

STATE OF NEW JERSEY  
PUBLIC EMPLOYEE RELATIONS COMMISSION

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In the Matter of the Arbitration       :  
  
                  - Between -                       : Case No. IA-2004-057  
  Re: Interest Arbitration  
BOROUGH OF RARITAN                       :  
  
                  "Borough" or "Employer"       :  
  
                  - and -                               :  
  
PBA LOCAL 82                               :  
  
                  "PBA" or "Association"       :

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APPEARANCES

For the Borough

RUDERMAN & GLICKMAN

Stephen S. Glickman, Esq., Counsel  
Daniel Jaxel, Borough Administrator  
Catherine Moran, Council Member

For the PBA

LOCCKE & CORREIA

Richard D. Loccke, Esq.  
Raymond Nolte, President  
David Delesky, Delegate  
Mark D. Ciesla, Sergeant  
Mickey B. Kirk, Patrolman  
Richard Luccha, Patrolman  
Vincent Foti, Consultant

BEFORE:     HOWARD C. EDELMAN, ESQ., ARBITRATOR

### BACKGROUND

The parties are signatories to a Collective Bargaining Agreement which expired on December 31, 2003. Negotiations for a new agreement proved unsuccessful. So did mediation efforts. Consequently, and pursuant to New Jersey Police and Fire Compulsory Arbitration Act, NJSA 34:13A-16, Interest Arbitration procedures were invoked and I was appointed as the Interest Arbitrator. Prior to holding a hearing in this matter I attempted to mediate the dispute; said mediation was also not successful.

The Parties did not agree upon an alternate terminal procedure. Therefore, the terminal procedure is conventional arbitration.

A formal hearing was held before me September 14, 2004. Numerous documents were entered into evidence and subsequent to the hearings the parties submitted briefs. Upon my receipt of same, the record was closed. This Opinion and Award follows.

## POSITIONS OF THE PARTIES

### **PBA**

#### Wages

The PBA proposes a five percent (5.0%) increase in wages in each year of the agreement, to wit: on January 1, 2004, January 1, 2005 and on January 1, 2006.

The PBA asserts that the Police Department in the Borough of Raritan is an extremely busy one, with a high level of activity due to the strategic location of the Borough in Somerset County and in the west central part of the State of New Jersey. It notes that daily traffic flow at numerous intersections is approximately 11,000 vehicles per day and has been increasing.

Not only do Police Officers have to deal with increasing traffic volume, they also have to deal with virtually every type of criminal activity, according to the PBA. It observes there has been a substantial increase in calls for service over the past ten years. Motor vehicle accidents alone increased by more than 9%, it notes.

In addition, the PBA avers that the Raritan Police Department has expanded its service to the public and the community. It presents evidence to show the types of services that have been added since January 1,

2001, which is the commencement date for the expired Collective Bargaining Agreement. Some of the new and expanded services are: a school patrol as a result of the tragedy at Columbine High School; patrols at the train yard in response to the attacks on the World Trade Center; Hazardous Material Equipment (HAZMAT) Unit; kid fingerprinting and photo program; safety seat inspections.

The PBA points out that not only have there been new programs, there have also been continuing obligations and challenges. For example, the Raritan Borough Police Department must interact with the New Jersey State Police, Police Departments in surrounding towns, the Somerset County Prosecutor's Office and the Somerset County Sheriff's Office, it points out. PBA President Raymond Nolte stated that the Raritan Borough Police Department interacts most often with the New Jersey State Police in a wide variety of ways. He provided examples of several types of interactions, such as: the crime lab, controlled dangerous substance analysis; ballistics analysis, breathalyzer testing, firearms, computer analysis, cell phone tracking, TRAK System, Automatic Fingerprint Identification System, helicopter as needed and Northstar Medivac Unit.

In addition to collaborating with the State Police, the PBA argues that the Raritan Borough Police Department has daily contacts with the New Jersey State Attorney General's Office concerning homeland security, as well as regular interactions with the Immigration and Naturalization Service and the Alcohol and Tobacco Firearms Unit.

The PBA calls attention to the fact that the Somerset County Prosecutor's office recently conducted a study of the feasibility of merging the police departments in the Borough of Raritan and the Borough of Manville. The PBA argues that as a result of this study, "One might assume that the closest parallels in law enforcement in the region," is the comparison between these two Departments and the expenditures of each Department. PBA brief, p. 12.

The PBA insists that the question of compensation is linked with workload, police activity, performance and productivity; and further that the number of Police Officers has decreased by one, since 1992, and the number of Sergeants has declined from six to four. These changes, it argues, have led to increased work load; significant increase in duties, obligations and services; reduction in experienced personnel; reductions in career

path opportunities and the loss of experienced personnel to other law enforcement agencies.

The PBA also asserts that its members provide a high level of performance and productivity to the community and that the Police Department enjoys a positive public image. Thus, it believes, the interest and welfare of the public are well served by Police Officers' activities.

As to comparative wage and benefit data, the PBA contends that the total compensation of Raritan Police Officers is one of the lowest in central Jersey. It argues that in 2003, top pay for a Raritan police officer was \$6,600.00 below average for the area; that the number of annual holidays was 1.35 days below average; that the number of annual sick days was 19.6% below average; and that the annual clothing allowance was 34.6% below average.

With respect to longevity pay, the PBA acknowledges that while not every Police Department provides this stipend, it is "a common benefit". Moreover, the annual longevity payment is worth on average, \$3,660.00, it notes. In addition, the PBA observes that a number of Police Departments provide benefits that are not provided at all in Raritan, or are

provided on a much lower basis. For example, it points out, Police Officers hired after January 1, 1983, are not eligible for longevity. Consequently, the PBA seeks to remove the contractual limitation on longevity payments.

The PBA contends that the annual percentage increase in salary for a number of Police Departments was 4.465% in 2004, 4.611% in 2005 and 4.80% in 2006. Given these figures, the PBA asserts, its request for a 5% salary increase in each of those years is fully justified, because its members' salaries are significantly below average. In addition, it points out that the 2003 top pay for a Police Officer in Manville was \$75,271, or, \$9,491.00 more than the top pay for an Officer in Raritan. As noted above, the fact that the Somerset County Prosecutor's office recently conducted a study of the feasibility of merging the Police Departments of Raritan and Manville is, in the PBA's opinion, worthy of consideration in comparing terms and conditions of employment with other jurisdictions.

Another relevant comparison, the PBA suggests, is the increase given to the Raritan Chief of Police. It notes he received a 6.45% pay increase for 2003, a 7.35% pay increase for 2004, and "an increase adjustment" in his longevity pay. In addition, the Police Department's

secretary received a pay increase of more than 8% for 2004, the PBA points out.

In comparing salaries of Police Officers in communities in Somerset County, the PBA offers the following data based upon exhibits entered into evidence by the Borough. In each instance, Police Officers in Raritan were paid less than their counterparts in these other communities, the PBA suggests.

PBA calculation of differences in salary between various communities	
Community	2003 salary Difference
Far Hills	\$2,950.00
Bedminster Township	\$2,783.00
Branchburg	\$4,658.00
Greenbrook	\$3,324.00
Montgomery	\$5,536.00
Peapack & Gladstone	\$1,212.00
North Plainfield	\$4,948.00

The PBA states that it believes the best comparisons of terms and conditions of employment are made with like employees. Accordingly, it suggests that its compensation levels should be compared only with the terms and conditions of other Police Officers. Moreover, the PBA contends there is no job in the private sector that is comparable to the job of a police officer. The nature of police work, the PBA asserts, is inherently one of hazard and risk, which is not generally present in the



private sector.

The PBA cites a number of statutes which establish some of the terms and conditions of employment under which Police Officers work, which are different from the terms and conditions of employment in the private sector. In the PBA's view, the greatest distinction between Police Officers and private employees is the fact that Police Officers are under an obligation to act as law enforcers at all times of the day, without regard to whether they are on duty or not.

The PBA further argues that Police undergo mandated training and retraining and that the failure to maintain required training can lead to loss of Police Officer certification. According to the PBA, this is rarely found in the private sector.

In this context, the PBA cites Arbitrator William Weinberg, who opined:

"The nearby market looms large in police comparisons. The farther from the locality, the weaker the validity of the comparison. Police comparisons are strongest when in local area, such as contiguous towns, a county, an obvious geographic area such as the shore or a metropolitan area."

(Page 37 of the PBA Post-Brief Summation)

It is the PBA's opinion that Police Officers work under many stresses and demands while the majority of jobs in the private sector are more generalized, less

stressful and less demanding. Therefore, the PBA urges that Police Officers ought to be on a "higher wage plane" than private employment generally.

Concerning the Employer's finances, the PBA observes that the Borough has chosen an "index rate" of 2.5%, although it could have chosen as much as 5% under the CAP Law. Thus, the Borough has \$101,747.00 in increased flexibility on those items covered by the CAP restrictions for 2004, it insists. Even using the 2.5% "index rate" the Borough's "maximum allowable appropriations after modifications" was \$4,453,463.00, but its adopted budget was \$4,212,920.00, or \$240,543.00 less than the amount allowed, the PBA submits. As such, it alleges, the Borough's 2004 municipal budget, as adopted, "was significantly under the 2.5% CAP calculation" utilized by the Borough.

The cost of granting all the members of the PBA bargaining unit a one percent (1%) increase in salary as calculated by PBA is \$11,596.00. Thus, it claims, the cost of granting all its proposals will have an "extremely small" impact on the taxpayers and resident.

Concerning the wealth of the Borough, the PBA alleges that it is an upper middle class community where new condos are being built at prices up to \$479,000.00;

that the assessed valuations have been increasing every year and that there is still potential for significant growth. Furthermore, the PBA maintains, Somerset County is the wealthiest county in the entire country, and the median household income is approximately \$25,000.00 more than Police Officer base pay.

Tax rates are low, the PBA asserts, while property values are rising in value. In addition, the Borough's tax cash collection rate was 98.77% in 2001; 98.66% in 2002 and 99.11% in 2003, it points out. Further, the PBA argues that the total cost of the bargaining unit's wages is about 6.98% of the tax levy.

In addition, the PBA alleges that the Borough received a block grant of \$50,000.00 from the Homeland Security Department, which was not used for the Police Department, but, instead, to reduce the general tax rate. The PBA also notes that the Borough has achieved significant savings in pension costs as a result of Senate Bill S-1961. The PBA estimates the Borough has an annual saving, in pension costs, of \$81,967.00 in 2001, and a savings of \$104,261.00 in 2004.

Also, Police Department overtime costs have decreased over the past three years, according to the PBA.

In further support of the Borough's sound fiscal condition, the PBA points to its high credit rating of Aaa by Moody's as evidence that the Borough can afford to pay its salary proposals. Furthermore, the PBA believes that the various budget documents that have been placed in evidence demonstrate the Borough is in good fiscal shape because the Borough's revenues increased from 2002 to 2003, and that the debt service is "substantially below the statutory debt ceiling." For these reasons the PBA maintains the Borough can well afford the raises it seeks.

#### Holidays

The PBA requests one additional annual holiday. In addition to all the arguments made with respect to salaries, the PBA alleges that no other department provides fewer annual holidays than are provided in Raritan. It calculates the number of annual holidays granted by the twenty (20) Police Departments that it surveyed as thirteen and a third (13.35), while Raritan provides twelve (12). Six Departments provided twelve (12); Four (4) provided thirteen (13), five (5) provided fourteen (14) and four (4) provided fifteen (15), it points out. Therefore, it insists, its request for an added holiday is reasonable and should be granted.

### Clothing Allowance

The PBA proposes an increase of \$100.00 per contract year in the annual clothing allowance. In the PBA's estimation, the annual clothing allowance for Raritan Police Officers is 34.6% below average for the area. Currently, the Raritan Officers receive a clothing allowance of \$700.00 and the PBA asserts that eleven (11) departments in the area provide more, with two (2) Bound Brook and Franklin, providing fifteen hundred (\$1500.00) dollars. The PBA calculates the average annual clothing allowance as nine hundred forty two (\$942.00) dollars in Somerset County, thereby justifying its demand.

### Longevity

The PBA proposes deleting the limitations on longevity payments set forth in paragraphs B and C of Article VII of the Collective Bargaining Agreement.

Article VII, Paragraph B, is as follows:

"Employees hired after January 1, 1983, shall not be entitled to any longevity benefits."

Officers hired before January 1, 1983, continue to receive longevity payments; however, said payments are limited by Article VII, paragraph C, which states:

"Longevity payments shall not be made on any portion of base salary in excess of \$25,000 per year, except with respect to the Captain, for whom the maximum salary upon which longevity payments shall be made is \$35,000.00 per year."

While the general arguments the PBA makes with respect to wages also apply to its longevity proposal, it specifically asserts that twelve (12) Police Departments it surveyed provide a longevity payment that averages \$3,660.00 at maximum, which is approximately 5.6% of the Raritan Police Officer's salary. The PBA contends that longevity is "a common benefit", even though not every Police Department provides it.

#### Duration of the Collective Bargaining Agreement

The PBA seeks a three (3) year contract.

In sum, the PBA maintains that its proposals are fair, reasonable and within the bounds established by N.J.S.A. 34:13A -16g. Accordingly, it asks that they be awarded as presented.

#### **The Employer**

##### Wages

A salary increase of three percent (3.0%) in wages in each year of the agreement, to wit: on January 1, 2004,

January 1, 2005 and on January 1,  
2006.

At the outset, the Employer argues that the PBA has not met its burden of proof with respect to its economic demands because, in the Employer's view, the PBA relied "solely on Collective Bargaining Agreements and evidence produced by the Borough to argue the reasonableness of [its] demands in a post-hearing brief..." Thus, the Borough contends the PBA's argument must be rejected "in total".

A public employer must strike a balance between the desires and needs of its employees and its residents, the Employer argues. Further, the Arbitrator must consider the effect the award will have on the citizens and taxpayers of the Borough, as well as the employees, it insists.

Demographics of the municipality, the Borough declares, are an important element in determining the interests and welfare of the public. According to the Employer, it has an extremely low per capita income, a high percentage of persons in poverty, households receiving public aid, persons receiving social security and a comparatively high total and municipal tax rate.

In comparing itself to the other twenty (20) municipalities in Somerset County, Raritan ranks

sixteenth (16) with respect to per capita income; nineteenth (19) in median family income; and, nineteenth (19) in median household income; fourth (4) in the percentage of persons in poverty and the percentage of households receiving public aid; sixth (6) in the percentage of households receiving social security and fourth (4) with respect to the municipal tax rate, the Borough argues. Given these facts, the Employer alleges that its salary offer is reasonable and is consistent with the interest and welfare of the public.

Concerning comparative salary data, the Borough contends salaries of Patrol Officers in Somerset County vary only slightly among jurisdictions, and that in 2003 the Raritan Police salary was 95% of the average Somerset County Patrol Officer, which, according to the Employer, was "significantly higher than its ranking with respect to per capita income, median family income and median household income".

The Employer asserts that Police Officer salaries "far exceed" the salaries for other Borough employees. Only the Borough Administrator's base salary exceeds the base salary of virtually all bargaining unit personnel, it notes. The dollar increase generated by the Borough's percentage offer to the Police bargaining unit is much



higher than the dollar increase received by other Borough employees, it suggests.

In addition, the Employer argues, its wage offer more closely approximates the cost of living than the PBA's. The Consumer Price Index (CPI) increased by 3.0% in the twelve months ending July 2004, the Employer observes, which is equal to its salary offer. Furthermore, the Employer contends that its offer is more "realistic and reasonable", in light of present and projected CPI estimates, than the PBA's.

Also, the Borough avers that private sector wages are far below the wages of Police Officers and further that private sector wage settlements averaged 3.1% from January 1, 2003 to September 29, 2003 and 3.9% over the same period in 2002; while median increases in the CPI in those two periods were 3.5% and 3.1% respectively. Moreover, some private sector unions have accepted some form of wage freeze, the Borough alleges.

Concerning the "lawful authority" of the employer to negotiate salary increases, the Employer states that the New Jersey Local Government Cap law, N.J.S.A. 40A:4-45.1 et. seq. limits a public employer's ability to grant exceptions to the CAP mandates, and those have narrowed over the years. The Borough budget for 2004 projects a

surplus "of only \$81,844.00," which, in the Employer's view, is a "tight budget". It also avers that an increase granted to the Police in excess of its offer will have a detrimental effect on its ability to pay for other municipal services and required projects.

The Borough contends that its economic offer considers the impact it will have on the governing unit, its residents and taxpayers because it takes into account the State's bleak economic condition. The Borough argues that the surplus is declining and the prospect for increases in State aid is dim.

In addition, an Award in excess of its offer would, from the Employer's perspective, hamper its ability to maintain the continuity and stability of present levels of employment. The Employer argues that the economy is slowing down, which it considered when it composed its economic offer.

The Employer concludes by asserting that a nationwide recession was magnified by the events of September 11, and that the new administration is faced with an unprecedented budget shortfall and further that the fiscal impact of these events on municipalities and their residents will not be known for some time.

Finally, the Borough concludes that its offer

considers the impact of the CAP Law on the Borough's ability to grant wage increases and the financial impact on the residents and taxpayers, inasmuch as the CAP limits its Current Expense portion of the budget to an increase of only 3.5%. Consequently, it asks that I award annual raises of 3.0% for 2004, 2005 and 2006.

#### Longevity

The Employer did not make a formal proposal on longevity, but it did explicitly object to the PBA's proposal concerning longevity on economic grounds, as detailed above.

In addition, the Employer contends that 2/3 of the municipalities in Somerset County have similarly eliminated longevity for new hires especially where, as here, the PBA negotiated retiree health benefits in return for the elimination. The Employer states it would be willing to consider a proposal from the PBA to eliminate retiree health benefits in return for longevity payments for all bargaining unit members. Consequently, it asks that I reject the PBA's proposal.

#### Vacations

The Borough seeks a new vacation schedule which would apply to all employees hired on or after the effective date of this Award. In that proposal an

employee's entitlement to annual vacation days would depend on whether he/she were working a twelve-hour shift or an eight hour shift, as follows:

Years of Service	12 Hour Shift	8 Hour Shift
6 months to 1 year	3 days	5 days
1st through 7th year	6 days	10 days
8th through 16th year	9 days	15 days
17th through 22nd year	12 days	20 days
At completion of 22 years	15 days	25 days

The vacation proposal is, the Borough contends, an attempt to limit costs for all the reasons indicated above. It argues that its proposal has no negative impact on current employees, but does bring the vacation schedule for any future hires into line with vacation entitlements in other municipalities in the County.

#### Insurance

All employees contribute twenty percent (20%) for the cost of dependent health insurance coverage, depending upon the cost of coverage in excess of individual coverage under the plan opted for by each employee under the State Health Benefits Program, through a bi-weekly payroll deduction.

The Employer asserts that its health insurance costs are escalating. It believes there is a trend of requiring employees to pay part of the premium costs of obtaining health insurance. It argues that its proposal is in line with this trend, but, it notes, the proposal only requires the employee to pay part of the cost of

dependent coverage if the employee elects to take such coverage. As such, the proposal is reasonable and should be granted, the Borough maintains.

#### Duration of the Collective Bargaining Agreement

The employer did not submit a formal proposal concerning the length of the agreement. Its salary proposal, however, makes clear that it desires a three (3) year agreement.

In sum, the Employer asserts that its proposals are fair, reasonable and within the bounds established by N.J.S.A. 34:13A -16g. Accordingly, it asks that they be awarded as presented.

#### DISCUSSION AND FINDINGS

Several introductory comments are appropriate. My determination is limited to evidence contained in the record as developed at the hearings. I am precluded from considering any other factors and my findings below are based strictly on that record.

The Parties did not agree upon an alternate terminal procedure. Therefore, the terminal procedure is conventional arbitration pursuant to the New Jersey Police and Fire Compulsory Arbitration Act, NJSA 34:13A-

16, subsections (b) and (d).

Moreover, arbitrators are also limited by the criteria established by the New Jersey Police and Fire Compulsory Arbitration Act, NJSA 34:13A-16, subsection d(2) which requires an arbitrator to:

Separately determine whether the total net annual economic changes for each year of the agreement are reasonable under eight statutory requirements set forth in subsection g of this section.

The eight criteria set forth in subsection g are:

1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are limitations imposed on 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 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 municipality or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element or, in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers of the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in a proposed local budget.

7) The cost of living.

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

With these principles in mind, I turn to the issues in dispute.

**1. Duration of the Agreement.**

The duration of the award is from January 1, 2004 through December 31, 2006. The PBA explicitly requested a three (3) year agreement. The Employer's salary proposal, which was for three (3) years, made clear it desired a three (3) year agreement, as well. There is no basis for another duration, I conclude. Thus, the award shall extend from January 1, 2004 through December 31, 2004.

**2. Wages**

After reviewing the record, I order the following increases:

Effective January 1, 2004	4.0%
Effective January 1, 2005	4.0%
Effective January 1, 2006	4.0%



I estimate the award herein will result in the following additional annual costs to the Employer.

2004 - Salary and Clothing Allowance	\$48,088.00
2005 - Salary and Clothing Allowance	\$49,943.00
2006 - Salary and Clothing Allowance	\$51,873.00

The cost of the increase in the clothing allowance, as awarded, is \$1,700.00, per year; which is included in the table above. Thus, the total cost of the Award herein, over the three (3) years of the agreement, is \$149,903.00<sup>1</sup>.

Before discussing the rationale for this finding I must consider the Employer's argument, raised in its post-hearing brief, at page 7, that the PBA did not meet its burden of proof with respect to its economic demands because, in the Employer's view, the PBA relied "...solely on Collective Bargaining Agreements and evidence produced by the Borough to argue the reasonableness of [its] demands in a post-hearing brief..." Thus, the Borough asserted, the PBA's argument must be rejected "in total".

The record reveals that the PBA submitted forty-one (41) exhibits including twenty-four Collective Bargaining Agreements as well as a post-hearing summation. While

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<sup>1</sup>I have provided the full details of my cost estimates on pages 49 to 52.

the summation is argument and not evidence, the exhibits it submitted constituted ample evidence to permit me to order the increases noted above. Therefore, I dismiss the Employer's request that the PBA's argument be rejected in total.

With respect to the wage and clothing allowance awarded, I reach these findings based on the following factors. First, I shall consider the PBA's contention that its members' salaries are low compared to the rest of the surrounding area.

The PBA's primary argument was that the total compensation of its members is one of the lowest in central Jersey and further that in 2003, top pay for a Raritan police officer was \$6,600.00 below County average. The Employer, on the other hand, contended that Police Officer salaries are higher than its ranking with respect to per capita income, median family income and median household income of the residents of the Borough.

While the Raritan Police Officers are not the lowest paid Officers in Somerset County their salaries are below the median. Even the Employer's evidence (Employer Exhibit 1-tab 2) demonstrated that the Raritan Police salaries are seventeenth (17<sup>th</sup>) out of eighteen (18) municipalities reporting salaries for 2003. Only

South Bound Brook is lower. Among the Collective Bargaining Agreements submitted by the PBA was the Agreement between Somerset County and the Sheriff's Officers (PBA Exhibit 20-M). In 2003 the Sheriffs Officers' salaries were also lower than the Raritan Police. However, some adjustment in these comparisons is warranted.

On page 16 of its post-hearing brief, the Employer stated:

" If holiday pay, which is factored in to some Somerset County municipalities is added to the base salary of the Borough's patrol officers, base salary would exceed the average 2003 base salary of Somerset County patrol officers. ( NOTE: The Borough administrator Daniel Jaxel, testified that although patrol officers receive holiday pay, it is listed separately from base salary in the collective bargaining agreement, but is included for pension purpose)

The Collective bargaining agreement between the parties, Article IV, Holidays and Personal Days, subsection 2, is as follows:

"Effective January 1, 2003, the holidays benefit shall be paid in equal installments along with the regular payroll and shall be used in all calculations."

I reviewed all the Collective bargaining agreements from Somerset County communities that were placed in

evidence, (PBA Exhibits 12, 14, 17,18,19,20 & 21) to determine which municipalities "factor in" holiday pay and those which add it to base salary. In the table below, "Yes" indicates that holiday pay is factored into base pay.

Is Holiday Pay included in base salary?		
Bernards Township	Yes	
Bernardsville Borough		No
Bound Brook Borough	?	?
Bridgewater Township	Yes	
Franklin Township	Yes	
Hillsborough Township		No
Manville Borough	Yes	
Raritan Borough		No
Somerville Borough		No
South Bound Brook Borough	Yes	
Warren Township		No
Watchung Borough	Yes	

Six (6) collective bargaining agreements include holiday pay in base pay. They are: Bernards Township, Bridgewater Township, Franklin Township, Borough of Manville, Borough of South Bound Brook and the Borough of Watchung. Five (5) collective bargaining agreements do not include holiday pay in the base salary. They are: the Borough of Bernardsville, Hillsborough Township, Borough of Raritan, Borough of Somerville and the Township of Warren. There was one (1) collective bargaining agreement, the Borough of Bound Brook, that did not specify the method of payment.

Thus, there were four (4) communities, other than Raritan, that did not include holiday pay in the base pay in 2003. They were Bernardsville Borough, Hillsborough Township, Somerville Borough and Warren Township. I calculated an "adjusted" 2003 salary for those four communities as well as for Raritan. Step 1 of the calculation was to determine the holiday entitlement in each of the five communities in 2003, using the applicable Collective Bargaining Agreement.

Step 2 was based on the assumption that 260 days constituted a base work year. (Collective Bargaining Agreement, Article XI, B-1 and B-5). Furthermore, I assumed that 260 days constituted the base work year in each of the five communities, to ensure that the adjustment percentage would be comparable. Therefore, twelve (12) holidays per year would raise base pay by 4.615%; thirteen (13) holidays would increase base pay by 5.0%, fourteen (14) by 5.385% and fifteen (15) by 5.769%. The table below summarizes my calculations.

	Number holidays	Increase Factor	Listed Salary	Adjusted Salary
Bernardsville Borough	12	4.615%	\$71,105	\$74,387
Hillsborough Township	15	5.769%	\$67,331	\$71,215
Somerville Borough	13	5.000%	\$68,385	\$71,804
Warren Township	14	5.385%	\$67,034	\$70,644
Raritan	12	4.615%	\$65,780	\$68,816

Using the adjusted salaries created by the above calculation, the Raritan Police base pay would increase to \$68,816. Using the ranking in Employer's Exhibit 1, tab 2, the new adjusted salary would indeed improve the relative ranking of the Raritan Police Officers within Somerset County by four places. Instead of being ranked seventeen out of eighteen, the Police Officers would move to thirteen out of eighteen, ahead of Peapack & Gladstone Borough, Bound Brook Borough, Bedminster Township and Far Hills Borough. It should be noted that all four of the communities that did not include holiday pay in base pay in 2003 had higher base salaries than did Raritan, prior to making the "adjustment calculation".

Moreover, "factoring in" holiday pay to the base pay does improve Raritan's base pay compared to the County average. The County average base pay, without the adjustment is \$69,517.00; the adjusted average is \$70,423.80. The Raritan Police base pay is below the average in either event, but it is closer to the average using the adjustment. Raritan base pay is 94.6% of the County average without the adjustment and is 97.7% of the adjusted average. The County Median salary, in 2003, after "factoring in" holiday pay, is \$70,348.00. As such I conclude that while the Raritan Police Officers still make less than their counterparts in Somerset

County, the shortfall is far less than the PBA claimed.

I turn to the Employer's argument that Police salaries are higher than its ranking with respect to per capita income, median family income and median household income of the residents of the Borough. Median household income in Somerset County in 2003 was was \$89,289.00; while median income in the State of New Jersey was \$55,221.00. (PBA Exhibit 35) Neither party submitted income statistics for each community within Somerset County for 2003, although the Employer did submit such statistics for 1999. In 1999, Raritan's median household income was \$51,122.00 which ranked 19 out of 21 communities in the County.

With respect to municipal tax rates, the Borough is also in the bottom ranks of the County. In 2004, only three (3) municipalities had higher municipal tax rates. From 2000 to 2003, the Borough's ranking, with respect to municipal tax rates was consistently well below the County median; varying from 18<sup>th</sup> of 21 in 2000, 17<sup>th</sup> of 21 in 2001, 16<sup>th</sup> of 21 in 2003 and 18<sup>th</sup> of 21 in 2004. Thus there is no doubt that the Borough ranks towards the bottom of the County with respect to income and near the top of the County with respect to tax rates.

With respect to relevant comparisons covering benefits, the record reveals that only two (2)

municipalities offer fewer holidays per year than Raritan; they are Green Brook and Peapack & Gladstone; seven (7) other communities offer the same number of holidays and eight (8) offer more than twelve (12). Two (2) of the eight (8) provide fifteen (15) holidays. (Employer Exhibit 1-tab 2). The PBA calculated the average number of holidays for communities in its survey as thirteen and one-third (13.35) days per year. (PBA Post-Hearing Summation, pg. 18) The PBA sample is identical to the Employer's.

Personal day entitlement in Raritan is close to the top of the County. Raritan Police are permitted three (3) personal days; seven (7) other communities also provide three (3); while three (3) provide four (4); three offer two (2); one allows one (1) and four provide none (0). (Employer Exhibit 1- tab 2). Combining personal days and holidays results in the Raritan police being slightly below the middle of the County with a total of fifteen(15). Seven (7) communities provide less than fifteen; three (3) other communities allow fifteen (15); and eight (8) provide more than fifteen (15).

With respect to maximum number of vacation days, the Raritan Police are well above the County median. Only two (2) communities provide more than Raritan's thirty



(30), while four (4) other communities provide the same as Raritan and twelve (12) provide fewer. (Employer Exhibit 1- Tab 2).

The PBA analysis of sick days does not include all the communities in the County. According to its survey, no community provides fewer sick days, while three (3) other communities provide the same number as Raritan. (PBA post-hearing summation, pg 20)

The PBA submitted a proposal to reinstate a longevity increment for Patrolmen hired after January 1, 1983, which is fully discussed below. Nevertheless, it is useful to make a quick comparison of the prevalence, or lack thereof, of longevity increments in the County. Five (5) communities in the County pay longevity increments to Police Officers without restriction. Four (4) communities, including Raritan, pay longevity to employees who were on the payroll before a specified date in the collective bargaining agreement. Thus, most Police Departments in Somerset County do not allow new hires to qualify for longevity pay.

I conclude that on the basis of total compensation, Police Officers in Raritan are ranked below the Somerset County median. As I noted above, the Borough is also ranked below the County median with respect to income of its residents and its tax rates. It appears that Police

salaries in Raritan are commensurate with the Borough's relatively high tax rates and relatively low income. Police salaries, at least in part, reflect the fact that Officers herein work in a community that has less resources than many of the other Somerset County communities.

Settlements in surrounding communities are generally an important consideration in any Interest Arbitration and are certainly an important one in the instant case. The PBA provided an analysis of settlements in nearby communities which includes two communities that are not in Somerset County - Spotswood and Harding- the average increase in 2004 was 4.465%; 2005 - 4.611% and 2006 - 4.80%. (PBA Post-Hearing Summation pg. 27). The Employer did not compute an average percentage increase for other Police Departments. I reviewed all the contracts in evidence and did my own calculation, including only Collective Bargaining Agreements in Somerset County. The results of said calculation are in the table below.

Employer	Exhibit	Bargaining Unit	Salary Increase 2004	Salary Increase 2005	Salary Increase 2006
Bernards Township	PBA-18A	P.O & Det.	3.95		
Bernardsville Borough	PBA-18C	P.O & Det.	3.80		
Bernardsville Borough -2	PBA-18D	Sgt. & Lt	3.80		
Bound Brook Borough	PBA-13	P.O., Sgt., Lt.	4.00	4.00	4.00
Bridgewater Township	PBA-17	Officers	4.00		
Franklin Township ****	PBA-14	Police Officers	4.41	4.37	4.34
Manville Borough	PBA-19J	Police Officers	4.00		
Somerville Borough	PBA-20N,O	Patrolmen & Sgt	4.00	4.90	
South Bound Brook Borough	PBA-12	P.O. & Sgt		6.00	6.00
Warren Township	PBA-21PBA	P.O., Sgt, Lt		5.49	5.41
Watchung Borough	PBA-21V	P.O. & Sgt	4.00		
Somerset Cty	PBA-20M	Sheriffs Officers	4.00	4.00	
Somerset Cty	PBA-11	Prosecutor Det.	4.00	4.00	4.25
Average Increase			4.00	4.68	4.80
Median Increase			4.00	4.37	4.34
**** The salary increase is an amount equal to 3.5% plus a \$750.00 "Market Adjustment" in each year. I converted that combination to the percentage listed.					

As noted in the above table, the percentage increases listed for Franklin Township reflect the fact that the annual salary increases there are a combination of a flat dollar amount and a percentage increase; that is, the annual increase in salary is 3.5% plus \$750.00.

In order to determine the percentage value of the salary increase in Franklin Township, and its concomitant impact on the County average, I calculated the percentage value of the \$750.00 "Market Adjustment" factor in Franklin Township by dividing 750 by the maximum Patrolman's salary in each year, to wit: 2004 - \$82,347.00; 2005 - \$85,997.00; and, 2006 - \$89,776.00; and adding the result to 3.5%. The resulting percentage

increase in Franklin Township, for each year, is: 2004 - 4.41%; 2005 - 4.37%; and, 2006 - 4.34%. Using these three calculated percentage increases; the median increases for the Somerset County municipalities listed are:

<u>Median</u>		
2004	-	4.00%
2005	-	4.37%
2006	-	4.34%

For the purpose of this particular case, I believe the median increase is a more accurate, and thus more meaningful, comparative factor in analyzing salaries in the surrounding communities. I have reached this conclusion for the following reasons:

A) Medians are less susceptible to distortion than are averages. The average increases in the table above are skewed by the large increase in the Borough of South Bound Brook. In 2005 the increase in South Bound Brook was 6%, while four (4) of the other five (5) communities listed reported 4.37% or less. In 2006, the South Bound Brook increase was also 6%, while there were increases of 4.34% or less in three (3) of the other four (4) communities reporting. In both years, the South Bound Brook increase was more than 25% higher than 75% of the reported increases, which distorted the average.

B) The number of reported increases in 2005 and 2006 was relatively small, which further increased the possibility of distortion. There are seven (7) reported increases for 2005 and five (5) for 2006, out of a possible nineteen (19). Thus, we have data from 37% of the Police Departments for 2005 and data from only 26% in 2006. Therefore, I have concentrated my analysis on a comparison of median increases.

The PBA asserted that the most meaningful comparison was between Raritan and Manville because the County Prosecutor did a study on the possibility of merging the two Police Departments. However, the merger did not take place. The two Departments continue to operate independently. Thus, in my opinion, the comparison with Manville is no more compelling than with any other Department in the County.

While the increases I have awarded for 2005 and 2006 are below the County median increase for those years, I believe this is justified by the fact that Borough tax rates are well above the County median and household income of the Borough residents is well below the County median.

Another factor to be considered in any Interest Arbitration is the increases received by other employees of the Employer. All non-union employees of the Borough

received a salary increase of three and three-quarters (3.75) percent for 2004. (Employer Exhibit 1- Tab 3 pg. 17).

The Employer submitted a collective bargaining agreement between it and Local 2168 of the American Federation of State, County and Municipal Employees for a bargaining unit of Equipment Operators, Truck Drivers and Laborers. (Employer Exhibit 1- Tab 2.2) The employees in that bargaining unit received an increase in pay of 3.5 percent on January 1, 2004 and 3.5 per cent on January 1, 2005.

In addition, in testimony at the hearing in this matter, the Borough Administrator testified that the Chief of Police received an increase of 7.35% for calendar year 2004 and the Police Department's Secretary received an increase of more than 8.0% for 2004. Also, the Chief's longevity payment was increased. (PBA Exhibit 41).

The four percent (4.0%) increase awarded herein, while slightly higher than the increases granted to the non-union employees and those negotiated for the Borough's Equipment Operators, Truck Drivers and Laborers, are considerably lower than those provided to the Chief of Police and the Department's Secretary. Thus, these increases strike a proper balance between the

raises granted to other Borough employees.

I now address the Employer's contention that it has adopted a very tight budget and further that its surplus is declining and that any economic award beyond its offer would have a detrimental financial impact on the community. The Borough acknowledged that it has a surplus, albeit a small one. (Employer Brief, pg. 27) The Borough did not dispute that its budget appropriation for 2004 is in compliance with the CAP law.

The Employer also acknowledged that it has appropriated three (3) percent for 2004 salary increases for the bargaining unit herein. (Employer Exhibit 1 - Tab 3 pg. 12. The additional cost of implementing this award, over and above what the Employer has appropriated, is \$13,297.00 in calendar year 2004<sup>2</sup>, which consists of \$11,597.00 for an additional one (1%) per cent in salary and an additional seventeen hundred dollars (\$1,700.00) for the annual clothing allowance.

This added cost is within the Borough's appropriation and CAP limits and is fair in light of settlements elsewhere as well as the Borough's fiscal condition. Thus, I believe, this award represents a proper balance of interests between the needs of Police

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<sup>2</sup>See pages 50-53 for a more detailed analysis.

Officers and the needs of the residents and taxpayers of the community.

The New Jersey Police and Fire Compulsory Arbitration Act, requires an arbitrator to determine whether the net total annual economic changes for each year of the agreement are reasonable under eight statutory criteria and I shall analyze my findings in light of these criteria.

**The interests and welfare of the public**

The first criterion under New Jersey Police and Fire Compulsory Arbitration Act is the interests and welfare of the public including the limitations imposed on the Employer by the CAP law.

The public has an obvious interest in having an effective police force. The public also has an obvious interest in stable taxes which needs to be balanced with its need to attract and retain qualified individuals to provide essential services. Reasonable levels of compensation are necessary if the Borough is to be able to maintain an efficient and effective work force.

The Borough acknowledged that it had a surplus, albeit a small one. The Borough did not dispute that its budget appropriation for 2004 is in compliance with the CAP law. Its Moody's Rating is Aaa. (PBA Exhibit 30) The Borough has little debt. The percentage of net debt to



the equalized valuation basis is 54\100 of one percent (0.54%) (PBA Exhibit 26).

The Borough, in arguing against the PBA's proposal, which would have resulted in costs far larger than I have awarded herein, declared that it had adopted a "tight budget". In addition it argued the residents and taxpayers have low per capita income, a high percentage of persons in poverty, households receiving public aid, percentage of persons receiving social security and a comparatively high total and municipal tax rate.

Median household income in Somerset County in 2003 was \$89,289.00; while median income in the State of New Jersey was \$55,221.00. (PBA Exhibit 35). Neither party submitted income statistics for each community within Somerset County for 2003, although the Employer did submit such statistics for 1999. In 1999, Raritan's median household income was \$51,122.00 which ranked 19 out of 21 communities in the County.

Also, with respect to valuation and tax revenue, the Borough fares slightly better. In 2004, it ranked 4<sup>th</sup> highest out of 21 in the municipal tax rate 4th out of 21 in total tax rate; 9th out of 21 in effective tax rate; and 4th of 21 in effective municipal tax rate.

While the Borough's tax rate is high, it does not

justify raises lower than 4 per cent per year. As noted elsewhere, these increases are below the County median. Lower wage improvements would adversely impact the Borough's comparative standing with other municipalities and are not justified, I conclude.

### **Comparisons**

The Statute requires the Arbitrator to compare 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 and specifically with employees: (a) in private employment in general; (b) in public employment in general; and, (c) in public employment in the same or similar comparable jurisdictions.

### **Private Sector in General**

Neither party submitted specific private sector wage and salary data. The Borough contended that private sector wages are far below the wages of the Police Officers and further that private sector wage settlements averaged 3.1% from January 1, 2003 to September 29, 2003 and 3.9% over the same period in 2002; while median increases in those two periods were 3.5% and 3.1%, respectively. In addition, the Borough asserted that

private sector wages averaged \$44,879.00 in 2002.

While my Award grants higher increases than those awarded in the private sector, it is reasonable in light of the special conditions Police Officers face. Thus, I find it comports with this criterion.

#### **Public employment in general**

No wage and salary data dealing with public employment in general was entered into evidence.

These increases fall between the raises given other Police personnel and those given other Borough employees. Hence, I conclude, my findings are consistent with this factor as well.

#### **Public Employment in the Same or Similar Comparable Jurisdictions**

All non-union employees of the Borough received a salary increase of three and three-quarters (3.75) percent for 2004. However, the Chief of Police received an increase of 7.35% for calendar year 2004, as well as an increase in his longevity payment; and the Police Department's Secretary received an increase of more than 8.0% for 2004.

Local 2168 of the American Federation of State, County and Municipal Employees represents a bargaining unit of Equipment Operators, Truck Drivers and Laborers. The employees in that bargaining unit received 3.5%

increase in pay on January 1, 2004 and 3.5% on January 1, 2005.

The parties offered extensive evidence concerning Police Officer salaries and other terms and conditions of employment in Somerset County and in the surrounding area.

I have given the greatest weight to salaries paid to other Police Officers in Somerset County. I have not focused on the salary rate in any particular community. Instead, I have looked at the trend in the County as a whole.

The Employer argued that Raritan salaries were not as low as appeared in the ranking of communities, because there are two different ways of treating holiday pay in the various communities within Somerset County. In some communities holiday pay is factored in to Police Officer's base salary; while in others, including Raritan, holiday pay, is listed separately from base salary in the collective bargaining agreement.

The Employer contended that the Raritan Police Officers' base salary, would exceed the average 2003 base salary of Somerset County patrol officers, if holiday pay, were "factored into" the Raritan base salary.

As I fully explained above<sup>3</sup>, I reviewed all the Somerset County Collective Bargaining Agreements that were placed in evidence to determine which municipalities "factor in" holiday pay and those which pay it, in addition to base salary.

I determined there were four (4) communities, other than Raritan, in Somerset County, that did not include holiday pay in the base salary in 2003. They were: Bernardsville Borough, Hillsborough Township, Somerville Borough and Warren Township. I calculated an "adjusted" 2003 salary for those four communities as well as for Raritan.

Using those "adjusted salaries", the Raritan Police base salary would increase to \$68,816. Using the ranking in Employer's Exhibit 1, tab 2, the new "adjusted salary" would indeed improve the relative ranking of the Raritan Police Officers within Somerset County. Instead of being ranked seventeen out of eighteen, they would move to thirteen out of eighteen, ahead of Peapack & Gladstone Borough, Bound Brook Borough, Bedminster Township and Far Hills Borough. Moreover, this same "adjustment" to the base pay also improves Raritan's base pay when compared to the County average and median. The County

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<sup>3</sup>See page 28 to 30 for the complete discussion.

average base pay, using the adjusted average, is \$70,423.80, while the County median is \$70,348.00.

I reviewed all the evidence concerning wage and salary increases in the various communities in Somerset County in order to compare salary increase for Police Officers. As fully explained above<sup>4</sup>, I concluded that for the purpose of this particular case, the median increase is a more accurate, and thus more meaningful, comparative factor in analyzing salaries in the surrounding communities. I calculated the median salary increases for Police Officers in Somerset County for the years 2004 through 2006 as:

Median

2004	-	4.00%
2005	-	4.37%
2006	-	4.34%

Based on all the data that was submitted to me, I conclude that the salary increases awarded herein are in line with the increases that have been negotiated and/or awarded in the other Police Departments in Somerset County, while at the same time they will not unduly burden the Borough.

In sum, I believe the salary increases I have

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<sup>4</sup>See pages 36 and 37 for the complete discussion.

awarded are reasonable when compared to all the statutory criteria.

#### **Overall compensation**

With respect to other terms and conditions of employment, Police Officers in Raritan are ranked below the median for municipalities in Somerset County. That is, in large part, a reflection of the fact that the residents and taxpayers of the Borough have incomes that are ranked below the median for municipalities in Somerset County.

Only two (2) municipalities offer fewer holidays per year than Raritan; they are Green Brook and Peapack & Gladstone; seven (7) other communities offer the same number of holidays and eight (8) offer more than twelve (12). Two (2) of the eight (8) provide fifteen (15) holidays.

Personal day entitlement in Raritan is close to the top of the County. Raritan Police are permitted three (3) personal days; seven (7) other communities also provide three (3); while three (3) provide four (4); three offer two (2); one allows one (1) and four provide none (0). Combining personal days and holidays results in the Raritan police being slightly below the median of the County with a total of fifteen (15).

Concerning maximum number of vacation days, the

Raritan police are well above the County median. Only two (2) communities provide more than Raritan's thirty (30); while four (4) other communities provide the same as Raritan and twelve (12) provide fewer.

Comparing longevity, five (5) departments pay an unrestricted longevity increment; four (4) communities, including Raritan, pay longevity to employees who were on the payroll before a specified date. Thus, most of the Police Departments in Somerset County do not allow new hires to qualify for longevity pay.

The benefit comparisons reveal that Raritan's Police Officers rank above some communities in some areas and below other communities in others. They do not warrant adjusting the wage increases I have awarded above, I am convinced.

I have awarded an increase in the annual clothing allowance of one hundred dollars (\$100.00) per year in each of the three years of the agreement. Taken together, the wage increase and the increase in the Clothing Allowance are well within the Employer's ability to pay. This package, though higher than the Borough's proposal and lower than the PBA's, is reasonable and consistent with the statutory criteria, as delineated above.

There were no other changes in Police Officers'



overall compensation.

### **Stipulations**

There were no stipulations of the parties.

### **Lawful Authority**

There is no evidence that the Award herein will cause the Borough to exceed the CAP limitation. While the Borough declared that it had adopted a "tight budget" for 2004; it also acknowledged that it has a small surplus. (Employer Brief, pg. 27) The Borough does not dispute that its budget appropriation for 2004 is in compliance with the CAP law.

Thus, I conclude, the Award can be implemented without conflicting with any statute, including the CAP law. Therefore, I find, this factor has no bearing on the award in this case.

### **Financial Impact**

The cost of this award for each year of the agreement is as follows:

2004 - Salary	\$46,388.00
Clothing Allowance	<u>\$ 1,700.00</u>
<b>2004 Total</b>	<b>\$48,088.00</b>
2005 - Salary	\$48,243.00
Clothing Allowance	<u>\$ 1,700.00</u>
<b>2005 Total</b>	<b>\$49,943.00</b>

2006 - Salary	\$50,173.00
Clothing Allowance	<u>\$ 1,700.00</u>
<b>2006 Total</b>	<b>\$51,873.00</b>

The table below summarizes the annual difference in cost between the Employer's proposal and my Award.

	2004	2005	2006
Cost of Arbitrator's Award	\$48,088	\$49,943	\$51,873
Cost of Employer Proposal	\$34,791	\$36,182	\$37,630
Difference	\$13,297	\$13,761	\$14,243

All annual salary cost calculations were made using a base salary cost of \$1,159,688.00 for the 2003 year, as asserted by the PBA. The base cost was arrived at by using the 2003 contractual salaries, as enumerated in Article III of the Collective Bargaining Agreement, for Captain, Lieutenant, Sergeant and Patrolman and multiplying the appropriate contractual salary amount by the number of individuals in each category, to wit: 1 Captain, 1 Lieutenant, 4 Sergeants and 11 Patrolmen, which was the number of individuals in each classification at the time of the hearing as listed on PBA Exhibit 2. The calculated total for 2003 was, \$1,159,628.00. (PBA Post-hearing summation, pg. 41). Some of the individuals in the Patrolman category are earning less than \$65,780.00, which is the figure used to determine the Patrolman portion of the 2003 base cost. Thus, the PBA estimate is somewhat higher than the actual

base salary cost for 2003.

The Employer did not supply a base cost calculation for 2003. The Employer did submit a document (Employer Exhibit 1 Tab 2.3) listing the "gross salaries of all employees of the Borough" in 2003. It appears to me that these gross salaries include overtime, longevity and vacation pay, all of which are excluded from base salaries listed in the Collective Bargaining Agreement, Article III. In addition, the listing of gross salaries includes two (2) Patrolmen, Brownlie and Pirillo, who terminated their employment relationship with the Borough in 2003; and, does not include two Patrolmen, Sylvester and Hirsch, who began their employment relationship with the Borough in 2004. (PBA Exhibit 2). I added all the bargaining unit members' gross salaries, including Brownlie and Pirillo, on the Employer's exhibit and arrived at a total of \$1,315,133.00. While this calculation results in a dollar amount that is higher than the PBA's base cost, that is to be expected, since it includes overtime, longevity and vacation pay. Consequently, I chose to use the base cost calculation supplied by the PBA because I believe it is closer to the actual base cost than the amount arrived at by totaling the gross wages listed in Employer Exhibit 1 Tab 2 -3.

All salary cost estimates in this Award are based on

the assumption that the base cost of 2003 bargaining unit salaries was \$1,159,688. I calculated a base cost for the 2004 year, by increasing the 2003 base cost by four percent (4.0%) to arrive at a base salary cost of \$1,206,076.00 for 2004. I arrived at a base salary cost for 2005 by making a similar calculation which resulted in a base cost for 2005 of \$1,254,319.00. These new base costs were the basis for determining the cost of this Award for 2005 of \$49,943.00 and \$51,873.00 in 2006.

The cost estimate for increasing the clothing allowance by one-hundred dollars (\$100.00) was arrived at by multiplying one-hundred by 17 members of the bargaining unit and arriving at an additional cost of seventeen hundred dollars (\$1,700.00) in each of the three years of the agreement.

Since the total difference between the cost of the Employer's final proposal and the cost to implement this award is, \$13,297.00 for 2004; \$13,761.00 for 2005 and \$14,243.00 for 2006, I conclude this award will not impact the Borough's ability to (a) maintain existing programs and services, (b) expand existing programs and services, or (c) initiate any new programs and services. There is no evidence of probative value in the record that these increases will unduly burden the Borough and prevent it from operating efficiently. Thus,

based on these considerations I find this Award represents a proper balance between the interests of the Borough and those of the Police Officers, and that it will have a small impact on the residents and taxpayers. I conclude that the net annual economic changes for each year of this award are reasonable under the eight statutory criteria.

### **The Cost of Living**

After examining the cost of living data supplied by the parties, I find that the Consumer Price Index (CPI) has been increasing at a faster rate in 2004 than in previous years. Employer Exhibit 1-Tab 4.1 is a report from the Labor Relations Reporter, 8-23-04, on Consumer prices. It states:

"For the 12 months ended in July overall inflation is up 3.0 percent, compared with an increase of 1.9 percent for all of 2003, while core inflation is 1.8 percent higher after advancing 1.1 percent in 2003."

Clearly the raises I have awarded exceed the increase in the cost-of-living. However, the data also demonstrate that the CPI increased at a faster pace in the first seven (7) months of 2004 than it did in all of 2003.

In light of the other criteria I have analyzed above, I find the cost-of-living criterion should not

result in lower increases than those I have granted. Moreover, the salary increases, though higher than the increase in the cost-of-living is reasonable and consistent with the statutory criteria, as delineated above.

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

I find there has been a relatively high level of continuity and stability of employment. Seven(7) current members of the bargaining unit have been employed for more than ten years. An additional six (6) Officers have more than five (5) years of service. (PBA Exhibit 2).

The PBA contended that four (4) Officers have ended their employment; one by disability retirement, one by normal retirement and two who quit to accept jobs with other law enforcement agencies. In the normal course of events, employees quit and retire.

In addition, the PBA asserted that currently there are two fewer Sergeant positions and one fewer Patrolman positions than there were in 1992. The PBA argued that having fewer Sergeant positions means there are fewer opportunities for promotion. As a mathematical proposition that is undoubtedly true. There is, however, no evidence before me that large numbers of officers have left the Borough to seek employment elsewhere. What

evidence is before me indicates a large majority have worked in the Borough for a considerable period of time; and they may well be working more productively. Nothing in this Award will reverse this trend, I am convinced.

Consequently, I believe the Award will not adversely impact continuity and stability of employment. Therefore, it is reasonable and consistent with the statutory criteria as delineated above.

In sum, I conclude the annual economic changes for each of the three years of the agreement are reasonable under the eight statutory criteria specified in the New Jersey Police and Fire Compulsory Arbitration Act. I believe the Award represents a balancing of the interests of the Borough, the residents and taxpayers and the Police Officers; and that its financial impact on Borough finances is within the CAP limits. I believe these increases in pay and the increase in the clothing allowance are warranted by all the evidence presented. As such, they are awarded as indicated.

### **3. Clothing Allowance**

The clothing allowance provided for in Article V of the Collective Bargaining Agreement shall be increased to:

\$800.00 per year effective January 1, 2004;  
\$900.00 per year effective January 1, 2005; and,  
\$1,000.00 per year effective January 1, 2006.

The record demonstrates that the clothing allowance in Raritan is far below the Somerset County average and median. Indeed this benefit is the most poorly funded when such comparisons are made. Only three (3) municipalities in Somerset County provide a clothing allowance lower than that provided in Raritan. Raising the allowance by one hundred (\$100.00) in each year of the agreement will bring the Raritan officers to an annual amount that is below the average clothing allowance in the year 2004 and still well below Bound Brook, Franklin, Bernardsville and Hillsborough. (PBA Post-hearing Summation pg 22) The total cost to the Employer is a relatively small amount of money, fifty-one hundred (\$5,100.00) dollars, spread over the three (3) years of the agreement. I conclude it will have a very small impact on the Borough's annual budget. Thus, this proposal is awarded.

#### **4. Longevity**

I deny the PBA's request to amend the longevity provision as contained in the Article VII of the Collective Bargaining Agreement.

The PBA proposed to remove the two limitations on longevity payments set forth in paragraphs B and C of Article VII of the Collective Bargaining Agreement.



Article VII, Paragraph B, is as follows:

"Employees hired after January 1, 1983, shall not be entitled to any longevity benefits."

Officers hired before January 1, 1983, continue to receive longevity payments; however, said payments are limited by Article VII, paragraph C, which states:

"Longevity payments shall not be made on any portion of base salary in excess of \$25,000 per year, except with respect to the Captain, for whom the maximum salary upon which longevity payments shall be made is \$35,000.00 per year."

As a result of these provisions Police Officers hired after, January 1, 1983, are not eligible for longevity.

Both Parties provided extensive evidence and discussion of this proposal. The Employer asserted, and the PBA did not deny, that the PBA obtained retiree health benefits in return for the limitation on longevity. The Employer further argued that two-thirds (2/3) of the municipalities have eliminated longevity for new hires. (Employer Brief, pg. 14). In addition, the Employer stated it would be willing to consider a proposal from the PBA, to eliminate retiree health benefits in return for longevity payments.

The PBA insisted that twelve (12) Police Departments it surveyed provide a longevity payment, which averages

\$3,660.00 at maximum, which is approximately 5.6% of the Raritan Police Officer's salary. The PBA contended that longevity is "a common benefit", even though not every Police Department provides it. (Pages 23-24 of the PBA summation).

A review of the evidence presented reveals that among the municipalities in Somerset County; five (5) communities in the County pay longevity increments to Police Officers without restriction. Five (5) other communities, including Raritan, pay longevity to employees who were on the payroll before a specified date in the Collective Bargaining Agreement. In sum, only five (5) communities allow newly hired employees to qualify for Longevity pay. All the other communities either do not pay longevity, or only pay it to employees hired before a specified date in the collective bargaining agreement. Thus, the record indicates that relatively few communities grant longevity payments to all their Police Officers.

Moreover, since paragraphs B and C of Article VII are the result of negotiations between the parties, which resulted in a substitute benefit, I am even more reluctant to vitiate either paragraph B or C in an Award. The parties are, of course, free to change either of those two paragraphs at any time they jointly agree to do

so.

Also, longevity pay is compensation, with a different label. As such it costs the Employer additional money. As I stated above, I find the Borough has limited resources, even though it is located in a wealthy county. Awarding a longevity payment would simply add to its costs in the same manner as if I had awarded a larger increase in salary, which I declined to do.

In addition, I calculated, using PBA Exhibit 2, the cost of eliminating paragraphs B and C. Eliminating paragraph B would result in eleven (11) employees who are not currently eligible for longevity being able to qualify for at least the five year service payment of 2%, on January 1, 2004. Several of those employees would actually be eligible for either the ten year or the fifteen year service payment on January 1, 2004, of either 4% or 6%, respectively. See PBA Exhibit 2. Eliminating Paragraph C would increase the five year service payment to 2% of base salary from the current maximum of \$25,000. Thus, the impact of granting only those eleven employees a five year longevity payment, based on full base salary, would increase the Borough's payroll by an additional 1.3%. Such an increase is significant and unwarranted in light of the factors discussed above, I conclude.

In sum, in reviewing this issue I have considered the following facts: the parties did negotiate a restriction on longevity payments; said restriction was a quid pro quo for retiree health benefits. The vast majority of Police Departments in Somerset County do not allow newly hired employees to qualify for longevity payments. The cost of implementing the PBA's proposal is substantial. Consequently, I deny the PBA's request to remove the contractual restrictions on Longevity.

#### **5. Holidays**

The PBA requested that one (1) additional holiday be added to the those listed in Article IV, paragraph A.1.

It calculated the number of annual holidays granted by the twenty (20) Police Departments that it surveyed as thirteen and a third (13.35), while Raritan provides twelve (12). Only two (2) municipalities offer fewer holidays per year than Raritan; they are Green Brook and Peapack & Gladstone; seven (7) other communities offer the same number of holidays and eight (8) offer more than twelve (12). Two (2) of the eight (8) provide fifteen (15) holidays.

I conclude that Raritan is close to the median of the County with respect to the number of paid holidays. Moreover, holiday pay is simply another form of compensation. Thus, it represents an additional cost to

the Employer, the same as if I had awarded a larger salary increase, which I declined to do. Therefore, I deny the PBA's request to increase the number of holidays.

#### 6. Vacations

The Borough requested a new vacation schedule, which would apply to all employees hired after the effective date of this award.

Years of Service	12 Hour Shift	8 Hour Shift
6 months to 1 year	3 days	5 days
1st through 7th year	6 days	10 days
8th through 16th year	9 days	15 days
17th through 22nd year	12 days	20 days
At completion of 22 years	15 days	25 days

The vacation proposal is, the Borough asserted, an attempt to limit costs for the reasons stated above. It noted that its proposal has no negative impact on current employees, but does bring the vacation schedule for any future hires into line with vacation entitlements in other municipalities in the County. The PBA, on the other hand, insisted that the total compensation package in Raritan is well below the County average.

While the Raritan police are well above the middle of the County with respect to maximum number of vacation days, they are below median with respect to holidays and

sick days.<sup>5</sup> I concluded above, that on the basis of total compensation, Police Officers in Raritan are ranked below the median of Somerset County. Therefore, even though Raritan Police Officers have an advantage over most of their counterparts in Somerset County concerning vacation day entitlement, on balance I find no basis to grant the Employer's proposal. It is rejected.

#### **7. Insurance**

The Borough proposed to require all employees to contribute twenty percent (20%) for the cost of dependent health insurance coverage, depending upon the cost of coverage in excess of individual coverage under the plan opted for by each employee under the State Health Benefits Program.

The Employer pointed out that its health insurance costs are escalating. It argued that its proposal is in line with the trend of requiring employees to pay part of the premium costs of obtaining health insurance.

The PBA, on the other hand, maintained that the total compensation package in Raritan is well below the County average. In addition, the PBA asserted that comparing Police Officer terms and conditions of employment to the private sector is not appropriate

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<sup>5</sup>See pages 32-34 comparing Raritan's total compensation to other communities in Somerset County.

because there are no jobs in the private sector that are similar to that of Police Officer.

While the Employer's claims are tenable, there is no evidence that other employees in the Borough pay any part of the cost for dependent coverage. Nor is there evidence that any Police Officers in Somerset County pay any part of the cost of dependent coverage.

Raritan's Police Officers are not so unique that they should be the first to pay a portion of their health insurance premiums. This is especially true since their wages fall somewhat below the County median, as noted above. Thus, I reject the Borough's proposal.

In sum, I conclude that the Award herein represents a balancing of the interests of the Borough, the residents and taxpayers and its Police Officers. Its financial impact on Borough finances is within the CAP limits. Thus, I find, this Award is warranted by all the evidence presented. Accordingly, the Award is to be implemented in conformity with my findings herein. It is so ordered.

## AWARD

## 1. Duration

The Term of the Agreement shall be three (3) years, January 1, 2004 through December 31, 2006.

## 2. Salary Increases;

Effective January 1, 2004	4.0%
Effective January 1, 2005	4.0%
Effective January 1, 2006	4.0%

### 3. Clothing Allowance

The clothing allowance provided for in Article V of the Collective Bargaining Agreement shall be increased to:

\$800.00 per year effective January 1, 2004;  
\$900.00 per year effective January 1, 2005; and,  
\$1,000.00 per year effective January 1, 2006.

All other proposals of the parties, whether or not specifically addressed herein, are rejected

DATED April 20, 2005 Howard C. Edelman  
HOWARD C. EDELMAN, ESQ., ARBITRATOR

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NASSAU )

On this 20<sup>TH</sup> day of APRIL 2005, before me personally came and appeared Howard C. Edelman to me known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed the same.

MARY HALBERSTADT

MARY HALBERSTADT  
NOTARY PUBLIC, STATE OF NEW YORK  
NO. 01HAB101768  
QUALIFIED IN NASSAU COUNTY  
COMMISSION EXPIRES NOVEMBER 17, 2007

Mary Holmstadt  
Notary Public