

STATE OF NEW JERSEY  
PUBLIC EMPLOYMENT RELATIONS COMMISSION  
CN 429  
TRENTON, NJ 08625-0429

Docket No. IA-96-159

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In the Matter of Arbitration Between

**TOWNSHIP OF LAWRENCE**

-Employer-

and

**PBA LOCAL 119**

-Union-

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OPINION

AND

AWARD

ARBITRATOR: Robert E. Light, mutually chosen by the parties pursuant to the rules and regulations of the New Jersey Public Employment Relations Commission.

HEARINGS/MEETINGS: August 29, 1996; March 31, 1997. A stenographic record was taken, and thereafter both counsel filed briefs.

APPEARANCES: For the Township  
Michael J. Herbert, Esq., PICCO HERBERT KENNEDY  
William Guhl, Manager  
Tom Wilfrid, Mayor  
Richard Krawczun, Finance Director

For the Union  
Richard D. Loccke, LOCCKE & CORREIA  
Thomas R. Maple, President

## BACKGROUND

The undersigned was appointed by the Public Employment Relations Commission in a letter dated July 3, 1996 pursuant to the parties' mutual agreement. The first session, devoted to mediation, was held on August 29, 1996. No settlement resulted, but the issues were narrowed. A formal session was scheduled for January 21, 1997 while the parties continued to discuss settlement. In early January, the Town notified me that it had retained counsel who was unavailable on January 21 due to an appearance in Federal Court. The matter was rescheduled for March 31, 1997. By agreement, briefs were thereafter filed by both counsel.

The parties resolved the only non-economic issue on the record (see Transcript, pages 15-17) when it was agreed that the Town would codify the existing work schedule in the contract.

## PROCEDURAL BACKGROUND

Pursuant to Chapter 85, Public Law of 1977, the act providing for compulsory interest arbitration of labor disputes in police and fire departments and, in accordance with NJAC 19:16-5.6 (b), the undersigned was duly chosen as Interest Arbitrator in the above matter pursuant to the mutual request of the parties. This designation was communicated to the parties and the Interest Arbitrator by letter dated July 3, 1996 from Timothy Hundley, Acting Director of Arbitration, New Jersey Public Employment Relations Commission.

A mediation session was held on August 29, 1996. Attempts at a resolution of this interest arbitration which once appeared hopeful, ultimately proved to be unsuccessful. As a result, a formal hearing was held on March 31, 1997. By virtue of the statutory revision to NJSA 34:13(a)1, et seq., by the passage of the Police and Fire Interest Arbitration Reform Act (A-3296, C. 425 L1995) as well as by agreement of the parties themselves, conventional authority is vested in the Arbitrator to decide the issues in dispute.

The revised statute cited above imposes certain requirements upon the Interest Arbitrator, namely:

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 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. , c. (C. ) (now pending before the Legislature as this bill); provided, however, that each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

[(b) in comparable private employment.

(c) in public and private employment in general.]

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 (C.40A:4-45.1 et seq.).

6. The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account, to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element or, in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers of the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services; (b) expand existing local programs and services for which public monies have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public monies have been designated by the governing body in a proposed local budget.
7. The cost of living.
8. The continuity and stability of employment including seniority rights and such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours, and conditions of employment through

collective negotiations and collective bargaining between the parties in the public service and in private employment.

## FINAL OFFERS OF THE PARTIES

### PBA Local 119

#### Economic

1. Wage Increase - PBA is proposing a 4 year contract with a 5% increase across the board at each rank, step and position covered by the agreement. These respective 5% increases would be effective on each successive January 1st of each contract year.
2. Medical for Retirees - there is presently a program of 15 years coverage at full medical coverage for retirees. The PBA is proposing a change in that the coverage period be extended by 10 years to a total of 25 years at full coverage.
3. Sick at Retirement - there is presently a provision in the agreement with a terminal benefit predicated on sick leave accumulated. There is presently a maximum of \$15,000 and the PBA is asking in this proceeding that the maximum be increased to \$25,000.
4. Life insurance - there is presently a \$15,000 life insurance policy. The PBA is seeking an increase to a total of \$20,000 life insurance coverage.
5. Longevity - The PBA in this proposal is focusing on the final two steps of the present longevity guide. Presently there are steps at 24 years and 28 years of service. These steps are effective at the end of 24 years and the end of 28 years of service. The PBA is asking that they be recalculated so that they are available to the employee for calculation at the beginning of the 24th year and at the beginning of the 28th year of service respectively. The values at those steps would remain the same.
6. Widow and Children Coverage - The PBA is proposing that when an officer dies the present one (1) month period of coverage for the widow and children surviving should be extended to six (6) months. The purpose of this extension is to provide a reasonable opportunity for the survivors to arrange for coverage on their own.

7. Detective Bureau Compensatory Time - The PBA is proposing two (2) hours of compensatory time off for each on call served by a person in a detective bureau. There is a current departmental definition as to on call status, involving pagers, etc.
8. PBA Business - The PBA is proposing that the currently available six (6) annual tours for the PBA President shall be expanded to twelve (12) annual tours. These are tours for the President to use or designate another person to use for PBA business.

**Township of Lawrence**

Economic

1. 3-year contract: 1/1/96; 1/1/97; 1/1/98
2. The employer proposes to change the contract language to reflect the schedule currently in use. This includes converting sick days, vacation days, personal days and holidays to hours.
3. Salary increase of 3.5% for 1996, 3.5% for 1997, and 3.5% for 1998.
4. Adjust step guide to provide equal steps as follows for employees hired after 1/1/97 (unadjusted for salary increase):

	<u>1995</u>
Academy	\$23,100
Probation (to first anniversary)	28,635
After 1 year	34,171
After 2 years	39,706
After 3 years	45,242
After 4 years	50,778
After 5 years	56,314

5. Increase prescription co-pay from \$5 to \$7 for name brand drugs - 7/1/97.

## POSITION OF THE PBA

In his post-hearing brief, Union counsel advanced the following arguments under the statutory criteria:

### Interest and Welfare of the Public

Counsel argues that the department's members are professional, highly motivated, and dedicated to the community. To support this view, counsel introduced testimony and records as to the majority of the PBA members' residence in the-Town; the PBA's financial and personal support of local organizations and groups; and police activity reports. On this last point counsel claims these various records show decline in the crime rate, increase in motor vehicle activities, a 47% increase in Municipal Court revenues, and an extremely high incident per officer rate. These factors, together with what counsel claims is a decrease to an unrealistic strength level in the department, leads to the inescapable conclusion that this is a highly productive police department.

All of these factors, it is argued, establish that the department and its members well serve the interest and welfare of the public and should be compensated accordingly.

### Comparability

Albeit conceding that a Lawrence officer is in a "competitive mid-range level" when speaking strictly as to wages, counsel asserts that when a total compensation comparison is made the Lawrence patrolman drops rapidly from that competitive position. Specifically,



counsel asserts the typical officer works more hours than most of his peers while enjoying only a midrange level of sick leave, vacation time and personal leave benefits. The final offer from the PBA seeks to increase the present \$15,000 maximum for unused sick days to \$25,000; to extend retirement medical coverage from 15 to 25 years; to change longevity from a flat dollar payment to percentage of salary; and to amend the final two steps in the longevity scale. Counsel expounds on the predictable reasoning for the increases and improvements the PBA seeks, noting that they benefit retiring officers' pension levels from the adoption of percentage longevity and provide them with an increased term of medical benefits and a more deserving payout for unused sick time. It is claimed by counsel that the awarding of these requests would be reasonable and well supported by comparable analysis with other local jurisdictions.

In justification of its final offer, counsel introduces eighteen comparable law enforcement units seeking to demonstrate that the average base wage increases from these units for the years 1996 through 1999, where settled or awarded, averages in the mid 4.5% range -- "very close" to the PBA's 5% proposed increase. Counsel explains it is seeking a four-year pact so as to allow the parties a two-year hiatus before being forced back into successor bargaining.

Counsel argues that the recently negotiated Board of Education contract is instructive. It is voluntarily negotiated. Educators cannot avail themselves of interest arbitration. The Board budget is the largest single item in the municipality tax levy. Yet despite these factors,

the wage rate changes exceed those sought by the PBA. Counsel charts the increases negotiated between academic years 1996-1997 and 1997-1998 and claims the lowest percentage increase in the eight categories he highlights is 4.9%, with the highest reaching 11.1%. In summary, counsel argues these increases validate the 5% increases the PBA seeks.

Counsel next calls into question the accuracy and validity of much of the comparable evidence testified to by Township Administrator William Guhl. Noting that Guhl confirmed that some of the facts were elicited through telephone surveys, counsel argues that the contracts the PBA introduced were indeed the "best evidence" and should be afforded more weight than that offered by Guhl and the Township. Cited are examples where counsel claims inaccuracies occur resulting in the Town's comparables becoming the proverbial "apples and oranges".

### **Stipulations of the Parties**

The PBA attorney notes that the only substantive stipulation between counsel dealt with the codification of the current schedule into the contract which is noted above in the background section of this Opinion and Award.

### Lawful Authority of the Employer

In order to address both Cap Law concerns and the financial impact criteria in reference to the governing unit, its residents and taxpayers, PBA counsel took the base salary costs of this bargaining unit for calendar 1995 and calculated that a single percentage point was valued at \$34,987. Using this figure he mathematically arrived at the figure of \$52,480 as representing the single year difference between the parties' respective 3.5% and 5% final offers. Generalizing, counsel argues that since not all officers are at maximum salary and since retirements have occurred in the interim, this projection is clearly overestimated.

Progressing to the budget's pertinent figures, counsel notes that the Town limited itself to the 2.5% cap and chose not to exercise its right to budget beyond the 2.5% to the maximum allowable 5%. In fact, it brought in a budget \$546,316 under the 2.5% limit. Combined with cap banking and unutilized funds, counsel claims that slightly in excess of \$900,000 will be carried into 1998. In brief, counsel concludes that there simply is no cap limitation issue in Lawrence Township. It is indisputable that the Township has the full ability and legal authority to pay the PBA final offer.

### Financial Impact on the Governing Unit

In summary, counsel argues -- with reference to exhibits in the record -- that Lawrence has one of the largest tax bases of ratables in Mercer County; the 1995 tax levy contained a municipal portion two cents less than 1994 (forty-three cents versus forty-five cents); the tax base is ever increasing; a significant number of corporations comprise its largest taxpayers; debt service is minimal; and tax collection rates have steadily increased from 91.80% in 1991 to 97.54% in 1995. Counsel leads the observer through these statistics in order to reach the conclusion that the Town is in remarkable fiscal health. He then notes that the funds for budgeted but unfilled positions in the police department alone equals the \$54,480 needed to fund the annual difference between the parties' final offers.

Counsel continues and argues that alternate sources other than tax dollars can fund the gap between the final offers' respective costs. Grants referenced in the Chief's budget message are but one source that counsel suggests as funding avenues that could be followed to pay the PBA last best offer.

On a dollar and cents level, counsel calculates that the 1.5% wage differential between the parties' final wage offers equates to .0009% of the total tax levy increase or \$2.87 on a \$3,000 per year hypothetical tax bill.

Counsel recites the extensiveness of the school board budget, its consumption of 53% of the municipal tax levy and the little concern the taxpayers showed over its expenses as witnessed the 12.4% voter turnout for the 1996 Board elections.

In conclusion, counsel argues the Town can well afford the additional \$52,480 required to fund the PBA's final offer and the financial impact of the increase called for in that final offer is negligible.

### **Cost of Living**

While conceding the obvious -- that both final offers exceed the current CPI -- counsel argues that a retrospective to the late 70s and early 80s would show that the wage increases enjoyed then fell well below the rampant double-digit inflation of those years. Counsel argues that the Cost of Living criteria should not have a significant impact on this case.

### **Continuity and Stability of Employment**

Counsel argues that comparability should be given greater weight because of the legislature's inclusion of this criteria in the statute. He argues that a reading of this criteria "appears to incorporate the concepts of 'area standards' and 'prevailing rates'", both of which, he concludes, further support the PBA's position.

In summary, counsel reasserts that these "area standards" and "prevailing rate" considerations obviously favor an award of the PBA's position under this criteria.

## POSITION OF THE TOWN

In both his initial brief and in his reply brief, counsel for the Township offers the following arguments under the respective criteria set forth in the statute:

### Comparability

Counsel asserts that through its exhibits (Chart B, 1-4), the Town demonstrated without question that Lawrence's officers are at or just below the top of the remaining 13 departments in Mercer County when comparing salary, longevity and uniform allowance. Rank by rank, assuming the 3.5% offer is awarded, these officers will average 12% higher than the median compensation of these departments. Projecting out to 3.75% and 4%, the 12% premium over the median grows to 14%. Briefly put, assuming the 3.5% increase for 1996, an officer earns nearly double the salary average of the blue collar, organized Township employee and more than double of the white collar bargaining unit employee. This trend continues when the Superior Officers' salaries are compared with their peers in supervision roles other Township departments.

Counsel turns attention to the PBA's assertions and notes that, despite the fact that they presently receive the highest maximum longevity payment in Mercer County, they still seek to convert longevity to a percentage based plan entitling them to even higher payments. Counsel asserts the PBA "cherry-picks" affluent municipalities for comparison as evidenced by the fact that only one other Mercer municipality is found in the chart in which it seeks to compare longevity percentages to support its request for conversion of Lawrence's

dollar-based longevity payment. Counsel reviews the PBA's remaining assertions in an attempt to provide a more balanced and accurate view of those comparables. A litany of such comparisons is offered to demonstrate, for example, that Lawrence has the third highest unused retirement sick leave allowance in Mercer County; the fifteen years of fully paid health benefits an officer receives at any age far exceeds the 10-year limited chronologically 55 to 65 coverage all remaining Township civilian employees receive; and the true value of the teachers' wage increase was 3.85% a year for these years paid for in part by \$200,000 in give-backs.

### **Cost of Living**

Beyond the fact that its present offer exceeds the current CPI, counsel notes that over the prior 5-year period (1991-1996) police salaries increased 37.37% contrasted with a CPI increase for the same period of time of 17.86%. It is argued that the Township's final offer is clearly the more reasonable under this criteria.

### **Ability to Pay**

Counsel notes that Lawrence ranks in the top third of Mercer County municipalities (excluding Trenton) in taxing for municipal services. Accordingly, he argues its final offer "is not only supportable on a comparability basis, but also on the basis of the 'ability to pay' criterion."

In response to the PBA argument on the closely aligned criteria of Lawful Authority and Ability to Pay, counsel charges that the \$52,480 per year figure asserted by the PBA as the cost difference between the parties' 3.5% and 5% final offers looks at wages alone for a single year, whereas the PBA is seeking eight cost-related items over a four-year contract. Counsel calculates the entire package's cost and concludes it totals \$864,464 over the four-year contract term. In a side-by-side comparison, intended to show the annual cost of each proposal as a percentage of base salary, counsel argues the Town's average net cost of its offer comes to 3.34% over four years with the increased prescription co-pay producing savings which slightly offsets the 3.5% wage increase. In contrast he hypothesizes that the six monetary items the PBA seeks would average out to a 8.06% increase. In view of these figures, counsel asserts the PBA's claim that its offer would not require raising taxes is preposterous.

Counsel dismisses any attempted reliance by the PBA on the school board budget. He notes counsel fails to mention that two referenda on school spending in 1997 alone were defeated by these very same citizens the PBA claims are apathetic to increased governmental spending.

### **Interest and Welfare of the Public**

Counsel notes that the single fact alone that these officers have received wage increases over the last half dozen years at twice the CPI, twice the average of Lawrence's



taxpayers' compensation and far in excess of the Township's other organized workforce has created a demoralizing impact on Township employees, and anything awarded in excess of the 3.5% offer would be devastating.

In conclusion, counsel for the Township urges the arbitrator to award its final offer which is substantial and seeks no give-backs beyond a modest co-pay increase for prescription drugs. The inescapable fact is that the Lawrence patrolman is the highest paid in Mercer County, receiving the most generous fringe benefit package with but a few isolated exceptions of the thirteen departments. The Town's offer will provide an additional \$6,000 at the top patrolman level over the term of the contract. Any award above the 3.5% offer would only exaggerate the extraordinary imbalance the Lawrence department presently has over the remaining departments in the County.

### **DISCUSSION**

The arbitrator has carefully weighed all of the evidence in the case including the testimony of the witnesses at the hearing, the arguments of respective representatives of the parties as set forth both at the hearings and in their briefs, the present contract, the statistical data as well as all of the exhibits prior to reaching his decision. A review of the evidence presented shall be dealt with under each of the statutory criteria.

### **Stipulations**

As noted by both counsel, the parties agreed to a codification of the work schedule the department has been working under for many years. Beyond their mutual agreement on this issue, no relevant substantive stipulations exist.

### **Continuity and Stability of Employment**

Neither counsel presented any evidence nor discussed at length this statutory criteria. PBA counsel argues that the criteria language which reads "...which are ordinarily or traditionally considered in determination of wages, hours and conditions of employment through collective negotiations and collective bargaining...." focuses on factors which "appear" to incorporate the concepts of "area standards" and "prevailing rate." Consequently, counsel argues, these concepts should impact on the comparability criteria and more weight should be placed on that criteria. He then argues that both of these types of analysis further supports the PBA's offer.

While counsel's theory is not implausible on its face, nothing has been introduced to substantiate any legislative intent that these concepts, that is, prevailing rate and area standards were intended to be considered in an evaluation of this criteria. As a result of the Township's lack of any argument under this criteria, coupled with PBA counsel's surface treatment of his theory, virtually no relevance can be given to this criteria in this particular arbitration.

## Cost of Living

PBA counsel acknowledges that the Cost of Living statistics are below both parties' final wage increase offers. His only argument that little weight should be given to this criteria rests on his assertion that back in the 80s wage increases did not keep pace with the double-digit inflation this country endured. While to an extent this is a valid argument, several problems exist which minimize its value. To begin with, one would be required to document actual wage increase percentages vis a vis the COLA figures for a comparable period. The next question arises as to what years that comparison should encompass. Should it be 5, 10, 15 or 20 years? The fact remains that PBA counsel neither selected a period for comparison nor actually presented a statistical analysis. To the contrary, Township counsel ran a five-year comparison ('91-'95) and presented evidence that department bargaining unit salaries increased 37.37% contrasted with a 19.46% rise in the northeast C.P.I. for the comparable period of years. The C.P.I. for the New York-Philadelphia region is a mere 17.86% meaning, counsel asserts, the Lawrence patrolman saw his salary double over those five years.

The Township clearly prevails under this criteria. It exceeds the C.P.I. which means that the Lawrence patrolman is still outpacing inflation. As will be discussed elsewhere, the PBA has not made any convincing arguments that an increase well beyond the C.P.I. is warranted.

### **Lawful Authority**

In the sense that the Town has budgeted within its allowable 2.5% cap, the PBA's argument that there is certainly no CAP problem in this town is sustained. Even beyond its contention that there is no CAP problem, its calculations showing that there is room even within the 2.5% CAP index formula and beyond is not contested. Again, for the limited purposes of determining whether the lawful authority of the Employer precludes the awarding of the PBA's final offer, the answer has to be in the negative. This criteria serves, so to speak, as a threshold issue. If the awarding of a final offer would require a municipality to approach or exceed a CAP limit, the critical question arises as to whether such a final offer could be awarded. The mere finding made herein that there is no impediment to the possible awarding of the PBA final offer is just that -- the conclusion that it is not precluded by the Town's budget in reference to the CAP law.

### **Interest and Welfare of the Public**

The emphasis of the PBA's argument, and to a large extent the Township's reply, centered on various aspects of a patrolman's life and job performance. There is no challenge to the claim that the department is well run and the officers themselves perform professionally.

The statistical battles both counsel engage in results in a stalemate. The most significant conclusion reached from a review of their statistical analysis is that neither side

has been able to prove conditions warranting sufficient support for their wage offer vis a vis that of their adversary. The documentary and testimonial evidence disclose that the department is adequately staffed, well compensated, and deals with a relatively stable crime rate. Increases or decreases in the revenues generated by the Municipal Court result from various factors which, in the undersigned's opinion, serve to offer little support for or against the wage rates sought by the PBA.

The conclusion reached after reviewing the extensive arguments offered under this criteria is that the welfare and interests of the public are presently being well served by the performance of the department. No morale problems have been alleged, and nothing suggests that the awarding of either wage offer will impact on the stability or the welfare and interest of the public. In brief, neither side can be said to prevail under this criteria. In the sections devoted to financial impact, comparability and overall compensation, the effects will be examined during which their relationship to the interest and welfare of the public will be more closely examined.

### **Overall Compensation'**

The PBA's argument that the "...Lawrence Township PBA does not rank well among their peers" frankly rings hollow." A review of Township Exhibit B-14 leads to the conclusion that a Lawrence officer is at or near the top in salary, maximum longevity, uniform allowance, life insurance, and perfect attendance pay. This analysis is perhaps best confirmed when, in

reviewing the PBA's brief, counsel can only be heard complaining that the Lawrence patrolman is, at best, mid range in sick leave, vacation time and personnel leave. To begin with, in most categories of benefits, while the benefit levels may vary department to department, the range is quite small. The difficulty in discussing total compensation is the danger of falling into the comparability issue. Returning to a strict examination of total compensation, the record discloses that a Lawrence patrolman, assuming a 3.5% increase offered by the Township, in 1997 at maximum longevity will be earning \$72,762 with a \$1,275 uniform allowance, \$200 for perfect attendance, \$10,000 life insurance policy, \$1,000 for a Bachelor's degree with 12 to 25 vacation days, 14 holidays, 15 sick leave days, medical and dental insurance and compensation for eye or physical exams. In the current climate of businesses establishing part-time jobs to avoid paying for benefits, the total compensation a Lawrence officer receives is indeed well above average. Frankly, this arbitrator will deal with certain benefits the PBA seeks to increase. However as it is constituted, the only conclusion that can be drawn is that the Town of Lawrence prevails under this criteria.

### **Comparability**

The wording of the revised statute directs arbitrators to make comparisons of the subject employees compensation to other employees performing the same or similar services and with other employees in general in the private sector, in public employment in general and in public employment in the same or similar comparable jurisdictions. To

begin with, it has long been recognized that any comparisons with the private sector is difficult at best for the simple reason that no direct counterpart can be found. Township counsel limits his comparisons with the private sector to the Private Employment Cost Index and the Consumer Price Index covering 1991 through 1996. As previously noted, the Lawrence patrolman has enjoyed salary increases more than doubling the CPI over that period and running nearly 18% more than the North East Employment Cost Index (37.37% versus 19.46%) or, put in comparable terms to the CPI comparison, his wages have exceeded the E.CI by 92% -- nearly doubling that figure.

As for public employment in general, neither counsel enters into any universal comparison on a statewide basis. Arbitral notice gained from a half dozen interest arbitrations authored over the past two years is taken of the generally lowering of final award and settlements. With any such generalized observations, this author is well aware of the fact that little value should be placed on such a casual appraisal unless and until more detailed figures are supplied.

Moving to comparable jurisdictions, the PBA's range of proposed comparables is geographically far ranging and, in general, unjustified. For example, as to longevity, seven towns are cited ranging from Burlington in the south to Paramus in the north, with only Trenton coming from Mercer County and only Lakewood seeming to be (along with Trenton) geographically comparable. The list of comparables the PBA offers as to detective stipends

can somehow be said to be more comparable solely because of the addition of Princeton Boro and Township and Ewing.

The comparables listed by counsel as to base wage increases can be said to be much more comparable because seven of the fourteen listed are geographically close and serve to make an argument as to the PBA wage percentage increase offer sought. However, the Town's brief citing all of Mercer's municipalities and the actual salaries paid easily counters the Association's percentage increase argument.

In conclusion, a review of the analysis of the comparability criteria propounded under the act shows that the Town prevails and an award closest to their wage proposal should be awarded.

### **Financial Impact**

The PBA makes an initially strong argument that the economic impact an award of its final offer would have on the Town's taxpayers would be extremely small and barely perceptible. Even aside from his arguments about the Town's economic health (expanding tax base, high rate of tax collections, low tax rate, corporate land owners, ongoing growth), counsel argues the difference required to fund its offer over that of the Town's is a mere \$54,676 which, if anything, is probably even overstated.

Town counsel concedes that it probably is overstated, but notes that the PBA limited its analysis to the cost of salary increases for the first year, whereas it seeks a four-year



contract with eight specific cost-related items. The end result, as counsel for the Township calculates it, is \$852,944 to fund the PBA final offer over the four years -- far in excess of the \$52,480 figure the PBA seeks to use to prove the negligible impact its offer would have on the Township and its taxpayers.

Converting the dollar cost of the final offers to percentages, counsel argues that the net percentage increase of its final offer on the Town equates to an actual increase of 3.5% in 1996, 3.32% in 1997, 3.26% in both 1998 and 1999. In contrast, assuming the awarding of each of the PBA's demands, the percentage increases range from 6.2% to 8.06% between 1996 through 1999.

The financial impact on the Town and its taxpayers is one of the most relevant of the criteria set down in the statute. Clearly, in the economic climate present today, the Town's offer prevails under this criteria. PBA counsel must be credited with pinpointing sources of revenue (grants, unfilled positions, etc.) that theoretically could fund the additional cost of its wage offer without necessitating increased taxes. These funding sources lead to the consideration and granting of some of the additional items the PBA requests in its final offer. However, what must be borne in mind is that merely because the PBA can marshal favorable arguments for its wage request (grant money, substantial municipal court revenues, municipal segment of the budget its smallest component) does not mean that the PBA wage offer must be adopted. Just because money is theoretically available does not mean it

should be paid out. Sight must not be lost of the fact that the goal is to seek the most reasonable final award in interest arbitration.

Accordingly, I award the following items:

**Duration**

Four years from January 1, 1996 through December 31, 1999. The parties are presently virtually halfway through the four-year period offered by the PBA. The three-year period sought by the Township is deemed to be too short at the point the parties now find themselves. The consistency of the CPI over the past few years bodes well for calendar 1998 remaining at approximately the same level. Although 1999 is "too far out" to project, the balance of the increases awarded for the first three years and the last year produces an average figure for the four-year period of less than 4% (3.875%) which guarantees a mean increase that should not excessively exceed the CPI for the comparable period regardless of any inflationary period in 1999.

**Wage Increase**

Wages increases are awarded as follows:

1996	3.50%
1997	3.50%
1998	4.00%
1999	4.50%

Utilizing the Town's calculations intended to show the actual dollar difference between the final offers the results show that over the four-year period the total cost is \$99,863 as to wages contrasted with the \$537,467 amount the Town claimed the PBA final wage offer exceeded the Town's offer.

### **Life Insurance**

The PBA request to increase the face value of the life insurance policy from \$15,000 to \$20,000 will increase the cost to the Township by \$837 a year. This is a very modest amount, and the request will be awarded.

### **PBA Business**

The Town concedes that it considers this request to have no cost for purposes of the comparison it makes in costing out the two final offers. Common sense dictates that, even with good planning, the Township may well have to arrange for and provide coverage at a cost in order to implement this provision. The cost would appear to be self-limiting and modest. This request shall therefore be awarded.

### **Adjustment of Step Guide**

The proposal sought by the Town would be effective January 1, 1997 and has no effect on anyone currently in the department. No economic impact is assigned to this

The proposal sought by the Town would be effective January 1, 1997 and has no effect on anyone currently in the department. No economic impact is assigned to this proposal by either party. Logic seems to dictate that any economic savings or additional costs in any given year balances out and results in no net savings to the Town nor cost in wages to any new officers. The proposal seems reasonable, and it will be awarded at the Town's request.

### **Increase Prescription Co-Pay**

As noted, this represents a savings of \$4,608 a year for the Town in reduced premiums, or \$9,216 over the years 1998 and 1999. Based on the cost history of medical benefits, these projected savings will quite likely increase to the Town's benefit. In order to help balance the cost of benefits sought by the PBA and awarded to them, this provision will be awarded effective January 1, 1998.

### **Widow and Children Coverage**

As Town counsel noted, no cost projections can be made for this requested benefit. Hopefully the provision need never be effective. However, given the stress of such a time, the provision granting six months continued coverage as opposed to the current one-month coverage will be awarded.

### Longevity

For the duration of the proposed four-year contract, the cost of this provision will be \$3,200 over the balance of this contract if made effective in January 1998. In light of the fact that its application will be limited to those with the most seniority and has the potential of advancing retirement dates which would be of ultimate benefit to the Town. This request will be awarded effective January 1, 1998.

### Detective Bureau Compensatory Time

The Town estimates this provision will cost out at \$29,120 per year. It seeks to afford detectives with a two-hour block of compensatory time off for each on-call tour served by a detective. While this proposal is one method of easing what the PBA claims to be extensive extra duty, an award of one hour comp time off would be more appropriate in light of the potential cost of this item. The word potential is used advisedly since PBA counsel on one hand asserts "the impact should be very small" and "there should be no cash impact of the proposal whatsoever", whereas Town counsel agrees it is difficult to assign a cost but estimates ten on-call tours occur a month. If one hour rather than two is allotted to this request, the cost would appear at the most to be \$14,560 a year based on the higher estimate. A more appropriate estimated value of \$10,000 will be assigned by the arbitrator for the cost of this item.

### **Sick Leave at Retirement**

The Town's cost estimate of this provision seems excessive. Counsel projects 2.5 retirements per year and uses the entire four-year term of the contract as well as the full \$10,000 increase sought by the Association as a basis for his projections. PBA counsel asserts that "most departments have no limitations whatsoever." This benefit seems unique to the public sector. There is very little sentiment in favor of it from the general public. It is a benefit that should be capped as it is in this contract. However, recognizing the fact that this \$15,000 loses value each year, however slight, the benefit should be increased to further encourage attendance and to provide an additional enticement for early retirement and a form of compensation whose entitlement is limited to retirement. Accordingly, an increase to a \$20,000 maximum is awarded to be effective January 1, 1999. This will limit the additional cost of this benefit to under \$20,000 which nevertheless is the estimate that will be used herein for discussion of the cost of the final award.

### **Medical for Retirees**

No cost is assigned to this benefit by the PBA. The Town argues an annual cost of \$6,000 annually per retiree. Again, assuming 2.5 retirements a year accruing over the course of the contract, counsel posits a cost of \$150,000 for this benefit. This figure and counsel's best efforts at this time can only be speculative since we are projecting the value of this year's dollars for coverage to be provided fifteen years hence. No sufficient

arguments were made by the Association to prevail on this issue. Fifteen years of coverage amply provides for retirees. The request is denied.

In seeking to arrive at the most reasonable award between the parties' final positions under the statutory criteria, the individual items discussed above have been awarded formally below. The cost of the award using the grid utilized by counsel for Lawrence in his brief appears as follows:

	<b>PBA</b>	<b>L.T.</b>	<b>AWARD</b>
1. Base wage increase	537,467	----	77,197
2. Medical for retirees	100,000	----	----
3. Sick leave at retirement	100,000	----	(1 year) 20,000
4. Life insurance	837	----	(2 years) 1,674
5. Longevity	6,400	----	(2 years) 3,200
6. Widow & children coverage	----	----	----
7. Detective Comp. Time	58,240	----	10,000
8. PBA business	----	----	----
9. Adjustment to step guide	----	----	----
10. Increase in co-pay	----	(11,520)	(9,216)
	<b>\$852,944</b>	<b>\$-11,520</b>	<b>\$102,855</b>

The \$102,855 represents the cost of the Award over a four-year period in excess of the cost of the Town's final offer.

Therefore the undersigned, having duly heard all of the proofs and allegations of the parties of this proceeding, makes the following:



## AWARD

### 1. **Wage Increase**

January 1, 1996	3.50%
January 1, 1997	3.50%
January 1, 1998	4.00%
January 1, 1999	4.50%

2. The maximum **Terminal Sick Leave** benefit from accumulative sick time shall be increased to \$20,000 effective January 1, 1999.
3. **Life Insurance** benefit shall be increased to \$20,000 effective January 1, 1998
4. **Longevity's** final two steps shall be made effective at the beginning of the 24th and 28th years of service effective January 1, 1998.
5. **Widow and Children Coverage** for medical insurance shall be increased to six months from one month.
6. **Detective Bureau Compensatory Time** shall be provided on the basis of one hour of compensatory time off for each on-call tour served. Effective January 1, 1998.
7. **PBA Business** shall be expanded to twelve (12) annual tours for the present six (6). Effective January 1, 1998.
8. **Increase in Co-Pay** from \$5 to \$7 for brand name drugs shall be made, effective January 1, 1998.



ROBERT E. LIGHT, Interest Arbitrator  
Dated: October 14, 1997

