

STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Interest Arbitration

-between-

BERKELEY HEIGHTS TOWNSHIP

-and-

BERKELEY HEIGHTS TOWNSHIP PBA LOCAL 144

DOCKET NO.
IA-95-131

OPINION
AND
AWARD

BEFORE: JACK D. TILLEM, Arbitrator

APPEARANCES: For the PBA:
KLATSKY & KLATSKY, Attorneys
By: FRED M. KLATSKY, Of Counsel
FRED M. KLATSKY and DAVID J. DeFILLIPPO,
On the Brief

For the Township:
SAVAGE & SERIO, Attorneys
By: THOMAS J. SAVAGE, Of Counsel

Upon the filing of a petition to initiate interest arbitration by PBA Local 144, the undersigned was designated to hear and determine the issues at impasse. A mediation session was held in Berkeley Heights, New Jersey on September 12, 1995 and an arbitration hearing on March 18, 1996 at which the parties framed the issues, examined and cross-examined witnesses, offered exhibits, argued their respective positions, and submitted their final proposals. Post hearing briefs were submitted.

THE PBA PROPOSALS

1. Term of Agreement

Two years January 1, 1995 to December 31, 1996.

2. Sick Leave Incentive

At the present time a police officer utilizing less than five accumulated sick days during the year can sell back a certain number of days at \$100 per day. The PBA proposes to change the \$100 per day to 90 percent of the value of a day at the time by buy-back incentive occurs.

3. Vacation Days

The PBA proposes to change the vacation allotment as follows effective in 1996:

<u>Completed Years of Service</u>	<u>1994 Vacation Days</u>	<u>Proposed in 1996</u>
.5	5	5
1	10	10
5	15	15
10	20	20
15	23	25
20	28	30
30	33	Eliminate Step

4. Maintenance Allowance

Increase the \$315 annual allowance by \$100 per year to \$415 in 1995 and \$515 in 1996.

5. Tuition Reimbursement

The current contract provides tuition reimbursement for college credits but it is limited to a degree in criminal justice. The PBA proposes to delete this limitation.

6. Medical

The employee, at the employee's sole option, shall be able to switch to the DPP Medical Plan, and any savings shall be split equally with 50% of the savings going to the employee and 50% going to the employer. The P.B.A. agrees that the Town may introduce the option of an employee switching to the DPP Medical Plan where the savings allocated is set forth above. Additionally, an employee, at the employee's sole option, may completely opt out of receiving any medical benefits from the employer for one-year time periods. The employee and employer shall split equally the savings of the employee not having medical insurance through employer. The amount shall be calculated at the rate in effect for the year when the employee does not have insurance based on the type of coverage that the employee had in the previous year, such as, employee or family coverage.

7. Salaries

All salary steps from probationary patrolman through 6th year patrolman, traffic officer, juvenile officer, sergeant, traffic sergeant, and juvenile-detective sergeant shall be increased as follows:

1995	-	5.75%
1996	-	5.75%

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THE TOWNSHIP'S PROPOSALS

1. Term of Agreement

A three year agreement January 1, 1995 to December 31, 1997.

2. Wages

Increases of 3 percent annually across the board on January 1 of each year, bringing the maximum at the beginning of 1997 to \$51,510.

3. Health Insurance

a) Increase the deductible from \$50.00 to \$250.00 per person and from \$100.00 to \$500.00 per family.

b) Increase the co-insurance from 90 percent of \$1,000.00 to 80 percent of \$2,000.00.

c) Eliminate first dollar coverage.

4. New Hire Starting Salary

For the term of the agreement the new hire starting salary shall be \$30,000.00. Any new hire employed at that rate will achieve the proposed maximum rate in the same sixty (60) months as provided in the current agreement. This proposal will not require a new hire to serve any greater period than current employees before reaching maximum pay.

5. Longevity

Longevity pay eliminated for new hires effective January 1, 1996.

6. Overtime Payment

All overtime work performed in the month

of December of each year is to be compensated monetarily and may not be used as compensatory time off.

7. Overtime At End of Shift

The agreement presently reads:

A police officer held 15 minutes past the conclusion of the Officer's shift shall be compensated in overtime a minimum of two hours or the actual time worked whichever is greater.

The Township proposes to increase the overtime worked requirement from 15 minutes to 30 minutes and to reduce the payment from 2 hours to 1 hour. The agreement would then read:

A police officer held 30 minutes past the conclusion of the Officer's shift shall be compensated in overtime a minimum of one hour or the actual time worked whichever is greater.

8. On Call While Subpoenaed Pay

The last sentence of this section to be revised as follows:

This compensation shall only be paid where the following conditions are satisfied:

- a. The Officer is off duty while under on-call status; and
- b. The Officer is required to wear a beeper; and
- c. The Officer is required to report to duty.

9. Holiday Pay Calculation

Holiday pay shall be calculated on the base hourly pay of the Officer and not paid at premium rates.

10. Uniform Purchase Allowance

Amend the lump sum uniform purchase

allowance to require the presentation of receipts. The language of the agreement should be amended to read as follows:

Payment of the allowance specified shall be conditioned upon presentation of receipts for the uniforms or equipment purchased equal to the amount sought to be reimbursed.

11. Uniform Maintenance Allowance

Substitute the following language for uniform maintenance allowances:

The uniform maintenance allowance is for the purpose of cleaning work uniforms. The Township will contract with a dry cleaning establishment for the purpose of cleaning uniforms and will reimburse the Officer for the cost upon presentation of the paid bill, or the Township may arrange to make payment directly to the vendor.

12. PBA Convention Lodging Allowance

Eliminate this provision which requires the payment of \$250.00 to each Officer attending the PBA convention.

13. Terminal Leave

Reduce the terminal leave payment from three (3) months to one (1) month upon retirement.

14. Compensatory Time Off

Delete Section 1, the 110 compensatory hours per year provision of the Agreement, and, also Section 2, the six days of detective stand-by time.

15. Dental Insurance

Delete paid dental insurance coverage for dependents.

16. Retiree Medical Insurance

a) Increase the service requirement from 25 years to 30 years.

b) Require the surviving spouse, and the dependents of the retired employee, to pay 75% of the costs of health insurance until he or she reaches the age of 60, after which the Township will pay full cost as per the current agreement.

17. In Service Training Payment

Reduce payment for attendance at in-service training from time and one-half to straight time.

18. PBA Convention Delegates

Reduce the number of alternate delegates to two (2), as mandated by the State PBA Constitution and the State statute.

19. Time Off for PBA Treasurer

Reduce the paid time allowed the PBA Treasurer to perform his duties from ninety (90) minutes to sixty (60) minutes.

20. Time Off for PBA Delegate to Attend Local Meetings

Add the requirement that the Chief of Police approve the absence from duty of the PBA delegate when seeking to attend a local PBA meeting.

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Berkeley Heights Township, a suburban community in Union County comprised of 6.5 square miles with a population of 11,900, has a 25 member police force including the captain and chief. The last collective bargaining agreement between the township and PBA Local No. 144 expired December 31, 1994. The 1994 salary guide, the one presently used, is as follows:

Probationary Officer	31,889
2nd Year Ptl.	40,758
3rd Year Ptl.	41,907
4th Year Ptl.	43,053
5th Year Ptl.	44,192
6th Year Ptl.	45,344
Traffic Officer	46,199
Juvenile Officer/ Detective	47,139
Sergeant	49,198
Traffic Sergeant	50,349
Juvenile Sergeant/ Det. Sergeant	50,994

The top step or base salary of \$45,344 is reached in the sixth year of service. The following table compares the parties' base salary proposals and percentage increases for 1995 and 1996:

<u>1995</u>	<u>Salary</u>	<u>Percentage Raise</u>	<u>Dollar Raise</u>
PBA	\$47,951	5.75%	\$2,607
Township	46,704	3.00%	1,360
<u>1996</u>			
PBA	50,708	5.75%	2,751
Township	48,105	3.00%	1,401

states the following:

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

(1) The interests and welfare of the public. Among the items the arbitrator or a 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... provided, however, that each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

(3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other 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 P.L. 1976, c.68 (C40A:4-45.1, et seq.)

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

(7) The cost of living.

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

The amendment has not altered the application of the eight criteria, its thrust codifying appellate division and supreme court decisions concerning their consideration by the arbitrator. Indeed, the requirement that the arbitrator state which of the factors are deemed relevant, which are not and provide analysis of the relevant factors is taken directly from the

Supreme Court's holding in Hillsdale PBA Local 207 v. Borough of Hillsdale, 137 NJ71 (1994).

The most substantive change wrought by the recent legislation is the establishment of conventional arbitration as the terminal procedure to be utilized when the local governing body and the bargaining unit are at impasse and unable to reach a new collective bargaining agreement. Unlike the prior system in which the arbitrator was limited to a choice of either of the parties total final offer in the economic realm and item by item in the non-economic realm, the arbitrator is now empowered to pick and choose proposals from either of the parties or to forge ground somewhere between them.

Interests and Welfare of the Public

The statute requires an assessment of the limitations imposed upon the employer by the cap law when considering the interests and welfare of the public. The focus is on whether the proposals will create any cap difficulties for the township. In this proceeding however the salaries sought by the PBA will not adversely affect the township's cap and the township does indeed possess the authority to fund either of the parties' proposals.

Berkeley Heights, like any other municipality in New Jersey, is permitted to increase its budget by up to 5 percent. The township however having determined to utilize only a 3.5 percent cap in the 1996 budget, a limitation which it

underutilized by \$181,000, the parties have stipulated that the PBA demand can be funded without violation of the cap statute for 1996.

While a police union can always argue that the morale of the officers will be heightened by higher remuneration and the town might argue that the additional monies can be better utilized for other important services, the difference between the two proposals in this proceeding is so slight in relation to the overall budget that any attempt to use this standard is an exercise akin to determining how many angels can dance on the head of a pin. In 1995, the PBA proposed a 5.75 percent salary increase. The township proposed 3 percent.

The total 1995 cost of the PBA salary proposal is \$1,091,252 and the township's is \$1,062,874, a difference of \$28,378, or 0.0024 percent of the township's \$11.9 million general appropriations budget. Using the same comparison for 1996, the total cost of the PBA proposal is \$1,235,361 as compared to the township's proposal of \$1,171,946, a difference of \$63,415, or 0.005 of the township's budget for 1996 of \$12.3 million.

There is one aspect of the parties' proposals which does impact on the interests and welfare of the public: the length of the contract. The employer proposes three years, 1995 through 1997. The PBA proposes two years, 1995-1996. Certainly, the taxpayers and residents would best be served by the stability and serenity a three year agreement would provide. The ink on a two year deal would barely be dry when the parties would

be required to return to the table to start their bargaining anew, a process that takes time and energy, not infrequently deteriorates morale, and has on occasion been known to throw sand into the wheels of the day to day operation of a department. Put another way, the taxpayers gain nothing from the parties' emulating King Sisyphus whom it will be recalled was condemned to eternally push a rock up a hill and have it roll down again. Accordingly, a three year contract makes more sense.

Comparisons

a. Other police departments.

Although a comparison of salaries at any specific point and time in a police officer's career is somewhat arbitrary - their relative position vis a vis other municipalities may change from year to year - a ten year mark is a good point to examine because it will mean that the police officer has already reached top pay and longevity, if any, has kicked in albeit not at maximum. The longevity schedule in Berkeley Township, a fairly average one, is as follows:

<u>Completed Years of Service</u>	<u>Percent of Base Salary</u>
5	2%
10	4%
15	6%
20	8%

The following chart compares the salary and longevity of a patrolman in Berkeley Heights after ten years with other municipalities in Union County as well as adjacent townships:

<u>Total 1994</u>		<u>Municipality</u>
53,073	1	Summit
52,037	2	Springfield
52,000	3	Scotch Plains
51,594	4	Mountainside
50,684	5	Rahway
49,678	6	Union
49,526	7	Linden
49,117	8	Fanwood
48,881	9	Chatham Twp.
48,466	10	Long Hill Twp.
48,443	11	Warren Twp.
48,147	12	Clark
48,075	13	Watchung
47,632	14	Westfield
47,158	15	Berkeley Heights
46,977	16	Roselle
46,436	17	Kenilworth
45,900	18	Elizabeth
45,626	19	New Providence
49,016	AVERAGE W/O BERKELEY HEIGHTS	
47,158		Berkeley Heights

The following chart shows the average percentage raises for police officers in Union County municipalities in 1995 as compared to the PBA and township proposal herein:

1.	Roselle	6.09%
2.	Elizabeth	6.00%
3.	Mountainside	5.75%
4.	Berkeley Heights PBA Proposal	5.75%
5.	Clark	5.50%
6.	Union	5.50%
7.	Long Hill Township	5.20%
8.	New Providence	5.06%
9.	Fanwood	5.00%
10.	Westfield	5.00%
11.	Chatham Township	4.76%
12.	Springfield	4.75%
13.	Scotch Plains	4.75%
14.	Rahway	4.50%
15.	Township of Berkeley Heights Proposal	<u>3.00%</u>
1995 UNION COUNTY AVERAGE PERCENTAGE RAISE:		5.22%
(without Berkeley Heights)		

The following chart makes the same comparison using dollar amounts:

1.	Mountainside	\$2,853
2.	Roselle	2,751
3.	Elizabeth	2,648
4.	Union	2,628
5.	Berkeley Heights PBA Proposal	2,607
6.	Clark	2,593
7.	Long Hill Township	2,520
8.	Springfield	2,377
9.	Scotch Plains	2,375
10.	Fanwood	2,361
11.	Chatham Township	2,325
12.	Westfield	2,312
13.	New Providence	2,221
14.	Rahway	2,193
15.	Township of Berkeley Heights Proposal	<u>1,360</u>
1995 Union County Average Raise		\$2,474
(without Berkeley Heights)		

Six contracts or interest arbitration awards have been completed in Union County for 1996. The percentage raises for these towns are as follows:

1.	Elizabeth	6.00%
2.	New Providence	5.06%
3.	Chatham Township	4.90%
4.	Springfield	4.50%
5.	Rahway	4.50%
6.	Scotch Plains	4.25%
	1996 Union County Average Raise:	4.87%

Using the same comparison the following chart shows the dollar amount of the increases:

1.	Elizabeth	\$2,807
2.	Chatham Township	2,509
3.	Springfield	2,359
4.	New Providence	2,333
5.	Rahway	2,291
6.	Scotch Plains	2,226
	1996 Union County Average Raise:	\$2,421

At the time the hearings in this matter were conducted, 50 interest arbitration salary awards for 1995 had been rendered in the state. The average award was 4.63 percent. For 1996 there were 19 interest arbitration salary awards, the average being 4.71 percent.

b. Other public employment.

A comparison of the Berkeley Heights police officers' salaries with remuneration paid to teachers in the township is relevant for several reasons. First, the same tax payers are paying both their salaries. Second, teachers and police officers are subject to the same economic conditions such as

inflation, cost of living and tax rates. And third, New Jersey school budgets must be approved by the voters in the municipality thus offering some indication, perhaps only a glimpse, of what the voters believe is fair.

The statute requires not only a comparison of wages and salaries to other public employees but also a comparison of hours and working conditions. The following chart compares elementary school teachers and police officers:

	<u>Berkeley Heights 15-Year Patrolman</u>	<u>1994-95 15-Year Teacher</u>
Months in Working Year:	12 months	10 months
Days in Working Year	260 days	185 days
Hours in Working Year	2,080 hours	1,156 hours
Sick Days Per Year	12	12
Personal Days Per Year	0	3
Marriage Leave for Family Member	0	1
Work Holidays	Yes	No
Work Nights	Yes	No
Work Weekends	Yes	No
Work Snow Days	Yes	No

A fifteen year police officer is afforded 20 vacation days and works 240 days against 185 days for a school teacher, 30 percent less than an officer. The following chart compares their salaries in the tenth, fifteenth and seventeenth years of service:

<u>Years of Experience</u>	<u>Berkeley Hts. Patrolman 1994 Salary + Longevity</u>	<u>Berkeley Heights School Teachers 94-95</u>				
		<u>BA</u>	<u>BA+30</u>	<u>MA</u>	<u>BA+60</u>	<u>MA+30</u>
10	\$46,250	39,748	41,786	44,056	47,189	48,993
15	47,158	48,192	50,087	52,273	55,038	56,895
17	48,064	56,756	58,543	60,760	63,632	62,250

On a state level, the increase afforded to employees has been much more conservative. The Communication Workers of America settled a four year contract with the State of New Jersey which provided for no increases in the first two years, 1 percent in the third and 2 percent in the fourth year. Other settlements in the public sector in the county as well as throughout the state have resulted in decreases in health benefits, most commonly reflected in increased deductibles and co-payments. On the federal level the administration's budget for the 1997 fiscal year proposes a 3 percent pay raise for federal employees, less than what they would have received under a 1990 law intended to equalize pay among government and private workers in the same localities.

c. Private sector employment.

The largest employer in New Jersey, AT&T, recently entered into a three year contract with 110,000 workers, an agreement providing for a 10.8 percent wage increase over three years, along with some other modifications including annual bonuses. In the private sector, however, it is not raises which stand front and center but the overriding problem of joblessness and unemployment.

In February 1996, the jobless rate in the U.S. hit 5.8 percent, the highest level since the spring of 1995. Yet the New Jersey economy has made a substantial rebound from the recession of 1989-1992, the Department of Labor reporting that approximately 65 percent of the 262,000 jobs lost have been

regained. In 1994 alone 79,000 jobs were restored and from the period of January 1994 to October 1995, the total exceeded 100,000 new jobs.

Overall Compensation Including All Economic Benefits

The following chart compares police officer maintenance allowance, personal days and vacation days in Union County and other adjacent communities:

	<u>Maintenance Allowance</u>	<u>Personal Days</u>	<u>Vacation Days</u> (Yr. 20)
1. Springfield	\$1,000	0	32
2. Clark	650	2	23
3. Kenilworth	650	0	20
4. Linden	550	2	17
5. Long Hill Twp.	450	3	20
6. Westfield	425	0	25
7. Mountainside	350	1.5	29.5
8. New Providence	350	5	17
9. Berkeley Heights	315	0	23
10. Scotch Plains	225	3	24
11. Watchung	220	2	25
12. Summit	200	2	23
13. Fanwood	By employer*	3	30
14. Roselle	By employer*	4	17
15. Union Twp.	By employer*	3	35

*Maintenance by employer - no set dollar amount

In addition to the uniform maintenance, personal days and vacation, police officers in Berkeley Heights receive the following benefits: 13 paid holidays per year; uniform allowance, \$715; PBA convention lodging allowance, \$250; sick leave - 15 days per year; a sick leave buy back program in which officers may sell back sick leave at the rate of \$100 per day up to a maximum of five days; terminal leave pay in which an officer

receives three months pay regardless of accumulated sick leave; fully paid health insurance with \$50 deductible annually per person and \$100 per family; 100 percent tuition reimbursement for all college credits in the field of criminal justice leading to an associate or bachelor's degree.

Using the following chart the employer calculates the average police officer's total compensation at \$70,185.50.

Total Wages:	\$1,004,720.00	
FICA	81,682.00	
Pension	168,710.00	
Medical Insurance	143,904.00	
Dental Insurance	7,359.00	
Longevity Pay	29,819.00	
Holiday Pay	74,226.00	
Sick Pay Incentive	11,000.00	
Clothing Maintenance Pay	22,660.00	
Total Compensation:	\$1,544,081.00	
Average Compensation/Officer (22 officers)		\$70,185.50

Stipulation of the Parties

None

Lawful Authority of the Employer

Both proposals falling within the cap limitation, the parties have stipulated that this statutory standard is not a factor.

Financial Impact on the Governing Unit, Its Residents and Taxpayers

A comparison of the Berkeley Heights equalized tax rate with other Union County taxing districts in 1995 is as follows:

<u>Taxing Districts</u>	<u>General Tax Rate</u>	<u>Equalized Tax Rate</u>
1. Winfield Twp.	93.08	11.26
2. Roselle	4.07	4.07
3. Plainfield	3.61	3.49
4. Hillside	10.34	3.22
5. Roselle Park	6.27	3.20
6. Rahway	2.88	3.14
7. Garwood	4.60	2.95
8. Elizabeth	9.65	2.94
9. Fanwood	5.83	2.61
10. Union	8.29	2.47
11. Scotch Plains	4.77	2.44
12. Linden	2.39	2.41
13. Clark Twp.	4.11	2.41
14. Cranford Twp.	2.62	2.32
15. Springfield Twp.	2.99	2.29
16. Westfield	3.66	2.22
17. New Providence	3.76	2.17
18. Kenilworth	1.98	2.10
19. Berkeley Heights Twp.	4.06	1.99
20. Mountainside	3.10	1.90
21. Summit	1.79	1.74
	AVERAGE:	<u>3.02</u>

In 1994 Berkeley Heights equalized tax rate was \$2.02, the third lowest in the county and 99 cents less than the average of \$3.01. The township's municipal tax rate on an equalized basis has remained substantially stable during the eight year period between 1988 and 1995 moving from 37 cents in 1988 to 39 cents in 1995. This means that a house in Berkeley Heights valued at, say, \$100,000 on an equalized basis was subject to \$390 in local tax in 1995 and \$370 in 1998, an increase of \$20 in eight

years. The total tax bill for a homeowner, however, has increased more dramatically. In 1988, for a residence currently appraised at \$150,000 the taxes during the eight year period would have increased from \$4,380 to \$6,458.

The township had suffered a decrease in total assessed valuations of 4 percent in commercial and industrial properties. In 1988 they constituted 39 percent shrinking in 1995 to 35 percent. Hence, a greater tax burden has been shifted to the homeowners. The primary cause of the decrease in commercial and industrial assessment stems from the settlement of a tax appeal with AT&T, its decision to leave the township, and a tax reduction awarded to the Okite Company. These refunds, coupled with others incurred from 1992 through 1995, have resulted in a four year total loss in revenue in excess of \$3 million.

Furthermore, the settlement with AT&T has rendered the town responsible for granting AT&T a tax credit for 19 quarters of \$250,000 each, commencing with the first quarter of 1996 and concluding in the last quarter of the year 2000. The loss in assessed valuation from 1993 to 1996 totals \$58,000,000 or 5.75 percent, a decrease which can only be made up by increasing the tax rate, the burden of which falls most heavily on the residents.

Compounding the township's difficulty is the fact that it has had to issue bond anticipation notes to finance the refunding of the loss of these taxpayers' appeals. Repaying that \$3.4 million in 1993 and 1994 has resulted in a revenue loss absorbed by the remaining taxpayers who have

experienced tax increases in the neighborhood of 50 percent since 1988.

Nevertheless, the township's budget has a solid financial footing. Providing for \$11.9 million in general appropriations, the township has generated \$1.76 million in excess revenues over expenses, equivalent to 14 percent of the appropriations. The average excess revenues during the eight years from 1988 to 1995 was approximately \$1.9 million, very close to 1995's figure. While the excess has been substantially below the 1995 amount in some years, it has been well above in others.

Cost of Living

The release from the Bureau of Labor Statistics for August 1996 shows that the Consumer Price Index for New York-Northeastern New Jersey inched up 0.1 percent in July, with declines in a number of items including apparel and fuel oil. With the New York-Northeastern New Jersey Consumer Price Index for all urban consumers at 166.7 in July, \$16.67 was required to purchase what \$10 could in the 1982-1984 base period. The purchasing power of the dollar was 60 cents in 1982-84 dollars and 20.8 cents in 1967 dollars. For the year ended July 1996, consumer prices increased 2.7 percent.

The township has offered an exhibit comparing the CPI increases with those obtained by the PBA over the past decade:

<u>Year</u>	<u>CPI Increase</u>	<u>Salary 6th Step</u>	<u>Salary Percentage Increase</u>
1985	4.0	27,490	7.0%
1986	1.5	28,590	4.0%
1987	5.9	30,448	6.5%
1988	4.5	32,427	6.5%
1989	6.2	34,535	6.5%
1990	6.5	36,780	6.5%
1991	3.6	39,170	6.5%
1992	4.7	41,084	5.0%
1993	2.2	43,185	5.0%
1994	<u>3.0</u>	45,344	<u>5.0%</u>
Total:	42.1%		58.5%
Average:	4.21%		5.85%

The median family income in Berkeley Heights is \$79,584. The Union County average is \$48,862, eighth highest among the 21 counties in New Jersey and exceeding the state average of \$47,589. Put another way, the Berkeley Heights median family income exceeded the Union County average by 63 percent and the statewide number by 67 percent.

Hence, it is fair to conclude that a police officer in Berkeley Heights lives and works in a rather affluent area and must compete with other wage earners who earn substantial incomes, a factor which makes it mandatory that he be paid a competitive salary. A police officer requiring a home in Union County is looking at a median housing value of \$180,500 - an increase of 174 percent since 1980 - which ranks seventh among New Jersey's 21 counties and is eclipsed itself by the median housing value in Berkeley Heights of \$240,000.

Continuity and Stability of Employment

The PBA urges that a number of its proposals are tightly linked to this statutory standard: for example its request for an increase in the annual sick leave incentive from \$100 for each unused day to 90 percent of the value of each day and its proposal to increase vacation days after 15 and 20 year steps.

These arguments pose a difficult proposition for me, it being less than certain that a police officer will decide to leave the job because he or she does not get an additional vacation day in the 15th or 20th year of service or an increase in sick leave buyout. Such benefits may or may not be worthwhile, but the continuity and stability of employment hardly serves as a useful yardstick in making that determination. Indeed, I would be hard pressed to accept the notion that the acceptance or rejection of either side's entire list of proposals would affect the continuity and stability of employment in this police department.

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Having examined the evidence and the data furnished by both sides, it is my view that a three year contract providing for a 4 percent increase in each year strikes a reasonable balance between the needs of the police officers and the needs of the residents and taxpayers. The three year agreement reflects the interest and welfare of the public more so than a two

year contract which would expire in three months and the 4 percent in each of the three years is, to my mind, a reasonable increase based on application of all the relevant statutory standards.

A review of the parties' other proposals in the context of these standards leads me to the following conclusions:

Starting Salary

A review of starting salaries in other districts would indicate that the township's proposal for a reduction from \$34,281 to \$30,000 has justification. Starting salaries in other communities in Union County and surrounding areas range as low as \$25,000. With no proof that a reduction in the starting salary would lessen the number of applicants seeking positions as police officers in Berkeley Heights, I think the proposal for a reduction is well taken.

The \$30,000 figure however may be a bit low, starting salaries having risen in the intervening years since 1994. Accordingly, I would direct that the new starting salary shall be \$31,000 effective January 1, 1997, it being understood that the maximum rate shall be achieved in the same sixty months as provided in the current agreement.

Health Insurance

A review of other recent settlements in the public sector, as well as in private employment, reveals a trend to rein in these employer expenses. For example, in a 1994

interest arbitration award in Union County involving the Union County police department the health insurance deductible was increased from \$100 to \$200 per person and from \$200 to \$400 for dependents. In the town of Westfield health insurance deductibles were increased from \$100 to \$200 per person and from \$200 to \$300 for dependent's coverage. In the Union County correction officers' case, the deductibles were increased from \$100 per person to \$200 and from \$200 to \$400 for dependent coverage.

In my opinion, the health insurance provision in this agreement should be amended to increase the deductible from \$50 to \$200 per employee and \$100 to \$400 for the dependents. I would also increase the co-insurance from 90 percent of \$1,000 to 80 percent of \$2,000.

Maintenance Allowance

The Berkeley Heights maintenance allowance is presently \$315, \$133 below the average of \$448 in the county. An increase to \$450 effective January 1, 1997, brings it to average, albeit three years later.

Although the parties have submitted evidence in support of their other proposals, I am constrained to conclude that I find no basis in the statutory standards for awarding them. Consequently, they are all deemed denied and off the table.

AWARD

Pursuant to the authority granted by NJSA 34:13A-16g, the undersigned renders the following award:

1. Term of agreement: three years, from January 1, 1995 to December 31, 1997.

2. Salaries. All salary steps shall be increased as follows:

January 1, 1995	4 percent
January 1, 1996	4 percent
January 1, 1997	4 percent

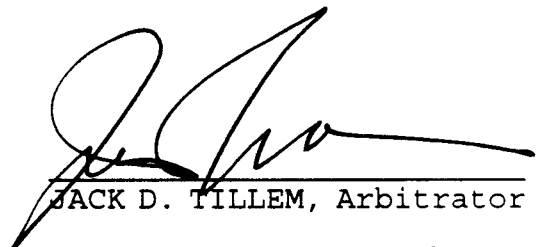
3. Health insurance: a) Increase deductible from \$50 to \$200 per person and from \$100 to \$400 for dependents.

b) Increase co-insurance from 90 percent of \$1,000 to 80 percent of \$2,000.

4. New hires starting salary: Effective January 1, 1997 the new hires starting salary shall be \$31,000.

5. Maintenance allowance: The maintenance allowance shall be increased to \$450 effective January 1, 1997.

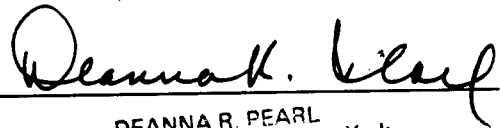
Dated: September 28, 1996



JACK D. TILLEM, Arbitrator

STATE OF NEW YORK)
COUNTY OF NASSAU) SS:

On the 28th day of September 1996, before me personally came and appeared JACK D. TILLEM, to me known and known to me to be the individual described herein and who executed the foregoing instrument and he acknowledged to me that the same was executed by him.



DEANNA R. PEARL
Notary Public, State of New York
No. 4823099
Qualified in Nassau County
Commission Expires ~~March~~ 30, 1996
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