per year to 1944 annually. As a result, dispatchers received \$1200.00 above the pattern settlement.

According to the Township, the scheduling change it seeks for the police is less dramatic. Although the Township initially sought the same scheduling change, in the interest of achieving a workable solution, the Township amended its proposal in order to achieve some of the productivity increases it seeks, while impacting less upon the police officers. Carroll Buracker & Associates recently prepared a comprehensive study of the Township's police department, and found the current 4-4 schedule "inadequate." The Township notes that the Buracker study points out the inefficiencies and limitations of the 4-4 schedule because police officers work fewer hours, and more officers are required to staff a position than is typical. Specifically, the Township points to Buracker's finding that 56 patrol officers are needed to fully staff a 4/4 shift schedule and the Township currently has only 38 officers on patrol. The Buracker study also noted that the 4/4 schedule led to less continuity among officers and greater lag time in follow-up and in citizen interaction. According to the Township, when the 4-4 schedule was implemented, it employed 104 officers and currently employs 87. The Township does not anticipate increasing its workforce to 104.

According to the Township, the present shifts overlap 30 minutes between the day and evening shifts and five hours between the evening and night shifts. Therefore, the Township asserts that it is simple to reduce shifts by 40 minutes and increase the annual number of workdays by 12, while maintaining overlap. The Township maintains that this will benefit the public interest and welfare as well as the police officer, because policing would become safer. Since police officers work 182 days per year, as compared with the American average of 260 days, a 12-day increase is not unreasonable, according to the Township. The Township notes that under the current schedule, police work approximately 160 days per year (182 less 21 vacation days, plus one floating holiday).

Additionally, the Township notes that its proposal includes safeguards to minimize the impact on patrolmen. The supplemental days would be contiguous with either the beginning or end of a regular four day schedule and would not be scheduled on holidays. The Township maintains that the PBA had input into this proposal during the mediation phase and it represents a fair compromise. Additionally, this schedule would address the staffing concerns raised by the PBA. Additionally, the Township notes that 10 out of the 25 police departments in the county have 4-4 schedules, but asserts that in more than half of those departments, officers work more than a 10 hour day. Finally, the Township notes that if the schedule is awarded here, it will be

proposed to the superior officers, and that any award would not come until the third year of the agreement, which would permit the parties to address any problems in their new negotiations.

The Township urges adoption of its revision to the long-term disability benefit because the current benefit is excessive and should be revised to be consistent with current law and the Township's insurance coverage. The current collective bargaining agreement provides long term disability payments of 2/3 of regular pay after a 30-day waiting period. The agreement provides that this coverage supplements any other coverage the employee may have and will continue until age 65 or the end of the disability. As a result of litigation, this benefit is limited so that the full benefit, including any pension or workers compensation benefit, does not exceed the employee's full salary. Brown v. Tp. of Old Bridge, Superior Court, App. Div., Dkt. No. A-1551-93T1 (1996); N.J.S.A. 40A:141-54. After the litigation concluded, the Township filed a Petition for Scope of Negotiations with PERC asserting that N.J.S.A. 40A:141-54 preempted negotiations over the issue of long-term disability. PERC found the issue negotiable so long as it was applied consistently with N.J.S.A. 40A:141-54. As a result, the Township searched unsuccessfully for an insurance carrier that would provide long term disability insurance which would cover a police officer unable to perform police functions until age 65. Apparently, no carrier will provide long term disability which would cover someone who is disabled as a police officer unless coverage is limited if

the individual is capable of performing another job. Therefore, the Township seeks to amend the agreement to comply with its current long-term disability policy. The Township asserts that it is not unreasonable to expect that a police officer who is disabled from performing police functions, but can engage in other gainful employment, does so.

### **DISCUSSION**

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

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

I conclude that burden has not been met with respect to the parties' non-salary



proposals. The PBA has sought to increase the amounts of supplemental pay provided to detectives and officers working in administration, to increase the uniform allowance, and to increase the amount of supplemental pay for college degrees. An examination of fringe benefit levels enjoyed by unit members does not reflect an inadequacy in the types of benefit levels or amounts which justifies enhancement during the contract term. The evidence simply does not support awarding any of these individual proposals. Likewise, the PBA has proposed to increase by 15 the number of days allotted as annual PBA state delegate release days, but has not shown that the 25 days permitted currently are insufficient.

The Township seeks a change in the long-term disability policy and has submitted some appealing justification in support of the proposal. It has found no insurance carrier willing to provide the level of coverage required by the current agreement. The Township, after extensive research, found that insurance carriers would fund long term disability benefits for employees disabled from performing police functions for one year, and thereafter would fund long term disability benefits only for those employees whose disability prevented them from performing any gainful employment. The PBA's strenuous opposition to this change is grounded upon the Township's failure to use the Annual Earned Income Formula (AEIF).

The record reflects that the AEIF was voluntarily negotiated into the Agreement

with the specific intent of reducing the Township's liability in situations where a retired police officer on disability is gainfully employed outside of law enforcement. Although the Township has raised the potential for a financial burden resulting from this provision, it appears that the existing negotiated formula to reduce financial exposure has not been strictly applied. In the absence of evidence that the voluntarily negotiated formula does not serve to ease the Township's financial liabilities, I award no change in this provision during this contract term. This conclusion is, of course, without prejudice to the Township's ability to raise this issue once again during the negotiations for the next Agreement.

I also do not award the Township's proposal to alter the existing 4-4 work schedule. The PBA urges rejection of the Township's contention that overtime costs have soared primarily as a result of the work schedule. The PBA asserts that evidence in support of the Township's contention is lacking and that most of the overtime costs are attributable to the superior officer's unit. The PBA also cites the absence of support for the Township's proposal by the Chief of Police who must administer the schedule change. I have examined the consultant's study in support of the proposed change. However, I am not persuaded that, during this contract term, an issue of such significance to the daily operations of the police department should be modified and awarded. I award a continuation of the status quo.

The issue of salary increases is a core issue and one in which the Township and the PBA are in sharp disagreement. The only area of agreement is that there shall be a three-year duration. The Township's main contention is that any wage increases awarded herein are controlled by an internal pattern of settlement with other Township employees. In support of this contention is its citation of a 1994 interest arbitration award covering these parties. In that award Arbitrator Jeffrey Tener found:

Going back until at least 1984, the salary increases received by police officers have been the same as those received by other municipal employees: superior officers, dispatchers, public works, public works supervisors, and the Old Bridge Municipal Employees Association or Teamsters.

The Township also points to the fact that its agreement with the PBA covering the following two years after the Tener award also provided the same increases to police officers as were received by all other Township employees.

Clearly, given the prior interrelationships, substantial weight must be given to the evidence on internal patterns as it is an extremely relevant consideration. It must also, however, be weighed with other relevant evidence because all of the relevant statutory criteria must be considered and weighed. No single criterion, or subpart thereof, can automatically dispose of, or control a wage determination without consideration of other relevant evidence. I conclude that other comparisons are also relevant and due some

weight, including comparisons among law enforcement in comparable communities, along with the remaining criteria.

Also significant is the fact that the bargaining history within the Township also demonstrates that modifications to the pattern have occurred where additional funds are exchanged for benefits or working conditions unique to particular bargaining units. For example, the dispatcher's contract cited by the Township included an additional \$1200 in exchange for a new work schedule which requires dispatchers to increase the number of days they work per year.

In this round, the Township's asserted pattern settlement is 3% in the first year, 3.5% in the second year, and 3% in the third year. According to the Township, each bargaining unit received an additional .5% in the second year of the agreement in exchange for turning a primary election day holiday into a floating holiday. The Township received the benefit of keeping its offices open an additional day each year, but the employees did not lose a holiday in exchange for the additional .5%. The fact that this trade off is not available to police officers should not serve to reduce the Township's proposed increases below that received by other Township employees. Thus, I conclude that for the purposes of this analysis, the terms of settlement asserted to be the pattern for purposes of application to the PBA is in fact 3%, 3.5% and 3%.

The Township does not dispute the viability of such wage increases as they are generally consistent with its labor agreements with non-police personnel as well as the evidence it has submitted into the record concerning the remaining statutory criteria. The 3%, 3.5% and 3% increases are also well within the Township's Cap restraints and do not interfere with the Township's lawful authority. The Township's financial posture would also support an award consistent with the PBA's demands although, for other reasons, I do not award the PBA's final offer. The Township is running an \$8 million surplus, which has allowed it to maintain its AAA bond rating. The total cost of the PBA's proposals, or the lesser costs of this award, would not substantially impact upon that surplus, and upon the 1999 budget. In the context of a positive financial future with an ample surplus, high tax collection rate, and increasing ratables, the new money cost of either party's proposals would not force the Township to exceed its cap.

Also, when the financial impact of the parties' proposals upon the Township, its residents and taxpayers is examined, it is apparent that the \$8 million surplus, and five consecutive years of tax cuts currently enjoyed by Old Bridge will substantially insulate the property tax rate and current programs from the results of these negotiations.

Based upon a total annualized base salary figure of \$2,762,547.00 on June 30, 1996, the amount of the Township's proposed increase of 3% annually is \$82,875.00 in

the first year (July 1, 1996 - June 30, 1997), \$85,362.00 in the second year (July 1, 1997 - June 30, 1998), and \$87,923.00 in the third year (July 1, 1998 - June 30, 1999). For the purposes of this analysis, I will compute the cost of the PBA based upon the projected annual percentage increases of 4.9%, 4.6% and 4.4%. I am aware that the split nature of the proposed increases would yield lesser sums. The difference in the proposals in terms of new money cost is \$52,489 in the first year (July 1, 1996 - June 30, 1997), \$47,941 in the second year (July 1, 1997 - June 30, 1998) and \$45,450 in the third year (July 1, 1998 - June 30, 1999). The difference is a total of \$145,880.00. Cumulative costs resulting from the effect on overtime, increments, longevity and other benefits would add to the difference.

The relevant factors which I conclude are due the most weight, after review of the entire record of this proceeding, are the comparisons with non-police employees presently employed by the Township, comparisons with law enforcement employees in contiguous municipalities and in Middlesex County generally, the overall compensation and benefit package currently enjoyed by Old Bridge police officers and the relationship of the economic value of additions and/or reductions in that compensation package to the wage increases awarded herein.

I conclude, after considering the entire record of this proceeding, that an award which gives weight to the Township's pattern while also compensating police officers for

changes in their terms and conditions of employment which are unique to the police unit, represents a reasonable determination of the salary issue. This latter consideration is especially significant because it justifies a wage increase more in line with law enforcement comparability at a cost value generally in line with the Township's asserted pattern of settlement.

I noted that the overall level of compensation and benefits of Old Bridge's police officers is high. In particular, they receive 17 sick days and 21 vacation days by their fourth year of service. The remainder of their benefits package, as detailed extensively in the Township's statement of position, is ample. For example, Old Bridge police officers enjoy higher longevity payments at the top level than most police officers in the County, although the PBA does point out that officers in other municipalities receive greater longevity payments earlier in their careers.

A modest reduction in the substantial number of paid days off presently received in return for a modest increase in salary above the internal pattern of settlement strikes a proper and reasonable balance among the relevant statutory criteria. It gives weight to the PBA data concerning comparisons among police officers while also giving weight to the internal labor agreements. It is clearly within the Township's ability to pay and without adverse financial impact on the Township's residents and taxpayers. By modestly reducing paid time off, it also has a potential for reduction in the Township's

overtime costs.

The data on police comparability reflects increases averaging approximately 4% annually. Comparison of Township police officers with those employed by other municipalities in Middlesex County shows a steady drop in the relative salary ranking of Old Bridge police from second in 1993, to fifth in 1995. Comparison of police salaries in other municipalities in Middlesex County cannot be ignored. Old Bridge is the third largest municipality in Middlesex County, behind New Brunswick and Perth Amboy. As a result of the Township's fiscal problems, and the police officers' contributions to its restored fiscal health, police work in Old Bridge has become financially less attractive when compared to other departments in Middlesex County. Some of the diminution in ranking has been due to the Township's internal pattern and prior budgeting problems. An award which is responsive to that pattern, but reasonably maintains the PBA's relative ranking by compensating police officers for changes in their benefits and working conditions, can be achieved by a reduction in paid time off as an offset for salary increases awarded herein and by a new first year step at the level now set forth in the Agreement as the first year step, unadjusted by the wage increases required by this Award.

I thus award a reduction in one paid sick day effective July 1, 1996 and one paid vacation day effective July 1, 1997. Based upon a work year of 182 days, a paid day



off represents a value of .055%. Because contract years July 1, 1996 - June 30, 1997 and July 1, 1997 - June 30, 1998 have passed, the financial benefit of these reductions to the Township has also passed for those contract years. I thus award the reduction in these paid days off retroactively and grant the Township the authority to offset the lump sum wage retroactivity of this Award by three days per unit employee. Two of the retroactive days due to the one day of sick leave reduction shall be at the wage rate in effect as of July 1, 1996 and July 1, 1997 as modified and reflected in this Award, and the one vacation leave day reduction shall be at the wage rate in effect as of July 1, 1997 as modified and reflected in this Award. Substantial, but undetermined, future offsets will occur as a result of a six rather than a five year salary schedule.

In consideration of these reductions in paid time off, I award salary increases averaging 3.86% annually to the existing salary schedule at rate increases of 3.55% effective 7/1/96; 3.95% effective 7/1/97; and 4.10% effective 7/1/98. The offset in lump sum salary retroactively is 1.65% for the years 1996 and 1997 and 1.1% prospectively.

The annual net income change of this award is \$98,074.00 effective 7/1/96, \$113,013 effective 7/1/97, and \$120,451 effective 7/1/98. The award represents an additional cost over the Township's proposal of \$15,199 effective 7/1/96, an additional \$27,651 effective 7/1/97, and \$32,528 effective 7/1/98. The award represents annual costs which are less than the PBA's proposals by \$37,290 effective 7/1/96, \$20,290

effective 7/1/97, and \$12,922 effective 7/1/98. The retroactivity of the award will be offset by \$15,199 in 1996, and \$32,715 in 1997 and the base will be offset by \$34,040 prospectively from 1998 forward due to the modifications in sick and vacation leave. Savings due to the new first step are not calculable because future hiring is unknown, but the savings for each new hire will be \$3,967.00 per new employee.

Although I have set forth above the considerations which I deem the most relevant, I have also considered the remaining factors and have concluded that this award represents a reasonable determination of the issues after consideration of all of the statutory criteria.

It is undisputed that the interests and welfare of the public are being served well by the Township's police department. Crime is down. Calls for police services are up, and staffing has increased only slightly after a long term decline. The department is highly productive. Tax rates have been decreasing or stable for the last five years. The terms of this award which are above the Township's offer but below the PBA's proposals are consistent with the interest and welfare of the public.

The Township urges that great weight be given to private sector comparisons, while the PBA focuses on comparisons of similarly situated police officers in Middlesex and Monmouth counties. Private sector comparison, though relevant, is not a

controlling consideration. Police work also includes education and training at the police academy, a comprehensive scheme of regulations covering police only, and the danger inherent in police work. Further, private sector comparisons are difficult to make, not only because it is difficult to compare the functions of a police officer with that of a private employee, but also because there has been a disparity in salary increases received in the private sector depending upon the work which is performed. While less skilled and less educated employees such as in manufacturing, have received less on average than the terms of this award, other private employees have fared better than the terms of this award, especially in the areas of real estate, telecommunication and in the computer industry. When all private employees are considered together, as averaged, a more realistic figure emerges. An official private sector compilation prepared by the New Jersey Department of Labor reflected an increase in New Jersey of 3.4% to 1995 and 4.3% from 1995 to 1996. In Middlesex County, these figures were 3.5% and 4.9% respectively. The increases set forth herein, as offset by the reductions in paid leave time, are generally consistent with the above private sector increases. Also, while the increases set forth in the award are somewhat higher than the average increases for non-law enforcement public employees in general, the terms are also somewhat less than the reported average salary increases of voluntary settlements and interest arbitration awards for 1996 and 1997.

I have also considered the cost of living data. The cost of living increased 3.3%

in 1996, and preliminary figures for 1997, indicated that the CPI would increase by approximately 2.2%. The increase in the CPI in 1996 was higher than the increase proposed by the Township and lower than that proposed by the PBA. In 1997, the CPI was lower than either proposal. To the extent that the CPI is weighed in this proceeding, it supports the award for 1996, and figures for 1997, though very preliminary, are lower than the proposals and the award. I have given weight to this factor to the extent that the award is less than what the PBA has proposed and includes cost reduction offsets. The cost of living is a moderating factor, but 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 determining factor in the determination of wage increases.

I have considered the total compensation and benefit package presently received in Old Bridge. On this issue, unit members are favorably situated. The terms of this award do not increase the existing levels of economic benefits and the benefit level in paid time off has been modestly reduced in consideration of the wage increases which have been awarded.

The terms of this award preserve the continuity and stability of employment for police officers in Old Bridge Township. The staffing of the department is substantially less than it was some years ago. Unit employees, as well as other Township employees, did make a contribution when the Township was presented with an adverse

budgetary posture. The terms of the award provide for stability of employment by maintaining the reasonable relationship and balance between salary increases in law enforcement and the Township's financial abilities, including the terms and conditions of employment the Township has set for non-law enforcement employees.

Accordingly, and based upon all of the above, I respectfully enter the following Award as a reasonable determination of the issues.

## **AWARD**

There shall be a three-year agreement effective July 1, 1996 through June 30, 1999. All proposals by the Township and the PBA not awarded herein shall be denied and dismissed.

### **Salary**

3.55% effective July 1, 1996  
3.95% effective July 1, 1997  
4.10% effective July 1, 1998

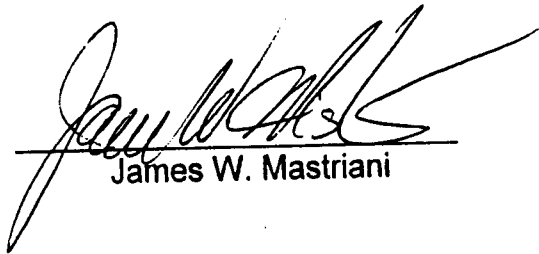
As of the date of this Award, there shall be a six-year salary schedule. New hires after the date of this Award shall be placed on a first year step of \$33,068. Each succeeding step of the old salary schedule shall receive the salary increases set forth above. The existing schedule shall be modified to read second year through sixth year rather than first year through the fifth year.

### **Sick and Vacation Leave**

Effective July 1, 1996, each employee shall have sixteen (16) sick days per year. Article XI A. 2. shall be modified to reflect the above. Effective July 1, 1997, employees in their fourth calendar year of employment and all years thereafter, shall receive twenty (20) vacation days per year. Article IX A.3. shall be modified to reflect the above.

**Retroactivity**

Salary increases shall be retroactive to July 1, 1996. The modifications to sick leave Article XI A.2. and to vacation leave Article IX A.3. shall be retroactive to the effective dates of July 1, 1996 and July 1, 1997, respectively. Two of the retroactive days due to the one day of sick leave reduction shall be at the wage rate in effect as of July 1, 1996 and July 1, 1997 as modified and reflected in this Award, and the one vacation leave day reduction shall be retroactive at the wage rate in effect as of July 1 1997 as modified and reflected in this Award. The salary retroactivity shall be offset by these amounts.

  
James W. Mastriani

DATED: November 30, 1998  
Sea Girt, New Jersey

State of New Jersey    }  
County of Monmouth   }ss:

On this 30th day of November, 1998, 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.

