

**STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION**

In the Matter of the Interest Arbitration Between

Borough of Sayreville

-and-

PBA Local 98

: **Decision
And
Award**

Before: Thomas D. Hartigan, Arbitrator

PERC Docket No. IA 2006-047, 048 & 049

Appearances:

For the Borough: Robert T. Clarke, Esq. – Of Counsel and on the Brief
Robert J. Merryman, Esq. – On the Brief
Apruzzese, McDermott, Mastro & Murphy

For the PBA: Charles E. Schlager, Jr., Esq. – Of Counsel and on the Brief
Loccke, Correia, Schlager, Limsky & Bukosky

BACKGROUND

The Borough of Sayreville (hereinafter, the Borough or the Employer) and PBA Local 98 (PBA or Union) are parties to three Collective Bargaining Agreements (CBA) covering the period from January 1, 2003 to December 31, 2005. In Joint Exhibit 1 the Borough recognizes the PBA “as the exclusive collective negotiations agent for all Patrolmen in the Police Department of the Borough of Sayreville.” Joint Exhibit 2 recognizes the PBA as the “agent for all Sergeants and Lieutenants” and Joint Exhibit 3 establishes the PBA as the “agent for all Captains....” For purposes of negotiations including this Interest Arbitration proceeding, the parties have bargained with a joint committee of the PBA representing the three groups and three contracts.

The Patrol unit consists of approximately sixty-three (63) officers while the Sergeants and Lieutenants unit comprises twenty-five (25) officers. There are three Captains in the Department.

The parties commenced negotiations for a new CBA in November 2005. Negotiations continued without success and a Petition to Initiate Compulsory Interest Arbitration was made to the New Jersey Public Employment Relations Commission (PERC) on February 1, 2006 pursuant to N.J.S.A 34:13A-14 et seq. The parties followed the selection process contained in N.J.A.C. 19:16-5.6, resulting in the mutual selection of the undersigned and my subsequent appointment as Interest Arbitrator by PERC from its Special Panel of Interest Arbitrators on March 10, 2006. Pre-hearing mediation sessions were held on April 25, May 16 and November 21, 2006 in an effort to achieve a voluntary resolution but to no avail. Agreement on several issues was achieved at the November 21, 2006 meeting and Joint Exhibits were placed into the record. A formal hearing was held on December 5, 2007 at which time each side was given full opportunity

to present all evidence, testimony and argument in support of their positions on the issues. The parties requested the opportunity to submit briefs on the issues presented and March 31, 2008 was set as the briefing date with reply briefs to be submitted by May 2, 2008. The Union's Brief, dated March 27, 2008, was received on March 28th and the Borough's Brief, dated March 28, 2008, was received on April 1st. A reply brief from the Union, dated April 13, 2008, was received on April 16th. The Borough requested and was granted the opportunity to submit additional budgetary documentation for 2007 with its reply which was received on May 2, 2008. The Union was given until June 1, 2008 to review said additional documentation and to submit a reply. The Union received the Borough's additional documentation on May 12, 2008, requested and was granted an extension for its reply until June 12, 2008. This reply, dated June 10, 2008, was received on June 12th. The record was deemed closed as of June 12, 2008.

This proceeding is governed by the Police and Fire Public Interest Arbitration Reform Act, P.L. 1995, c. 425, which was effective January 10, 1996. While that Act, at N.J.S.A. 34:13A-16f(5), calls for the arbitrator to render an opinion and award within 120 days of selection or assignment, the parties are permitted to agree to an extension.

As the parties did not agree upon an alternate terminal procedure, the terminal procedure is conventional arbitration in accordance with N.J.S.A. 34:13A-16d. The arbitrator is required by N.J.S.A. 34:13A-16d (2) to "separately determine whether the net annual economic changes for each year of the agreement are reasonable under the nine statutory criteria in subsection g. of this section."

STATUTORY CRITERIA

The statute requires the arbitrator to:

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 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 condition of employment of the employees involved in the arbitration proceedings with the wages, hours and condition of employment of other employees performing the same or similar services 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 jurisdictions, as determined in accordance with section 5 of P.L. 1995, c 425 c. 34:13A-16 (2); provided, however, each party shall have the right to submit

additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

- (3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.
- (4) Stipulations of the parties.
- (5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976, c.68 (C.40A:4-45.1 et seq.).
- (6) The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or municipality, the arbitrator or panel of arbitrators shall take into account to the extent the 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 budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers on the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local

budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in its proposed local budget.

- (7) The cost of living.
- (8) The continuity and stability of employment including seniority rights and such 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.
- (9) Statutory restrictions imposed on the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations upon the employer by Section 10 of P.L. 2007, c. 62 C. 40A:4-45.45).

PARTIES FINAL OFFERS

Final Offer of the PBA

Article V (A) (1) – Grievance and Arbitration Procedure

A grievance is a claim by a policeman, or the Association based upon the interpretation, application, or violation of the policies, agreement, and administrative decisions, **including minor discipline**, affecting a policeman or a group of policeman which it is alleged violate the terms of this Agreement. Anytime an employee attends the meeting shall not be charged to the employee. Additional meetings may be scheduled upon the mutual agreed upon by both parties.

Article VIII (I) – Hours of Work and Compensation

Anything herein stated to the contrary notwithstanding, at an employee's option, he/she will be compensated in pay, or in lieu of a cash payment, in compensatory time on a time and one half basis. Such time may be taken only when scheduled by the Chief or his designee so as not to interfere with departmental operations. No employee may opt to receive compensatory time in excess of a total of two hundred forty (240) hours which is to be calculated at no more than one hundred sixty (160) hours at time and one-half (1 ½) basis. Upon opting to receive compensatory time, the employee may thereafter opt to take [twenty (20)] **forty (40)** hours annually, in cash, from his/her accumulated compensatory time. Upon retirement, termination, resignation or death, in which case the accumulated compensatory time cash value will become part of the employee's estate, the employee shall be compensated for up to one hundred twenty (120) hours of accumulated compensatory time at the employee's rate of pay at the time of the cash-in, which shall become effective January 1, 1992.

Article XI (B) (1) – Leaves of Absence and Sick Leave

Effective upon adoption of the terms in this Agreement by both parties, the referenced provision shall be amended to reflect the following:

Every employee covered by the terms of this Agreement shall be granted up to six (6) days off per calendar year with pay for personal reasons provided; however, that they make application to the Chief of Police, or his designee for such personal leave, two (2) days in advance of the required leave.

Notwithstanding the above, employees shall be permitted to use two (2) sick days as Emergent Leave Days, provided the employee has at least three (3) sick leave days available. When an employee uses Emergent Leave, he/she does not have to provide the reason for the leave, but only needs to provide a one (1) hour notice to the Shift Commander.

The first two (2) days of personal leave shall be granted without charge to sick leave or vacation allowances and four (4) days shall be charged to the employee's yearly allowance of sick time.

Article XVI (H) – Terminal Leave

Delete and amend as follows (this is to remove superfluous language only, said language is not shown):

Effective January 1, 2006, the provisions under this Section shall be revised and shall supersede any prior memorandum of agreement, current contractual language or prior practice:

1. Effective January 1, 2005 and thereafter, a lump sum payment of terminal leave shall be made to the retiring employee of one (1) month's wages for every five (5) years of service with the Borough to a maximum of five (5) months, so long as the employee notifies the Borough by March 1st of that year that he/she intends to retire.
2. Effective January 1, 2005 and thereafter, retiring employees will be entitled to receive lump sum payment for any accrued and accumulated sick leave, compensatory time, vacation leave,

and/or personal leave based upon the employee's established base rate of pay at the time of retirement.

3. Effective January 1, 2005 and thereafter, if the employee notifies the Borough of their intention to retire on or prior to March 1st of the year in which they intend to retire, then he/she shall have the option of receiving their payment due under subsection 1 and 2 in a lump sum or in monthly payments; except that the lump sum amount cannot exceed the balance of salary they would have received in the fiscal year had they continued their employment. Should this limitation prevent the employee from receiving their full payment under this Section, then the employee shall receive the remaining balance as a lump sum payment no later than January 3rd of the next year.
4. If an employee dies while in active service, any benefits due under this Section shall be paid to the employee's estate.

Article XVIII – Salaries [Applicable to all Units]

- A. The current Wage Guide shall be adjusted at all Steps pursuant to the following schedule:

2006 – 3.9%

2007 – 3.9%

2008 – Wage Adjustment of \$750 followed by a 3.5% increase

2009 – 4.25%

2010 – 4.25%

Wage Guide is as follows:

	2005	2006	2007	2008	2009	2010
Academy Rate	\$36,213	\$37,625	\$39,093	\$40,461	\$42,181	\$43,973
Post Academy	\$38,895	\$40,412	\$41,988	\$43,458	\$45,304	\$47,230
2 nd Year	\$43,698	\$45,402	\$47,173	\$49,600	\$51,708	\$53,906
3 rd Year	\$49,800	\$51,742	\$53,760	\$56,418	\$58,816	\$61,315
4 th Year	\$55,903	\$58,083	\$60,348	\$63,237	\$65,924	\$68,726
5 th Year	\$62,005	\$64,423	\$66,936	\$70,055	\$73,032	\$76,136
6 th Year	\$68,107	\$70,763	\$73,523	\$76,872	\$80,140	\$83,546
7 th Year	\$73,564	\$76,433	\$79,414	\$82,970	\$86,496	\$90,172
8 th Year	\$80,617	\$83,761	\$87,028	\$90,850	\$94,711	\$98,736
9 th Year	\$84,109	\$87,389	\$90,797	\$94,752	\$98,779	\$102,977
Sergeants	\$90,230	\$93,749	\$97,405	\$101,591	\$105,908	\$110,409
Lieutenants	\$96,704	\$100,475	\$104,394	\$108,824	\$113,449	\$118,271
Captains	\$110,636	\$114,951	\$119,434	\$124,390	\$129,677	\$135,188

B. Personnel assigned to the Detective Division shall receive, in addition to their regular base pay, the sum of [Four Hundred (\$400)] **One Thousand (\$1,000) Dollars** additional compensation to his base pay which shall be included in the computation of longevity benefits, pension benefits, vacation pay, etc.

Final Offer of the Borough

Article V – Grievance and Arbitration Procedure

Section (A) 1:

A grievance is a claim by a policeman, or the Association based upon the interpretation, application, or violation of the policies, agreement and administrative decisions, **including minor discipline**, affecting a

policeman or a group of policemen which it alleged violated the terms of this Agreement. If a grievance meeting is scheduled during a Grievant's shift, the Grievant shall be released from duty, if requested, to attend the meeting.

Section (C) 2. Second Step:

Any Grievant who has not had his grievance settled at the First Step of the Grievance Procedure shall proceed within twenty-eight (28) days after the presentation of the same in the First Step to the Second Step of the Grievance Procedure by presenting the same to the **Business Administrator**. All grievances in the Second Level and/or answers the grievances in the Second Level shall be in writing. If requested, the Grievant and his/her representative **may meet with the Business Administrator to present the grievance and/or attempt to resolve the grievance**. Second Step Grievance meeting shall be held within fifteen (15) days after presentation of a grievance in this Step. If no satisfactory written solution is given within then (10) days after the Second Step meeting or if no answer has been given within ten (10) days after the Second Step meeting, the Grievance may proceed to the Third Step.

Article VIII – Hours of Work and Compensation

Section A

The schedule for all Captains shall be a 5 day on and 2 day off schedule, Monday through Friday.

Section C will be revised by eliminating the meal allowance (Meal Allowance shall be eliminated throughout the Collective Bargaining Agreement).

Section I

Upon opting to receive compensatory time, the Employee may thereafter opt to take **forty (40) hours** annually, in cash, from his/her accumulated compensatory time, however, said payment shall be made between November 1, and December 31.

Article XI – Leave of Absence and Sick Leave

Section A. 4.

An employee must notify his/her supervisor prior to the commencement of his/her shift if he/she is to be absent due to illness. After three (3) consecutive days of absence due to an illness or injury the Borough may require an employee to provide a note from a physician verifying the illness or injury, the employee's inability to work during the period of absence, and the anticipated date of return. The Borough shall not be arbitrary in requiring these medical verifications. Any employee who abuses the use of sick leave shall be subject to disciplinary action by the Borough.

Article XII – Insurance Coverage

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

Article XVI – Miscellaneous Provisions

Section H

Terminal leave shall only be provided to employees hired on or before December 31, 2005. Employees hired after January 1, 2006 will not be eligible for terminal leave.

Article XIX – Salaries

Section A

The current wage guide shall be adjusted at all Steps as follows:

2006 - 2.5%
2007 – 2.75%
2008 – 3.0%

Article XX – Duration

January 1, 2006 through December 31, 2008.

STIPULATIONS OF THE PARTIES

The parties have stipulated agreement to the following items:

Article V – Grievance and Arbitration Procedure

A. Definitions:

1. A Grievance is a claim by a policeman, or the Association based upon the interpretation, application, or violation of the policies, agreement and administrative decisions, including minor discipline, affecting a policeman or a group of policemen which it alleged violated the terms of the Agreement. If a grievance meeting is scheduled during a Grievant's shift, the Grievant shall be released from duty, if requested, to attend the meeting.

C. Second Step:

Any grievant who has not had his grievance settled at the First Step of the Grievance Procedure shall proceed within twenty-eight (28) days after the presentation of the same in the First Step to the Second Step of the Grievance Procedure by presenting the same to the Business Administrator. All grievances in the Second Level and/or answers to grievances in the Second Level shall be in writing. If requested, the Grievant and his/her representative may meet with the Business Administrator to present the grievance and/or attempt to resolve the grievance. Second Step Grievance meetings shall be held within fifteen (15) days after presentation of a grievance in this Step. If no satisfactory written solution is given within then (10) days after the Second Step meeting, the Grievance may proceed to the Third Step.

Article VIII – Hours of Work and Compensation

Section F. Eliminate the reference to meal allowance in this section and elsewhere in the agreement.

(While both parties stipulated to the deletion of the reference to meal allowance, the PBA conditioned its stipulation to an adjustment in wages.)

Section I.

Anything herein stated to the contrary notwithstanding, at an employee's option, he/she will be compensated in pay, or in lieu of a cash payment, in compensatory time on a time and one half basis. Such time may be taken only when scheduled by the Chief or his designee so as not to interfere with departmental operations. No employee may opt to receive compensatory time in excess of a total of two hundred forty (240) hours which is to

be calculated at no more than one hundred sixty (160) hours at time and one-half (1½) basis. Upon opting to receive compensatory time, the employee may thereafter opt to take forty (40) hours annually, in cash, from his/her accumulated compensatory time, however, said payment shall be made between November 1 and December 31. Upon retirement, termination, resignation or death, in which case the accumulated compensatory time cash value will become part of the employee's estate, the employee shall be compensated for up to one hundred twenty (120) hours of accumulated compensatory time at the employee's rate of pay at the time of the cash-in, which shall become effective January 1, 1992.

Article XI – Leaves of Absence and Sick Leave

Section A. 4.

An employee must notify his/her supervisor prior to the commencement of his/her shift if he/she is to be absent due to illness. After three (3) consecutive days of absence due to an illness or injury the Borough may require an employee to provide a note from a physician verifying the illness or injury, the employee's inability to work during the period of absence, and the anticipated date of return. The Borough shall not be arbitrary in requiring these medical verifications. Any employee who abuses the use of sick leave shall be subject to disciplinary action by the Borough.

POSITIONS OF THE PARTIES

Arguments of the PBA

Interest and Welfare of the Public

The Borough of Sayreville consists of approximately sixteen (16) square miles with a population of over 40,000. It ranks in the upper third of all Middlesex County (the County) municipalities in law enforcement activity, ranking 9th of 25 municipalities in crime rate and in violent crime rates per 1000 population. The Borough lies in close proximity to the Garden State Parkway, the New Jersey Turnpike, and Interstate Route 287 as well as Routes 1, 9 and 35.

The PBA modified its original wage proposal to more accurately reflect current market trends and in recognition of the public interest. Its other proposals are reflective of concern for the public interest as well. As the nature of law enforcement changes, the role of Detectives has taken on more importance and the Union's proposal seeks to track this trend. The PBA's proposal for use of Emergent Leave Days is an attempt to prevent abuse of sick leave and establish a clearer and more defined use of paid time off. This proposal adds no additional costs to the Employer. The proposal on Terminal Leave seeks only to remove unnecessary language.

Comparison of Wages, Salaries and Conditions of Employment

The Union seeks a wage adjustment which is based upon the increases provided other law enforcement officers in the County and other employee bargaining units within the Borough. While the Borough has proposed a wage increase, its offer is far below settlements within the County and even below settlements within the Borough.

It must be noted that compensation comes in many forms. It is not simply a matter of looking at salaries but all of the factors involved or the total compensation involved. While one department may appear to be better compensated, an investigation may show that the department provided better base salaries than another but did not receive the longevity package of the second department. Additionally, one department may reach full compensation within 8 years while another may not reach maximum compensation until 25 years of service.

In an effort to provide for the appropriate comparison of total wages and compensation, the Union placed into evidence the collective bargaining agreements from the following police departments in the County:

Union Exhibit	Municipality & Union
2A	Carteret & PBA 47
3A-C	East Brunswick & PBA 145
4	Edison & PBA 75
5	Highland Park & PBA 64
6	Middlesex Co. Prosecutor & PBA 214
7	Metuchen & PBA 60
8	Middlesex Borough & PBA 181
9B	Monroe Township & PBA 255
10	New Brunswick & PBA 23
11	North Brunswick & PBA 160
12	Old Bridge & PBA 127
13	Perth Amboy & PBA 13
14	Piscataway & PBA 93
15	Plainsboro Township & PBA 319
16A&B	South Amboy & PBA 63
17	South Brunswick & PBA 166

18	South River & PBA 62
19	Spotswood & PBA 225
20A	Woodbridge & PBA 38

The current step guide in the parties CBA provides for an Academy Rate followed by a Post Academy Rate and then eight (8) annual step movements. Using the above information for comparison purposes the PBA has shown that its step guide is comparable to those in other County law enforcement contracts as shown below:

Chart 1

Municipality	Number of Steps
Carteret	5
East Brunswick	6
Edison	7
Highland Park	6
Middlesex Co. Prosecutor	10
Metuchen	7
Middlesex Borough	6
Monroe Township	6
New Brunswick	5
North Brunswick	8
Old Bridge	10
Perth Amboy	16
Piscataway	15
Plainsboro Township	6
South Amboy	6
South Brunswick	15
South River	15
Spotswood	10
Woodbridge	7
Average	8.7

The above chart shows that while some departments reach maximum in 5 years, others take 15 to 16 years to reach the top salary. However, the average length of time to reach top salary is 8.7 years and in Sayreville it takes 9 years, clearly in this regard the guide is comparable.

The information in the chart below tracks the top salaries paid to police officers in the departments noted and gathered from the exhibits noted above.

Chart 2

Year	2003	2004	2005	2006	2007	2008	2009	2010
Carteret	67,304	69,996	73,146	76,437				
E. Bruns.	72,749	75,586	79,520	82,622	85,720	89,063	92,537	96,146
Edison			80,113	83,237	86,567	89,688		
Highland Pk	69,086	73,040	77,992	82,867				
Co.Prosecut		89,150	91,825	95,038	98,840	102,793		
Metuchen		68,658	71,959	75,346				
Mid.Boro	66,647	69,313	72,432					
Monroe			71,614	74,479	77,458			
NewBruns.	69,479	71,910	74,427	77,404	80,887	85,661	89,516	
No. Bruns.	71,731	75,730	79,953	84,411	89,117			
Old Bridge		73,128	77,816	80,871	84,089			
Perth Amb.			73,106	76,031	79,072	82,235		
Piscataway	75,933	78,894	81,971	85,168				
Plainsboro		72,277	75,168	78,175	81,302			
So. Amboy	70,175	73,332	76,265	79,316	82,489	85,788		
So. Bruns.	70,397	72,900	75,488	78,244	81,218			
So. River				72,419	74,953	77,577	80,486	
Spotswood					84,240	87,590	91,047	94,697
Woodbridge			79,780	82,931	86,083	89,526		
Average	\$70,389	\$74,147	\$77,211	\$80,294	\$83,717	\$87,769	\$88,397	\$95,422
Average % Increase		5.3%	4.1%	4.0%	4.3%	4.8%	0.7%	7.9%
Sayreville *	\$77,764	\$80,874	\$84,109	\$87,389	\$90,797	\$94,752	\$98,779	\$10,977
%Difference								
Sayre. v Ave.	10.5%	9.1%	8.9%	8.7%	8.5%	8.0%	11.7%	7.9%

* Numbers in bold represent salaries from the current CBA; numbers in italics represent PBA proposed salaries at top step.

A review of the chart above shows that the PBA's proposed salaries more closely reflect the average salaries paid to comparative law enforcement personnel than does the Borough's offer. Further, in 2003 the top rate for Sayreville officers was 10.5% beyond the average of the other departments listed. This difference declined in 2004 and 2005 and significantly will continue to decline through 2008 under the Union's proposed wage increase. Also of importance is the fact these rates represent only the top step of each salary guide and do not include adjustments to base wages from the elimination of holiday pay. This noteworthy difference can be seen the following chart which includes base wages, clothing/uniform/maintenance allowance and holiday pay.

Chart 3

	2003	2004	2005	2006	2007	2008	2009	2010
Carteret	72,446	75,303	78,647	82,141				
E. Bruns.	72,749	75,586	79,520	82,622	85,720	89,063	92,537	96,146
Edison			85,982	89,335	92,909	96,259		
High. Pk.	69,086	73,040	77,992	82,867				
Midd.Pros		93,950	96,769	100,155	104162	108,328		
Metuchen		72,355	75,834	79,498				
Mid.Boro	72,808	75,664	79,006					
Monroe			76,796	79,826	82,977			
NewBruns	74,285	76,865	79,537	82,697	86,395	91,462	90,046	
No. Bruns.	76,881	81,167	85,693	90,471	95,515			
OldBridge		77,347	82,305	85,537	88,940			
PerthAmb			77,712	80,782	83,976	87,297		
Piscataway	82,394	85,554	88,838	92,250				
Plainsboro		76,447	79,505	82,685	85,993			
So.Amboy	74,829	78,156	81,247	84,462	87,806	91,282		
So. Bruns	75,323	77,960	80,687	83,591	86,725			
So. River				73,919	76,453	79,077	81,986	
Spotswood					89,702	93,220	96,878	100,682
Woodbridge		83,375	86,668	89,962	93,560			

Average	74,533	78,769	81,925	84,870	88,630	91,999	90,362	\$98,414
Average %Increase		5.2%	4.2%	3.6%	4.4%	4.3%	-2.0%	8.9%
Sayreville *	77,764	80,874	84,109	<i>87,389</i>	<i>90,797</i>	<i>94,752</i>	<i>98,779</i>	<i>102,977</i>
% Diff – Sayre. Ave	4.3%	2.8 %	2.7%	3.0%	2.5%	2.9%	9.3%	4.6%

* Numbers in bold represent salaries from the current CBA; numbers in italics represent PBA proposed salaries at top step.

The above chart shows the overall compensation figures for officers in similar County law enforcement communities as these figures relate salaries, clothing allowances and holiday pay. The wage proposal of the PBA in this matter more closely tracks what is happening in these communities than is that of the Borough. In comparing the difference between Sayreville salaries and the average in the County the difference continues the decline shown in Chart 3 though at lower figures when overall compensation is looked at; from 4.3% in 2003 to 2.7% in 2007 where it virtually remains in 2008.

As noted earlier compensation can take several forms and the PBA has attempted to show comparisons using wage rates and then a more comprehensive comparison using wages, clothing allowance, and holiday pay. However, one other significant component of total compensation is longevity. In the chart below the Union shows a comparison using this total compensation concept.

Chart 4

	2003	2004	2005	2006	2007	2008	2009	2010
Carteret	\$82,541	\$85,803	\$89,619	\$93,606				
E. Bruns.	72,749	75,586	79,520	82,622	\$85,720	\$89,063	\$92,537	\$96,146
Edison			93,993	97,659	101,566	105,227		
High.Pk.	69,086	73,040	77,992	82,867				
Midd.Pros		93,950	96,769	100,155	104,162	108,328		
Metuchen		72,355	75,834	79,498				

Mid.Boro	78,139	81,209	84,800				
Monroe			84,673	88,019	91,497		
NewBruns	81,223	84,056	86,980	90,438	94,484	100,029	98,997
No. Bruns.	87,641	92,527	97,686	103,133	108,883		
OldBridge		88,316	93,978	97,667	101,554		
PerthAm.			85,022	88,385	91,883	95,520	
Piscat.	89,987	93,444	97,035	100,767			
Plainsboro		79,860	83,055	86,377	89,832		
So.Amboy	83,250	86,955	90,398	93,980	97,404	101,577	
So. Bruns.	78,121	80,857	83,687	86,701	89,952		
So. River				80,437	83,199	86,059	89,230
Spots.					98,126	101,979	105,985
Woodbridge		90,952	94,546	98,140	102,065		
Average	80,305	84,207	87,975	91,203	95,737	98,473	96,687
Ave. % Increase		4.2%	4.9%	3.7%	4.9%	3.6%	2.2%
Sayreville*	85,540	88,961	92,520	<i>96,128</i>	<i>99,877</i>	<i>104,227</i>	<i>108,657</i>
% Diff – Sayreville							12.4%
Average	6.5%	5.7%	5.2%	5.4%	4.3%	5.8%	9.8%

* Numbers in bold represent salaries from the current CBA; numbers in italics represent PBA proposed salaries at top step.

The above chart is important because it shows the comprehensive income of the officers from other County departments. As many groups have eliminated one or more of the stand-alone financial incentives by adding them to the base salary, the best comparison is this comprehensive one. The chart shows that in 2003 Sayreville officers received a comprehensive income 6.5% above the average. This differential steadily reduces through 2007 to a 4.3% differential. As the number of settlements and therefore comparable numbers for comparison purposes decreases in 2008 through 2010 the validity of this measurement is reduced.

The Borough has provided similar comparisons but with the noted exception of the addition of holiday pay to the comprehensive income. This omission overstates the relative position of Sayreville officers leading to an inaccurate picture of the comprehensive income and

position within the County of the Sayreville officers. This is particularly significant because in the last agreement the parties agreed to extend the step guide to 9 steps, to equalize all of the step adjustments, and to adjust the top step by \$7,589 due to the elimination of clothing allowance (\$1,000), a provision that provided certain officers hired prior to 1998 with 7 leave days (\$1,984), and paid holiday leave (\$4,605). As Sayreville's base salaries now reflect these add-ins, it is accurate to add those financial incentives to the salaries paid in other districts that have not added them to base which is what Chart 5 has done.

While both education and law enforcement groups are part of the public sector, their forms of compensation have historically varied. It is traditional in education to include the cost of step movement to the overall salary settlement while in law enforcement the tradition has been to settle at an increase number exclusive of the cost of movement on the guide. Additionally, in education while the settlement is generally reflected in percentage terms the salary steps are increased in often uneven dollar amounts. In law enforcement each step of the salary guide is generally increased by the agreed upon percentage increase. Given these distinctions the Borough's introduction of the Board of Education's settlement bears little relevance to the situation at hand.

The Borough's introduction of its Exhibit 73 shows an agreement between the Borough and its Association of Municipal Supervisors. The settlement provides for increases of 3.25% in 2006, 3.25% plus \$225 in 2007, and 3.75% in 2008. Of significance here is the historical fact that law enforcement settlements have traditionally been 1% higher than those of the civilian groups and also that the Borough's proposal to the PBA at 2.5%, 2.75% and 3.0% were considerably below these settlement numbers. Indeed, the Borough's Exhibit 75 shows a settlement for the same years, 2006-08, with

AFSCME Local 3527 of 3%, 3.3%, and 3.75%. This followed a settlement with this union of 4% and Longevity at 2% at 5 years of service for the three previous years. Additionally, PBA Exhibit 28 shows that the Borough resolved to pay its Business Administrator \$116,998 in 2003 and \$126,545 in 2005 or an average increase over these two years of 4.08%.

Officers assigned to the Detective Bureau currently receive a stipend of \$400. The PBA seeks to increase this to \$1,000. As testified at the hearing the workload of the bureau has increased over the years especially in light of the municipalities proximity to the major highways and ports noted. It has been 15 years since this stipend was increase from \$250 to \$400. In that time period other departments have raised their stipends significantly as shown in the chart below:

Chart 5 – Detective Pay

Carteret	\$1,300
East Brunswick	
Edison	
Highland Park	
Middlesex Co. Prosecutor	
Metuchen	\$2,400
Middlesex Borough	
Monroe Township	
New Brunswick	
North Brunswick	
Old Bridge	\$1,000
Perth Amboy	\$1,500
Piscataway	\$1,000
Plainsboro Tp.	
South Amboy	\$2,300
South Brunswick	\$5,000
South River	
Spotswood	
Woodbridge	\$1,250
Average	\$1,969

The PBA's proposal in Article XI (2) (1) seeks to convert time already earned and accumulated by the officer for emergency situations. The proposal seeks to use 2 sick days as emergent leave days but only if the officer has at least 3 sick days available. As personal leave days require two days notice, they do lend themselves to an emergent situation. This request does not add any additional time but simply seeks to convert earned time to a more flexible use for situations that are urgent but unpredictable.

While the Borough has shown no real justification for its proposal to eliminate the meal allowance, the PBA is in agreement. However, where the Employer would simply eliminate this program and contractual benefit with no compensation, the Union believes that some additional compensation is needed and has proposed the addition of \$750 to the base on each step of the guide. This concept is not foreign to the Borough as their agreement with the Municipal Supervisors, Borough Exhibit 74, shows the addition of \$225 in 2007 above the percentage increase.

The Borough seeks to change the work schedule of Captains from the current four day, 9.5 hour schedule to a five day, 7 hour schedule for administrative purposes. While the Union understands the term "administrative purposes", it is suspicious given that the current Police Chief authored a letter while Captain and part of these negotiations opposing the switch but has since changed his support. The PBA is also leery of this proposal and its possible indication of the Borough's desire to change the schedule for all officers in the future. Most importantly the proposed change would require an additional 104 hours of work time from the Captains. If this proposal is accepted, this additional time should be compensated either by adding the value of the wages to the Captains' salaries or by allowing the Captains' an additional 13 paid holidays. Additionally, this change would result in the Captains' loss of accumulated leave time as they would lose 2.25

hours per day of their accumulated leave time. Currently, a leave day is 10.25 hours. Under this proposal a leave day would become 8 hours; thereby, the loss of 2.25 hours of leave time. If the proposal is accepted, the Captains' should not suffer the loss of this time. The current leave time could be frozen in an account and future leave time in a separate account at the 8 hour level.

Under the Borough's proposal on Terminal Leave, Article XVI, employees hired after January 1, 2005 will not be eligible for such leave. Again, the Borough seeks the ultimate elimination of this benefit and offers no offsetting compensation. It provided no real justification but simply seeks to eliminate the future cost. Under current terms an employee earning the top income of \$92,520 including longevity who retires on December 31, 2006 with twenty-five years of service would receive \$38,550. The Borough seeks to deprive future officers of this benefit without any offer of compensation or justification.

Given the length of time involved in this matter with the unexpected delays the duration of the contract proposed by the PBA is the most reasonable. The Borough's proposal of a three year agreement would have the parties back at the bargaining table immediately. This process is too long, time consuming and expensive to send the parties directly back to negotiate the next agreement.

Consideration of the Public Sector

The PBA believes that comparisons to the private sector should not be considered controlling in this matter. It is well known that there is no comparable position in the private sector to that of a Police Officer. A law enforcement officer must be prepared to act at all time by law whether on duty or off and may be armed at all times. He operates

under statutory language with responsibilities both on and off duty. The nature of law enforcement work carries risks and hazards that are not encountered in the private sector. Indeed, the Federal Fair Labor Standards Act and the New Jersey State Wage and Hour Law make distinctions for law enforcement personnel. Additionally, a police officer must be a resident of the State of New Jersey, a restriction not applied to the private sector. Age minimums and maximums for hire as a police officer exists, similar restrictions do not apply in the private sector.

The ability of a private sector company to move to another location in or out of state has a depressing factor on wages that is not present in the public sector. Arbitrator William Weinberg in the Village of Ridgewood case, PERC #IA 94-141, noted, “The weight given to the standard of comparable private employment is slight, primarily because of the lack of specific and obvious occupational categories that would enable comparison to be made without forcing the data.”

Borough Exhibit 25 shows the Median Wage Increases from 1995-2006. The PBA has shown in the chart below that the Borough has provided wage increases to its non-law enforcement groups higher than this increase in the most recent years and settlements provided.

Chart 6

Year	SAMS	AFSCME	Exhibit #25
2003	4.0%	4.0%	3.0%
2004	4.0%	4.0%	3.0%
2005	4.0%	4.0%	3.0%
2006	3.25%	3.0%	3.0%
2007	3.25% + \$225	3.3%	N/A
2008	3.75%	3.75%	N/A

Lawful Authority of the Employer

The Commission's decision in County of Essex v. Essex County Sheriff's PBA/SOA Local No. 183, PERC No. 2005-52, IA-2003-37 stated that "interest arbitration is an extension of the negotiations process.... While the Act directs 'due weight' be given to the taxpayers' interests, it does not automatically equate the employer's offer with the public interest. Middlesex Cty., PERC No. 98-46, 23 NJPER 595. Accordingly, arbitrators have viewed the public interest as encompassing the need for both fiscal responsibility and the compensation package required to maintain an effective public safety department with high morale."

Additionally, the Commission noted that the Legislature rejected proposals to limit increases to the statutory CAP rate or to set a numerical standard for arriving at an award. The Legislature directed that conventional arbitration should determine such disputes and arbitrators allowed to fashion appropriate awards. While the arbitrator must consider financial constraints, the CAP law is only one of many factors to be considered in determining that the net annual economic changes are reasonable in each year of the agreement.

Financial Impact on the Governing Unit, its Residents and Taxpayers

The PBA relies upon the analysis and findings of its financial expert, Vincent J. Foti of Foti and Associates. Mr. Foti reviewed the financial documents presented at the hearing and concluded that the Borough is in outstanding financial shape. He noted that the Borough has the ability to regenerate surplus as shown by the chart below:

Results of Operations (AFS Sheet 19 Report of Audit 2006)

Year	Amount
2006	\$4,117,119
2005	\$4,174,238

As shown above the Employer was able to regenerate surplus from 2005 to 2006. For those without expertise in NJ Finance this chart is the private sector equivalent of the “bottom line.” Indeed, the Rutgers University Department of Government Services in its text, Preparation of Annual Financial Statement, defines the Results of Operation in this way, “This extremely important schedule indicates the amount of surplus generated during the year. Conceptually, it gathers or summarizes the closing entries to operations of the various ‘holding accounts’.” Budget Revenues are part of the Result of Operations and show consistency in the chart below:

Budget Revenues (AFS Sheet 17)

Year	Anticipated	Realized	Excess/(Deficit)
2006	\$44,466,569	\$47,456,168	\$2,955,792
2005	\$42,750,759	\$44,832,383	\$2,081,623

The chart below shows the Fund Balance and again is a sign of consistency and not a deteriorating financial situation.

Fund Balance (2006 Report of Audit)

Year	Balance 12/31	Utilized	Percent
2006	\$4,618,173	\$4,100,000	88.77%
2005	\$4,587,337	\$4,100,000	89.37%
2004	\$5,013,099	\$3,600,000	71.81%
2003	\$3,855,491	\$3,400,000	88.18%

2002	\$3,058,698	\$2,600,000	85.00%
2001	\$3,137,741	\$2,600,000	82.86%
2000	\$3,236,675	\$2,500,000	77.24%

In terms of tax rate the Borough has one of the lowest rates in the County, ranking number 18 of the 24 municipalities. Additionally, the rate has been steady or shown minimal increases as indicated below:

Tax Rates (2006 Report of Audit)

Year	Municipal	County	School	Total
2006	0.82	0.58	2.20	3.60
2005	0.76	0.55	2.07	3.38
2004	0.76	0.55	1.98	3.29
2003	0.72	0.52	1.94	3.18
2002	0.72	0.51	1.79	3.02
2001	0.65	0.45	1.68	2.78
2000	0.57	.045	1.62	2.64

The chart below shows the tax rate rankings for Middlesex County.

Chart 7

Rank	Municipality	Total Tax Rate
1	Dunellen Boro.	8.450
2	E. Brunswick	6.960
3	Woodbridge	6.390
4	Helmetta Boro.	6.240
5	Middlesex Boro.	5.850
6	Highland Park	5.390
7	South River	5.170
8	Piscataway	4.830
9	Carteret	4.420

10	Jamesburg	4.320
11	New Brunswick	4.050
12	South Plainfield	4.050
13	Metuchen	3.820
14	North Brunswick	3.740
15	Old Bridge	3.670
16	Cranbury	3.600
17	Milltown Boro.	3.540
18	Sayreville	3.380
19	South Brunswick	3.360
20	Edison	3.350
21	Monroe	2.920
22	Spotswood	2.130
23	Plainsboro	1.940
24	South Amboy	1.570

The Borough ability to collect taxes has been both excellent and consistent as shown below:

Tax Collection Rates (2006 Report of Audit)

Year	Rate
2006	98.24%
2005	98.28%
2004	98.64%
2003	98.52%
2002	98.54%
2001	97.97%
2000	98.31%

While the Tax Levy has increased in dollars, the percentage for Municipal Purposes has remained consistent with a slight decrease in 2006 as shown below:

Tax Levy (2006 Report of Audit)

Year	Amount	Municipal %
2006	\$81,393,017	22.2%
2005	\$76,572,566	23.1%
2004	\$73,142,018	22.2%

Property Values in the Borough have risen over the last seven years as shown below including a \$100 million from 2005 to 2006:

Property Values (2006 Report of Audit)

Year	Amount
2006	\$2,251,145,339
2005	\$2,244,382,465
2004	\$2,198,709,688
2003	\$2,152,390,660
2002	\$2,126,748,941
2001	\$2,102,373,718
2000	\$2,056,639,279

In terms of Property Value the Borough ranks ninth of the twenty-four municipalities in the County, see below:

Chart 8 (2005 Municipal Data Book)

Rank	Municipality	Total Tax Rate
1	Edison	\$7,276,174,542
2	South Brunswick	\$3,800,163,189

3	Plainsboro	\$3,625,167,479
4	Old Bridge	\$3,265,492,900
5	Woodbridge	\$3,211,856,485
6	Monroe	\$3,105,831,277
7	North Brunswick	\$2,462,025,809
8	Piscataway	\$2,263,104,481
9	Sayreville	\$2,244,382,465
10	East Brunswick	\$2,024,791,877
11	South Plainfield	\$1,409,031,502
12	New Brunswick	\$1,318,918,764
13	Carteret	\$ 977,494,346
14	Metuchen	\$ 957,841,188
15	South Amboy	\$ 824,098,308
16	Spotswood	\$ 736,976,729
17	Cranbury	\$ 588,192,697
18	Highland Park	\$ 532,483,063
19	Middlesex Boro.	\$ 496,611,033
20	Milltown	\$ 465,740,454
21	South River	\$ 427,361,228
22	Jamesburg	\$ 239,196,175
23	Dunellen	\$ 144,169,538
24	Helmetta	\$ 63,787,570

A clear indication of a sound financial condition is the Borough Debt Service and the Employer is below the statutory debt limit with more than sufficient borrowing power remaining as indicated below:

Debt Service (2006)

Equalized Valuation Basis	December 31	\$4,286,953,431
Equalized Value	3.5%	\$ 150,043,370

Net Debt	0.72%	\$ 30,645,795
Remaining Borrowing Power		\$ 119,397,575

The Borough also has an excellent cash position and no hardship with the CAP Calculations as shown below:

Cash Balances (AFS Sheet 9)

Fund	Balance as of 12/31
Current Fund	\$23,333,453
Capital Fund	\$ 7,553,378
Trust Fund	N/A

Miscellaneous Revenues Not Anticipated (MRNA) are revenues which the Borough could have anticipated in the budget if it chooses to anticipate these items reducing the tax rate. In 2006 the MRNA was \$1,010,101 and in 2007 it was \$1,031,866.

The Borough's budget in Sheet 15-2 shows a Reserve of \$449,347 in 2006 for Police Salary and Wages after a Reserve in 2005 of \$120,896. Another sign of financial health was the Employer's ability to appropriate \$1,008,350 for Capital Improvement in 2007 and \$709,000 in 2006, see Sheet 26 and 26a.

While the Borough attempts to use the issue of pension contributions as a major financial burden, it tells only one side of the issue. The Employer fails to indicate that its contributions went from 4.14% in 1998 to 0% in 1999 and 2000, and 2.53% in 2001. This pension holiday created by the legislature did not create a windfall for municipal workers. As police officers continued their contributions, wage increases remained steady but unspectacular. As the state attempts to make up for this holiday, employers are seeing their

contributions raised to fill the gap but employees should have to bear the burden for this policy failure.

The Borough argues that the new 4% Cap on the municipal tax levy is a restraint on wages requiring that the total cost of salary adjustments, inclusive of previously negotiated incremental movements, must be 4% or less. The PBA is not aware of anything in the statute that specifies this provision. While the Borough may hope to use this argument to its benefit, it has failed to show the statutory basis for its claims. There is nothing in the statutory language requiring the abandonment of the industry standard that salary increases for law enforcement personnel have been exclusive of step movement.

The Cost of Living

Cost of living figures are regionally based and one of the criteria to be considered herein. The PBA points out that the wage increases that it has cited from awards and settlements are also regional. These increases came about in municipalities dealing with the same regional cost of living. The Union acknowledges that the cost of living figures are slightly below the position espoused by the PBA but within the settlement figures in this region.

Historically, the relationship between the cost of living and wage increases has been vague at best. In times of high inflation wage increases rose but did not keep pace with the cost of living figures. Likewise, as cost of living numbers have gone down wage increases have fallen from those high-water marks but they do not simply correspond to the cost of living figures. It is also well understood that the CPI is a measure of the cost of a basket of goods and services that does not accurately reflect the costs absorbed by individuals in a given area. It is at best a general mark of the trend in the economy and not

to be used as a specific benchmark for wage increases which are influenced by many factors. Indeed Sharon Gibson of the Bureau of Labor Statistics notes in her report, “The Consumer Price Index-Why the Published Averages Don’t Always Match An Individual’s Inflation Experience”, notes that “the CPI is a statistical average, it may not reflect your experience or that of specific families or individuals, particularly those whose expenditure patterns differ substantially from the ‘average’ urban consumer.”

While the Borough in Exhibit 76 shows the National figures for the CPI for All Urban Wage Consumers, the PBA in the chart below shows a comparison of the national figures with the regional numbers:

Chart 9

Year	US Average	NY-NJ CPI	Difference
1996	3.0	2.9	-0.1
1997	2.3	2.2	-0.1
1998	1.6	1.6	0.0
1999	2.2	2.2	0.0
2000	3.4	3.3	-0.1
2001	2.8	2.1	-0.7
2002	1.6	2.8	1.2
2003	2.3	3.2	0.9
2004	2.7	3.6	0.9
2005	3.4	4.1	0.7
2006	3.2	3.5	0.3
Average	2.6	2.9	0.3
Ave. 2001-06	2.6	3.4	0.8

Over the past eleven years the regional CPI has been 0.3 higher than the national average but over the last five years it has been 0.8 higher or almost a full percentage point. Over the five year period since 2001 the regional CPI has averaged 3.4%. Measured against these increases

the PBA's proposal is certainly the more reasonable and more reflective of the true cost of living in the area.

The Continuity and Stability of Employment

The Union has already made a strong case in terms of comparability with other law enforcement groups as detailed above. This idea of "area standards" and "prevailing rates" are covered in that detailed analysis. One point that must also be considered under "Conditions of Employment" is the matter of co-payments and contributions paid by the officers. Officers in other agencies surveyed do not pay the amount of co-payments and contributions that Sayreville officers do. This situation must also be factored into the overall comparison of conditions of employment.

Limitations upon the Employer by N.J.S.A. 34:13A-16(G) (9)

Section 10 of P.L. 2007, c.62 (C.40A:4-45) was enacted in 2007 with an implementation for 2008 budgets. It has no affect on 2006 or 2007 budgets. The statute requires in part that the amount to be raised by taxation shall not exceed the sum of new ratables. Exclusions include increases in the amount required to be raised for debt service and lease payments with county improvement authorities are to be added to the adjusted tax levy. Also included are increases required to be raised due to a reduction in state aid and increases in certain pension contributions as well as increases over four percent of the total health care costs which are above the average percentage increase of the State Health Benefits Plan.

The PBA concludes with its assertion that it has shown through its proofs and arguments that its last offer is the most appropriate and should be the basis for the award.

Arguments of the Borough

The Borough prepared a comparative analysis of the base salary adjustments proposed to assist in understanding the total compensation package of the Sayreville Police Officers. This package includes base salary, longevity, stipends, clothing allowance and the additional four hours of pay per pay period each officer receives and will continue to receive under either the Employer or Union's proposal.

In 2006 the Borough's wage offer of 2.5% results in an increase of \$412,893 or 5.7%, due to the additional expense of movement on the step guide. The cost of such movement is high and can be as much as \$7,000 per year for some officers. The PBA's proposal of 3.9% is .65% higher than that received by any other Borough employee and would result in an increase of \$517,929 or 7.1%. With the addition of the Union's proposed increase in Detective pay, this rises to \$529,929 or 7.3%.

Under the Borough's proposal a Patrolman in their 9th year of service would receive a salary of \$86,212 in 2006 with longevity this becomes \$87,936. The PBA's proposal results in an increase to \$87,389 or \$89,137 with longevity. A Sergeant in the 11th year would receive \$92,486 in base or \$96,185 under the Borough's proposal, or \$93,749, \$97,499 with longevity, under the Union's proposal. For a Lieutenant in twenty-first year the Borough's proposal results in a base of \$99,122, \$107,051 with longevity, versus the PBA's proposed \$100,475 and \$108,513 with longevity. A Captain with twenty-five

years of service would receive \$113,402 and \$124,742 with longevity, under the Employer's position while the PBA's proposal would result in a base salary of \$114,951 or \$126,446 with longevity. The Borough's proposal will cost \$412,893 or 5.7%.

The PBA seeks an increase in the stipend for Detectives from \$400 to \$1,000. While its' Chart 5 shows an average stipend of \$1,969 this is inaccurate. There are eight departments who receive a stipend but fifteen who pay no stipend. To accurately calculate an average those fifteen should calculated as a zero, changing the average for all of the departments to \$700. This average does not argue for a change that more than doubles the stipend as proposed by the PBA.

The Borough's proposal for 2007 of 2.75% would cost \$432,976 or 5.6% while the PBA's offer of 3.9% results in a cost of \$531,047 and with the Detective Stipend \$543,047 or 6.8%. In 2008 the Borough's wage proposal of 3% results in a cost of \$411,337 or 5.06%. In this year the PBA proposes an increase of 3.9% plus an additional \$750 and factoring in the additional Detective stipend the cost result is \$549,629 or 6.45%. In this last year of the Borough's proposal a Patrolman in the 9th year would earn a base salary of \$91,240 under the Borough's proposal or \$94,572 under the PBA's offer. With longevity the Borough's proposal would become \$93,065 and the Union's \$96,647. At the high end a Captain with twenty-five years would have a base salary of \$120,016 under the Borough's offer or \$124,390 under the Union's proposal, with longevity these figures become \$132,018 or \$136,829.

As noted above the Borough seeks a three year agreement. With the budgetary issues facing the State and municipal governments this is the most prudent course of action. State aid reductions have already hit this and other municipalities and the future of state aid is uncertain. Additionally, the affects of the 4% tax levy are only now being felt and dealt with. It is fiscally responsible not to settle an agreement for

more than the proposed three years to allow the parties the opportunity to return to the bargaining table to assess the state of budgetary matters. Additionally, the PBA's proposal for 2009 and 2010 actually increase to 4.25% resulting in increases of \$580,973 or 6.4% including longevity pay and \$552,616 or 5.86% without longevity calculations in the respective years.

Another factor that must be considered is the affect of the proposals on overtime costs. Assuming the same amount of overtime as in 2005 the Borough's offer would increase the cost of said overtime by \$18,363.54 while the PBA's proposal results in an increase of \$28,647.12 in 2006. In 2007 the figures become \$20,705.24 versus \$29,764.36 and in 2008 the disparity is \$23,208.30 or \$34,889.94. Over the three year period the cost of the same amount of overtime would bear an additional cost of \$66,276.73 under the Borough's proposal or \$93,301.42 under the PBA's suggested increases.

In addition to salary and longevity Sayreville Police Officers receive Terminal Leave pay when they retire. A Captain with twenty-five years of service in 2005 would leave with \$50,708.33. In 2008 this same Captain would receive \$55,008 under the Borough's proposal but \$57,012 under the Union's offer. With twenty-two officers of various ranks having twenty-five years of service in 2008 the affect of the differences in Terminal Leave are significant.

Viewed over the full length of the proposed contract terms, the PBA's proposal would cost \$2,708,134 or 7.5% per year over the five years proposed. The Borough's three year proposal results in an additional \$1,257,206 or 5.8% per year. Clearly, the Borough's offer is the more reasonable.

Interest and Welfare of the Public

The Borough has proposed salary increases that are in the best interest of the public. The PBA's proposal creates disparate treatment for the Police officers from the increases received by other Borough employees. As Arbitrator Weisblatt noted In the Matter of Interest Arbitration between Township of Holmdel and PBA, Local 239, Docket No. IA-93-163, "Consistency in treatment among bargaining units of the same employer is unquestionably in the public interest." The Association of Municipal Supervisors (SAMS) and AFSCME Local 3527 have settled recent and relevant agreements with the Borough. The settlement for SAMS provide for increase of 3.25% in 2006, 3.25% (plus \$225 added to base) in 2007 and 3.75% in 2008. The AFSCME bargaining unit received wage increases of 3%, 3.3% and 3.75% for the same years. Additionally, SAMS agreed to the new health insurance plan of the Borough and elimination of its Meal Allowance while AFSCME's agreement already provides for "substantially similar benefits" language in health insurance and added clarifying language on extended medical leaves and terminal leave.

The Union argues that law enforcement units have traditionally received the same or up to 1% more than other municipal employees. However, the Borough has seen no evidence to support this claim. While settlements may vary at times within a municipality, there is nothing presented to support the claim of police always receiving the same or more than other employees.

Faced with mounting budgetary constraints and reduced state aid, the Borough continues to provide an excellent level of health insurance coverage along with reasonable wage increases. Sayreville Police rank at the top of the County in terms of salaries yet the crime rate in

the Borough is twelfth our of twenty-four municipalities and eleventh in terms of violent crime.

Comparison of Wages, Salaries, Hours and Conditions of Employment

A comparison of the Borough residents to the Police shows that the per capita income in Sayreville in 1999 was \$24,732 with a median household income of \$58,919. In 2005 a Patrol officer with eight years of service received a base salary of \$84,000. A review of the previous eleven years shows that the police salaries have outstripped increase in median wage increases by 8.15% as shown below:

	National Median Wage	Sayreville PBA Increase	Increase over Median Wage
1995	3.0	4.0	+1.00
1996	3.0	3.75*	+0.75
1997	3.0	3.40	+0.40
1998	3.0	3.85	+0.85
1999	3.0	3.85	+0.85
2000	3.4	3.9	+0.50
2001	3.5	3.9	+0.40
2002	3.5	3.9	+0.40
2003	3.0	4.0	+1.00
2004	3.0	4.0	+1.00
2005	3.0	4.0	+1.00
Total	34.4	42.6	8.15

*Jan. 2.5% increase/July 2.5% increase

Additionally, most employees in the private sector share in the cost of health insurance with an average contribution of \$3,500 towards

family coverage. Sayreville officers receive their health insurance without any contribution.

Borough Police also fare better than their counterparts in government service in New Jersey in general as the table below shows:

	NJ Gov't* Increases	Sayreville PBA Increases	Difference
1995	2.9	4.0	+1.1
1996	2.8	3.75	+1.0
1997	3.0	3.4	+0.4
1998	3.3	3.85	+0.6
1999	2.1	3.85	+1.8
2000	3.0	3.9	+0.9
2001	3.3	3.9	+0.6
2003	3.6	3.9	+0.3
2004	4.2	4.0	-0.2
2005	1.9	4.0	+2.1
Total	33.2	42.6	+9.4

*Federal, State and Local Government employees in New Jersey

The Borough has provided below a comparison with teachers in Sayreville whose salaries are paid by the same taxpayers:

With 5 Years of Service

	Salary	Longevity	Total Salary
Police Officer	\$68,107	\$1,362 (2%)	\$69,469
Teacher (BA)	42,000		42,000
Teacher (MA)	44,000		44,000

With 15 Years of Service

Police Officer	\$84,109	\$5,047 (6%)	\$89,156
Teacher (BA)	70,100	1,500	71,600
Teacher (MA)	72,100	1,500	73,600

With 25 Years of Service

Police Officer	\$84,109	\$8,411 (10%)	\$92,520
Teacher (BA)	70,100	1,600	71,700
Teacher (MA)	72,100	1,600	73,700

The above shows that in 2005 a teacher at the top salary received \$70,100 which equated to that of a Patrolman in their seventh year of service. A teacher with forty-one years of service receives longevity of \$2,000 which is less than that paid to a Police Officer with ten years of service. Additionally, a retiring teacher with thirty years of experience receives between \$9,800 and \$10,800 in terminal leave while a police officer receives up to \$20,000 in annual sick leave and \$38,000 in Terminal Leave.

What's more, Sayreville teachers contribute towards the cost of health insurance, paying up to twenty percent of the increase in premiums over those in place in 1998-99 and/or 2004-05 as well as forty percent of the difference in premiums from those in place in 2004-05.

While the PBA dismisses the comparison with Sayreville's teachers, arguing that the industry standard for teachers and police vary in the area of incremental cost, the new cap of 4% doesn't distinguish increase from increment. It establishes a 4% cap which makes the total cost relevant regardless of previous standards.

Within the Borough twenty-nine of the thirty highest paid employees work in the Police Department and twenty-eight of them are within

one of the bargaining units. The Borough Administrator is not in this top thirty group and none of the SAMS members are part of this group. In addition to ranking at the top of the salary listings in the Borough the police enjoy a superior retirement plan as well as greater longevity and a greater payout for accumulated sick leave at retirement plus educational expenses not afforded other employees.

In 2005 the top salary without longevity for a Sayreville officer was \$84,109. This ranked top in the County as shown below:

Municipality	# of Steps	Salary w/o Longevity
Sayreville	9	\$84,109
Piscataway	7	81,971
Edison	7	80,113
Woodbridge	6	79,780
East Brunswick	6	79,520
Highland Park	7	77,992
Cranbury	9	76,869
North Brunswick	8	76,824
South Plainfield	6	76,139
Plainsboro	6	75,168
New Brunswick	6	74,427
Spotswood	7	74,004
South Brunswick	6	73,488
South Amboy	7	73,332
Carteret	6	73,146
Old Bridge	10	73,128
Perth Amboy	5	73,108
Middlesex Boro.	6	72,432
Metuchen	6	71,959
Monroe	6	71,614
Jamesburg	6	70,290

South River	8	70,139
Dunellen	7	70,086
Milltown	6	68,147
Helmetta	6	57,676

Sayreville's ranking falls to number two when longevity is added but rises to number one when longevity and clothing allowance are factored into the equation for a ten year officer. The ranking falls to number two again when the maximum salary with longevity and clothing allowance is considered as noted in the chart below.

Municipality	Salary w/o Long.	Senior Office %	Senior Officer \$	Long. %	Long. \$	Cloth. Allow.	Total Salary
Edison	80,113	6.25	5,007	10	8,512	In guide	\$93,632
Sayreville	84,109			10	8,411	InGuide	92,520
Piscataway	81,971			10	8,197	\$1,300	91,468
E. Brunswick	79,520			12	9,542	In guide	89,062
No. Brunswick	76,824			12.5	9,603	2,473	88,900
Woodbridge	79,780			9.5	7,579	In guide	87,359
New Bruns.	74,427	3	2,233	10	7,666	1,085	85,411
Old Bridge*	73,128			15	10,969	1,200	85,297
So. Plainfield	76,139			8	6,091	1,250	83,480
Spotswood	74,004		500	10	7,450	1,250	83,204
So. Amboy	73,332			12	8,800	875	83,007
Highland Park	77,992				4,000	850	82,842
Carteret	73,146			12	8,778	In guide	81,924
PerthAmboy**	73,108			10	7,311	950	81,369
Monroe	71,614			11	7,878	1,800	81,292
Cranbury	76,869				2,500	1,200	80,569
Metuchen	71,959			10.5	7,556	1,025	80,540
So. Brunswick	73,488		1,500		3,000	1,100	79,088
Plainsboro	75,168				3,550		78,718
Dunellen*	70,086			10	7,009	1,025	78,120
Milltown	68,147	Corp.	2,868	8	5,681	1,300	77,996
Jamesburg	70,290			8	5,623	1,550	77,463
So. River	70,139			8	5,611	1,100	76,850
MiddlesexBoro	72,432					1,400	73,832
Helmetta	57,676		1,000	6	3,521	750	62,947

*July-June guides. January salary listed

** Mid-year increases – December salary listed

Sayreville officers also receive the most generous retirement benefits in the County. Contrast this with the Borough's ranking in net property valuation, tenth, and residential sales prices, fifteenth, and one sees why the general tax rate increased by 67.11% from 1996 to 2007 and average residential taxes increased by 76.7% during this same time period. Clearly, Sayreville police officers are doing very well when compared with private or public employees in general, or with other Borough employees, or with other municipal police officers in the County.

Overall Compensation

Besides earning a top salary of \$84,109 in 2005 a Sayreville officer also received longevity up to 10% of his/her salary, vacation leave of up to 28 days, 16 sick days per annum, up to \$20,000 in accumulated sick leave pay at retirement, terminal leave with a maximum of \$38,550 for a twenty-five year patrolman, on-duty job injury leave, up to 4 bereavement days, tuition reimbursement, medical insurance, a prescription plan, a dental plan, medical coverage for retirees, life insurance, disability insurance, overtime payments and off-duty job opportunities at a rate of \$45 per hour. A patrolman with eleven or more years of service using all of his/her allotted vacation and personal days could work 149 days in a year. This equates to 1,527.25 hours. Said patrolman with longevity receives \$94,890 in 2005 or \$62 per hour.

When this entire package of benefits and salary are viewed as a whole it is understandable why turnover in Sayreville's Police Department is virtually unheard of. The Borough's proposals will continue to maintain the Department in a very competitive situation. The

Borough does seek to change the work schedule of the three Captains to that of the Chief, namely a 5 day on, 2 day off, Monday through Friday schedule. This change is sought to better administer the responsibilities of the department. While the Chief is responsible for the whole department, each Captain is responsible for a division. The Chief relies upon these Officers to update him on their division's operations and to carry out his directives. To do so he must be able to meet with them on a regular basis. Currently, there are only two days when all three Captains are available for such meetings. Additionally, weekends pose a critical time for the department due to the many events held then as well as the number of bars and clubs in the Borough. It is important for the Chief to be able to meet with his Captains strategize for the weekend on Friday and then review matters on Monday but this can't happen under the current work schedule.

At some point in the past officers who work two hours of overtime were granted a meal allowance of \$9. As these officers now make an average of \$72 per hour at the overtime rate, they receive \$144 for this two hour period. It is unreasonable to continue a practice created in a different era at a time when officers enjoy such incomes. Indeed, in many departments throughout the state officers work twelve hour shifts with no meal allowance. This antiquated practice makes no sense in this time period. Additionally, while the PBA agrees to the elimination of this antiquated benefit, it seeks an offset of \$750 to base salary for the loss of this benefit. This equates to 83.3 meal allowances, a very unlikely average of the number of meal allowances provided.

The Borough also seeks the elimination of Terminal Leave, another leftover benefit from times past when police salaries and therefore pensions were not as competitive as they are today. Terminal Leave was an attempt to reward an officer with long years of service as they retired from public service. Once again when one considers the

current state of salaries and benefits offered in Sayreville this reward comes in the form of a much improved pension and health insurance after retirement. Additionally, none of the current officers will suffer any loss under this proposal.

As noted earlier SAMS has accepted the Borough's new insurance program while AFSCME's agreement allows the Borough to switch plans on a "significantly similarly benefits" level. The Borough seeks this same flexibility from the PBA. At one point in negotiations the PBA had verbally agreed to allow the Borough this flexibility but later withdrew that agreement. Indeed, the Borough had sought language providing for a switch of carriers if the benefit levels were "similar" to which the PBA countered the term "substantially similar". The Borough has adopted this terminology in spite of the Union's withdrawal of its agreement. The current provision of "equal to or better benefits" is too restrictive in today's marketplace. The Employer must be able to search the market for better plans at a more reasonable price. As health insurance premiums continue to rise at double digit rates, it is imperative that the Borough be able to shop on a consistent basis for the best plans available and to be able to negotiate the best rates. Such flexibility is essential to the well being of the Borough, its taxpayers and ultimately to its employees.

Lawful Authority of the Employer

According to the Appellate Division in Local 207 v. Borough of Hillsdale, 263 N.J. Super, 163, 188, (App. Div. 1993) the financial impact requirement of the statute does not equate to the municipalities ability to pay. Indeed, Arbitrator Barbara Tener In the Matter of Interest Arbitration between Borough of Oakland and Oakland PBA Local 164, IA-93-069 (1994) stated that "the question of whether the Borough can afford the PBA's offer is not dispositive in this case."

Police salaries in 2005 represented 33% of the total appropriations under the cap. In the instant matter the PBA's proposal will cost the Borough \$2,720,134 in increased salaries, longevity and detective stipend over the five years proposed by the Union. This excessive demand is likely to create other problems such as other employees being required to take smaller increases or benefits, or a drawdown of the Borough's surplus to avoid increasing the cost of the overall budget or larger tax increases. Given the fact that the Borough property tax rate has increased nearly 40% over the last eight years, this demand cannot be sanctioned. Sayreville has a diverse population many of whom are struggling to get by. 4.7% of its residents live at the poverty line while 10% receive Social Security. Increasing their tax burden is not sound financial policy for the Borough.

The Borough's budget, prior to any increase to its police, rose 4.95% in 2006 and 7.8% in 2007, despite the efforts to cut spending. In 2006 all department budgets except Sewer were reduced by 5% and in 2007 they were held to the 2006 levels. This burden was absorbed by the taxpayers. Additionally, the Township experienced significant increases in such items as Police and Fire Retirement System -PFRS) of:

\$300,000 in 2006
\$548,000 in 2007
\$592,000 in 2008.

Similar increase to the Public Employment Retirement System (PERS) of:

\$108,000 in 2006
\$128,000 in 2007
\$211,000 in 2008

had to be absorbed in the budgets of those years. These contributions represented increases of 426.34% for PFRS and 883.11% for PERS.

Payments to the Middlesex County Utilities Authority rose by \$428,000 in 2007 and an increase of \$185,000 is projected for 2008. Health Insurance premiums rose by \$476,000 in 2006 or 12.5%. In 2007 the Borough was able to reduce the increase to \$132,500 or 3.1% by switching insurance carriers but anticipates an increase of 7.1% in 2008. Electricity costs rose \$52,000 in 2006 and \$24,000 in 2007 while natural gas rose by \$130,000 in 2006 as gasoline and diesel increased by \$180,000.

Revenues have been affected as well. In 2007 the Borough received an increase of \$1,030,000 in Energy Receipt Taxes but saw an equivalent cut in its Consolidated Municipal Tax Relief. While in 2006 the Borough received a \$450,000 payment from its Economic Redevelopment Agency, this is expected to be a one time payment and not repeated in other years. As the chart below shows the excess of Realized revenues over Anticipated revenues has decreased over the last three years contrary to the Union's argument:

Year	Anticipated	Realized	Excess
2005	\$42,750,759	\$44,832,383	\$2,081,623
2006	\$44,466,569	\$46,446,067	\$1,945,691
2007	\$48,073,980	\$49,973,480	\$1,863,500

The Borough's surplus of which \$264,000 was used to limit the tax burden in 2006 and 2007 is likely to be strained as revenues from recreation fees, hotel and motel taxes, rental agreements and Cable TV fees that previously went directly into surplus must now be considered general revenue resulting in less surplus. In 2007 these revenues went into the surplus to the tune of \$463,075. While residential development continues, the cost associated with it such as street lights, street maintenance, garbage collection and other costs add new burdens to the budget.

As shown below the end of the year balance that can be used as revenue in the following year has decreased:

Year	Balance as of 12/31	Utilized in New Year	% Utilized
2007	\$3,454,743	\$2,900,000*	83.9
2006	\$4,618,173	\$4,350,000	94.19
2005	\$4,601,053	\$4,100,000	89.11
2004	\$5,013,099	\$4,600,000	91.76

*Estimate based on introduced 2008 Budget.

Throughout these difficult budgetary times the Borough has had to deal with two municipal caps. The cap on the tax levy is 4% for 2008, meaning that the 2007 municipal tax level of \$19.8 million will have a cap increase for 2008 of \$792,000. Compare this to the increased tax levy of \$1.4 million in 2006 and \$1.7 million in 2007. The 2008 levy represents only 47% of the increase in 2007. Secondly, the appropriations cap remains 2.5% or 3.5% with a formal ordinance from the Borough. While a limited number of exceptions exist, health insurance which rose 12.5% in 2006, 3.1% in 2007 and an anticipated 7.1% in 2008 is not one of the exceptions. The Borough is obligated under law to remain within these caps. The PBA's final offer would clearly negatively impact on the Borough's budget and its ability to maintain its other obligations, resulting as noted above in decreased wage increases or benefits for other Borough employees, and/or reduced surplus.

The Cost of Living

Police Officers in the Borough have enjoyed wage increases well above the cost of living. The following chart shows the Consumer

Price Index for All Urban Consumers (CPI-U) from 1995 through 2005. In that time period the CPI-U rose 28.1% while police salaries went up by 42.6%.

Year	CPI-U %Increase	PBA % Increase	% Increase above CPI-U
1995	2.8	4.0	+1.2
1996	3.0	3.75	+0.8
1997	2.3	3.4	+1.1
1998	1.6	3.85	+2.3
1999	2.2	3.85	+1.7
2000	3.4	3.9	+0.5
2001	2.8	3.9	+1.1
2002	1.6	3.9	+2.3
2003	2.3	4.0	+1.7
2004	2.7	4.0	+1.3
2005	3.4	4.0	+0.6
Total	28.1	42.6	+14.5

The Borough's proposal will result in a three year increase of 17.3% or an average of 5.8%, which is well above the inflation rate. The PBA's proposal results in far greater increases above the CPI and has no basis in the reality of the cost of living.

The Continuity and Stability of Employment

Continuity and stability of employment for police in Sayreville is undeniable as there has never been a layoff of Police Officers in the history of the Borough. A member of the Police Department is basically guaranteed a lifetime post. Contrast this with the private sector where layoffs are common place and many employees are "at will" employees with no real job protection. Sayreville police not only have the statutory protection provided all police officers in New

Jersey; they also have Civil Service protection and contractual protection.

The Borough concludes that its exhibits and testimony are conclusive proof that its last offer is the most appropriate and most fair to its employees and residents as well.

DISCUSSION AND ANALYSIS

N.J.S.A. 34:13A-16d (2) requires the arbitrator to “separately determine whether the total net annual economic changes for each year of the agreement are reasonable under the eight statutory criteria...” listed earlier. Each criteria must be considered and “due weight” must be given to each criteria found to be relevant by the arbitrator. Additionally, the arbitrator must explain any criteria found not to be relevant.

The Borough submitted ninety-eight exhibits at the hearing and supplemented these with additional exhibits in its brief and reply brief. The PBA presented thirty-two exhibits at the hearing and supplemented these in its brief and reply brief. This information as well as the parties’ arguments and testimony have been carefully considered and examined in light of the statutory criteria. Each of the criteria has been considered and deemed relevant, although the weight given to each varies. The weight given to each criterion has been noted and discussed. The total net annual economic change for each year has been determined in concluding that those changes are reasonable under the criteria. Additionally, I note that N.J.S.A. 34:13A-16g (8) requires consideration of those factors ordinarily or traditionally considered in the determination of wages, benefits, and employment conditions. Accordingly, I have been guided by the decision making principles typically used in deciding interest

arbitration disputes. One such principle is that the party proposing a change in an existing term or condition of employment bears the burden of justifying the proposed change. I have applied that principle to the issues herein.

Each party related their evidence and argument to their last offer in light of the statutory criteria as noted above. Each party found their last offer to be reasonable and the offer of the other side to be wanting. Under conventional arbitration, it is the arbitrator who fashions the terms of the award rather than the final offer of one party or the other. Therefore, in this conventional award, it is the terms of the award rather than the final offer of one party or the other which must be reasonable. In light of this I will set forth the award at this time so the terms of the award will be the reference point for discussing the evidence and applying the statutory criteria.

The parties differ on the length of the successor agreement. The PBA has proposed and argued for a five year agreement while the Borough seeks a three year term. A five year agreement provides stability as well as the ability for each side to plan for upcoming years, especially in light of the fact that over two and one-half years of the agreement have passed at this time. However, the economic times and the uncertain affects of the new Cap law argue for a shorter period of time. Additionally, as the PBA was able to present only two settlements that extended into 2010, the comparison of salaries and benefits with other municipalities in that year is limited at best. As an award of a three year settlement would place the parties back at the bargaining table immediately which is not conducive to the stability of employment nor the interests and welfare of the public, I will award a four year term, 1/1/06 through 12/31/09.

As noted and outlined earlier the parties have stipulated agreement to several issues: Article V - A.1 and C. 2, Article VIII – I, and Article

XI, A.4. These stipulations are hereby included in this award. While the parties agreed to eliminate the language of the meal allowance in Article VIII, Section F, the PBA sought an offset of an increase in base salary of \$750 for loss of the meal allowance while the Borough opposed any offset. As I have dealt with this offset question in the last year of the agreement, the elimination of the meal allowance from Article VIII, F will be effective on January 1, 2009 as well.

I shall award the following:

Article VIII, Section A – effective 1/1/09 the schedule for all Captains shall be eight (8) hours per day in a 5-days on and 2-days off schedule, Monday through Friday. The Captains will not suffer the loss of any accumulated leave time hours in the conversion to the 5/2 schedule. The Union suggested that if this proposal was granted leave could be frozen and maintained in “a separate bank for leave time already accumulated and...future earned time to be accumulated and paid out at eight (8) hours per day”. I adopt the Union’s suggestion as to leave time. I will also award the Captains in Article IX.A two (2) additional vacation days from the beginning of the eleventh year and in Article XI.B that “the first four (4) days of personal leave shall be granted without charge to sick leave or vacation allowances and two (2) days shall be charged to the employee’s yearly allowance of sick time” in recognition of the additional work hours involved in switching to the new schedule.

Article XI (B) (1) – Leaves of Absence and Sick Leave

Effective January 1, 2009 this section shall read as follows:

Every employee covered by the terms of this Agreement shall be granted up to six (6) days off per calendar year with pay for personal reasons provided; however, that they make application

to the Chief of Police, or his designee for such personal leave, two (2) days in advance of the required leave.

Notwithstanding the above, employees shall be permitted to use two (2) sick days as Emergent Leave Days, provided the employee has at least three (3) sick leave days available. When an employee uses Emergent Leave, he/she does not have to provide the reason for the leave, but only needs to provide a one (1) hour notice to the Shift Commander.

The first two (2) days of personal leave shall be granted without charge to sick leave or vacation allowances and four (4) days shall be charged to the employee's yearly allowance of sick time.

Article XII, Section A – second paragraph shall read as follows:

“The Borough reserves the right to change insurance carriers as long as the same or substantially similar benefits are provided.”

Article XVI, Section H – Terminal Leave shall be modified to remove unnecessary language as proposed by the PBA except the last line of subsection 3 will read “than January 30th of the next year.”

Article XVIII – Salaries

Effective January 1, 2006 – 3.5% increase in all steps and ranks

Effective January 1, 2007 – 3.75% increase in all steps and ranks

Effective January 1, 2008 – 3.75% increase in all steps and ranks

Effective January 1, 2009 – 3.75% increase in all steps and ranks

Effective January 1, 2009 - \$225 will be added to all employees base salaries

The above listed increases result in a salary guide as follows:

	2005	2006	2007	2008	2009
Academy	\$36,213	\$37,480	\$38,886	\$40,305	\$41,817
PostAcademy	38,895	40,256	41,766	43,332	44,957
2 nd Year	43,698	45,227	46,923	48,683	50,734
3 rd Year	49,800	51,543	53,476	55,481	57,787
4 th Year	55,903	57,860	60,029	62,280	64,841
5 th Year	62,005	64,175	66,582	69,079	71,894
6 th Year	68,107	70,491	73,134	75,877	78,947
7 th Year	73,564	76,139	78,994	81,956	85,255
8 th Year	80,617	83,439	86,568	89,814	93,407
9 th Year	84,109	87,053	90,317	93,704	97,443
Sergeants	90,230	93,388	96,890	100,523	104,518
Lieutenants	96,704	100,089	103,842	107,736	112,001
Captains	110,636	114,508	118,802	123,257	128,105

Detective Stipend shall be increased to \$800 effective January 1, 2006 and \$1,000 effective January 1, 2009.

Any proposal of either party not mentioned above is not awarded.

Costing of Salary

The total net annual economic change for each year of the agreement must now be calculated. The quantifiable, significant economic changes are the salary increases and the increase in detective stipend. The addition of \$225 to base salaries is in lieu of the meal allowance or the trade-off of one expense for another. The change in health insurance language has an economic value but the change is not quantifiable given the information presented in the record. I will deal with the impact of this change later in the award. The schedule

change for Captains deals with only three members of the bargaining unit while the Terminal Leave change is only a matter of removing some antiquated and superfluous language. The Emergent leave language does not result in any additional time off.

The current bargaining units consist of 62 patrol officers, 17 sergeants, 8 lieutenants and 3 captains. Using the calculations presented by the Borough in Exhibit B-95, the total salaries for all employees noted above in the base year of 2005 was \$6,920,592 exclusive of longevity or \$7,277,226 with longevity added. Additionally, twenty officers received a detective stipend of \$400, raising the total base to \$6,928,592 or \$7,285,226 with longevity.

In 2006, the Borough calculates that its proposal of 2.5%, excluding the detective stipend, raises its cost to \$7,303,720, an increase of \$383,128 or 5.5%, due to the cost of incremental step movements; with longevity the figure rises to \$7,690,119 or 5.7%. The PBA's proposed increase of 3.9% would raise the guide cost to \$7,403,472 an increase of \$482,880 or 7%, inclusive of the incremental step movement but excluding longevity. When longevity is added the figure is \$7,795,155 or 7.1%. In addition, the Union would increase the detective stipend from \$400 to \$1,000. This results in an additional cost of \$12,000 for a total of \$7,815,155 or 7.27%.

28 of the 62 patrol officers were at the top step in the base year of 2005. There is no step system for the ranks of sergeants, lieutenants, or captains; all receive the same base salary. The costs calculated here assume that there will be no resignations, retirements, promotions or new hires. Changes in personnel since the presentation of the 2005 base salaries aren't relevant to the calculations herein as both parties proposals are based on the same complement of officers.

In 2007, the Borough's proposal of a 2.75% increase results in a base of \$7,692,886, exclusive of longevity, or an increase of 5.3%. Factoring in longevity the figure becomes \$8,123,095 or 5.6%. The PBA's proposed increase of 3.9% results in a base of \$7,885,213 or 6.5% and with longevity and detective stipend an overall cost of \$8,346,202 or an increase of 6.8%. For 2008 the Borough's proposed 3% increase raises the base to \$8,075,744 and an overall cost including longevity of \$8,534,432 or 5.1%. The PBA's proposal of an additional \$750 plus 3.5% results in a base of \$8,387,800 or \$8,883,831 when longevity and detective stipend are added, for an increase of 6.44%. As the Borough made no offer for 2009 no comparisons can be made. In the three years above the Borough's offer would result in an increase of 16.4% while the PBA's proposal would increase a total of 20.51%

In 2006, I have awarded a 3.5% increase, resulting in an increase of \$242,221, exclusive of incremental movement or longevity. The new base is now \$7,162,813. With incremental movement the new cost becomes \$7,374,984 and with the inclusion of longevity the figure becomes \$7,765,144. I have also increased the detective stipend by \$400 or \$8,000 in total which results in an overall increase of \$250,221 and raises the overall costs inclusive of steps and longevity from \$7,765,144 to \$7,773,144 or 6.7%.

For 2007, the increase will be 3.75% or a base increase of \$268,605 exclusive of steps and longevity. The base cost is \$7,431,418 and with incremental movement and longevity the total cost becomes \$8,282,173 or 6.7%.

The increase of 3.75% in 2008 results in an increase excluding increments and longevity of \$278,678 and a new base cost of \$7,710,096. With incremental movement and longevity the 2008 cost becomes \$8,764,926 or 5.8%.

In 2009, the 3.75% increase raises the base by \$288,850 to \$7,999,225, excluding incremental movement and longevity. With step movement and longevity the number becomes \$9,283,904. Additionally, I've increased the detective stipend by \$200 for an increase of \$4,000. Including step movement, longevity and detective stipend, the total cost becomes \$9,303,904. Using the 2008 cost of \$8,764,926 plus \$16,000 in detective stipend, the total cost in 2008 was \$8,780,926, resulting in a 2009 increase of 5.9%.

I will discuss these costs in relation to the statutory criteria in the following sections and indicate why I have determined that they are reasonable under the criteria. I will also more fully discuss the cost of incremental step movement and longevity in the comparison section.

At this point, it is important to note several items for comparison purposes. Historically, incremental movement has not been factored into the costs by the parties as the incremental costs vary from year to year based on the turnover of personnel. As noted the figures above presume no turnover but in reality there will be personnel changes over the four years of this award. As noted by the Borough there will be 22 officers with twenty-five years of service by 2008 or 25% of the combined bargaining units. The likelihood of some retirements is high, resulting most likely in senior officers being replaced by employees at the academy rate. A senior patrol officer with longevity would leave at a 2005 salary of \$92,520 to be replaced by a recruit at \$36,213; the resultant "breakage" would reduce the overall cost of the unit. To gain a true picture of the actual costs one would need not only the costs of the incremental movements but also the breakage numbers within a given year. As it is impossible to determine the actual number of officers who may retire or otherwise leave the force over the life of an agreement, the actual costs cannot be determined. Therefore, the parties have historically presented information based on

the top salary in the patrol unit or the salary of the various ranks and comparisons have been made based on across-the-board increases.

Joint Exhibit 1, the parties CBA for the years 2003 through 2005, shows that an additional step was added in 2004. Adding steps such as this is a way of saving cost as it takes an employee longer to reach the maximum than previously, thus reducing the number of years that an employee would be at the maximum step. However, this adds to the cost of the incremental movement in future years as the employee stays within the step system for a longer period of time before attaining the maximum step. While this presents an apparent increase in the incremental costs, it is actually a savings from the costs that would have accrued had the step not been added. While a review of salary guides from other contracts may show where additional steps were added, without the knowledge of how many employees were thus affected there is no way to know the actual cost of the increases agreed upon within these guides. This has been another factor in the parties historically making comparisons on the basis of across-the-board increases.

While the Borough's cost exhibits on the wage proposals noted above include the incremental step movement and the increases in longevity due to the proposed salary increases as well as the movement within the longevity levels, none of its internal or external comparisons show the costs for such movement. All of the comparisons are made based on across-the-board increases. For example, internally AFSCME Local 3527 settled for increases of 3% in 2006, 3.3% in 2007 and 3.75% in 2008. The AFSCME agreement provides for 10 steps, each of which has been increased by the above percentages but the overall costs including the step movement of personnel within the AFSCME unit has not been provided. Additionally, these employees receive longevity but no cost figures are available to determine the overall cost of the percentage increases. Therefore, there is no way to

determine a comparison of the overall costs of the percentage figures noted for each year. Likewise, the external comparisons of both parties present no data on the incremental or longevity costs of other police departments. Each party has made comparisons based on the top salary of the patrol units presented and across-the-board increases. Each has also made comparisons of the top step including longevity but only as longevity affects the top step within a department, not the affect of the increases in salary on all longevity costs or the cost of movement within the longevity levels of the various departments.

Interest and Welfare of the Public

The statute in N.J.S.A. 34:13A-14b clearly states that the public policy of the State is “to ensure that the procedure so established fairly and adequately recognizes and gives all due consideration to the interest and welfare of the taxpaying public....” The New Jersey Supreme Court in Hillsdale has emphasized the importance of the public interest in interest arbitration decisions. The legislature has stated that the policy requires that “arbitrators fully recognize and consider the public interest and the impact that their decisions have on the public welfare, and fairly and reasonably perform their statutory responsibilities to the end that labor peace between the public employer and its employees will be stabilized and promoted....” (N.J.S.A. 34:13A-14c)

This is a broad criterion that requires consideration of fiscal responsibility as well as the compensation package needed to attract and retain a highly productive law enforcement department with high morale and dedication to their important tasks. While labor stability is implicit in this criterion, the fiscal limitations placed on the employer by the Cap law must also be part of the balance. The public needs and requires an adequate level of services, especially law enforcement

services. A police force that is reasonably compensated provides for high morale which leads to stability, efficiency and effectiveness. The arbitrator must balance the Employer's desire to provide these services in the most cost effective way for the taxpayers with the employee's interest in receiving salaries and benefits commensurate with their service to the community which service is inherently stressful and dangerous. Therefore, I have given considerable weight to this criterion.

Some demographic information is helpful to understand the Borough of Sayreville. The last census in 2000 shows a population of 40,377 of which approximately 12% were 65 or older. 85.6% of the adult population are high school graduates with 25% holding a bachelor's degree or higher. The largest segment of occupations was management-professional with 35.5% of the civilian working population, followed by sales and office occupations at 31.3%. In Middlesex County (the County) the percentage of adults with a high school education was 84.4 with a third holding bachelor or higher degrees. The median household income in Sayreville was \$58,919 and the median family income was \$66,266. The corresponding numbers for the County were \$61,446 and \$70,749. In Sayreville 98.2% of the housing units were occupied with roughly two-thirds owner occupied and one-third rental units. The median value of a single-family home was \$153,400. In the County 97.1% of the housing units were occupied with a similar two-thirds to one-third split in owner occupied and rentals, and the median value of a house was \$168,500.

The New Jersey Municipal Data Book shows the total crime rate per 1,000 population in Sayreville was 19.4 in 2005 with violent crime at 1.4. The corresponding numbers in 2006 from the NJ State Police Uniform Crime Report were 20.8 and 1.6. Each statistic places the Borough 9th of the 25 municipalities in the County. Additionally, the

Borough lies within close proximity to the Garden State Parkway, the NJ Turnpike and Route I-287 as well as state routes 1, 9 and 35.

Duration of the agreement is a threshold issue. As noted above a longer contract provides stability and labor peace as well as the opportunity for both parties to plan their futures. A shorter contract allows the opportunity to deal with economic fluctuations on a more immediate basis. In the instant matter I believe that the three year duration proposed by the Borough is not in the public interest as it would place the parties back at the negotiating table immediately. There would be no stability in their labor relationship with the union, nor any time for the parties to catch their breath before diving into the next round of bargaining. On the other hand there is too little data available on wage increases to award a five year duration. The PBA's exhibit on wage increase in 2010 shows only two settlements and internally the other Borough agreements expire at the end of 2008. I believe that the four year term awarded is in the best interest of the public.

A review of the information and exhibits presented shows department members are in a reasonably strong position within the County in terms of salaries and benefits. The PBA's own charts show that the number of step movements needed to reach maximum is average in the County. Its presentation in Chart 4, noted above, shows that in the base year of 2005 its top patrolman's salary inclusive of clothing allowance, longevity and holiday pay was above the County average with all of these factors calculated. Of the seventeen departments listed six had a higher rate and ten were below. While the Borough's comparison shows the department in a much stronger position, second in the County, it fails to include holiday pay in its calculations. The increases awarded are higher than those proposed by the Borough but less than sought by the Union. I will go into more detail in the comparison section of the report but suffice to note here that the

average increase in the County for the first three years was 11.86% and for the four years of the award was 15.84%. The Borough's across-the-board increases totaled 8.25% over the three years of its proposed agreement while the Union's proposal resulted in a three year increase of 12.2% (I've calculated the Union's third year proposal of \$750 plus 3.5% as 4.4%), followed by increases of 4.25% in each of the next two years with a four year total of 16.45%. In the first three years of the award the increases total 11% and for the four full years duration 14.75%. The increases awarded should maintain the department in a strong position within the County, continuing the Borough's ability to retain and attract highly skilled police officers. While the awarded increases are below the percentage averages in the County, they are sufficient to sustain the department's relative position within the County.

The awarded increases are above the internal comparisons in the first two years but as noted are inline with or below law enforcement settlements during that period. The Association of Municipal Supervisors (SAMS) settled a three year agreement, 2006 through 2008, for increases totaling 10.25%. Additionally, this unit received an increase to base salaries in 2007 of \$225 in lieu of eliminating their meal allowance. While the elimination of the meal allowance is a trade-off for the increase to base, it does raise the base in 2007 upon which the following year's percentage increase is calculated. This has a small affect but should be noted. The AFSCME unit settled in this same time period for increases totaling 10.05%, well above the Borough's proposed increase herein and not substantially below those awarded.

The Public Employment Relations Commission (PERC) provides information on across-the-board salary increases throughout the state involving uniformed service personnel. In 2006 the average increase in salaries awarded in interest arbitration awards was 3.95% and the

average increase of reported voluntary settlements was 4.09%. In 2007 the corresponding numbers were 3.77% and 3.97% and in 2008 the increase percentages were 4.01 and 3.98. The three year totals are 11.73% and 12.04%.

A common theme among employers in negotiations throughout the state and elsewhere is the rising costs of health insurance. The increasing costs trends in this area are clearly a concern for the public interest. I note here that the employer proposed one change to the health insurance article, involving language on switching carriers. I have awarded this change and will go into more detail and rationale later but it should be known here that the employer made a switch of carriers in late 2006. This switch has been the cause of great consternation between the parties and prompted the filing of Unfair Labor Practice charges at PERC. For my purposes at this juncture I note the change awarded is in the public interest as an aid in containing these rising costs. While specific savings figures were not presented, the employer did indicate in its brief that health insurance costs rose by 13.02% in 2005 and 12.5% in 2006 but after the insurance switch the increase was a more modest 3.1% in 2007. This smaller increase in insurance costs also aides in the Borough's ability to afford the increase in 2007 and thereafter.

Fiscal responsibility is also an element of the public interest. The award in terms of salary and benefits is designed to create a balance that is fiscally prudent and responsible. The salary rates proposed will maintain the department's overall position within the County while the insurance change allows the Borough its proposed cost containment. The increases awarded are not significantly above those already granted to other groups within the Borough. The Borough is extremely well-managed and has been able to generate a surplus each year for use in the following year's budget. The increases awarded

should present no difficulties with the Cap Law restrictions. The public interest in this regard has been appropriately considered.

As noted earlier, the change in sick leave does not add any time to that currently received. It allows police officers the opportunity to use sick leave for emergency purposes but only if a threshold number of sick days remain in the officer's sick leave account. The change in Captain's schedule is made to accommodate the administrative needs of the department. It is in the best interest of the public if the command structure of the department is one that the Chief believes works best and provides the department with the best overall service. The Captains will maintain their accumulated benefit levels but this adds no additional costs and the additional leave time is in lieu of the extra hours to be worked. The change in Terminal Leave language clarifies some cumbersome language currently in this section dealing with outmoded dates. I have not awarded the Borough's proposal to freeze the terminal leave to current employees only. This leave provision can be an impetus to senior officers considering retirement from the department which as noted above can result in a considerable breakage in salary.

In summary, I find the terms awarded will allow the Borough to continue to provide the public with highly skilled and effective law enforcement within reasonable fiscal proportions. The interests and welfare of the public is well served by a stable and experienced police force and the terms of this award will maintain that force while providing its police officers with reasonable and responsible increases.

Comparison of wages and Conditions of Employment

This criterion is multi-faceted in that it requires a consideration of the comparisons of the elements of wages, salaries and conditions of employment of the employees herein with those in the private sector

in general, public employment in general and public employment in the same or similar jurisdictions. I have given this criterion considerable weight. Each party has provided extensive exhibits in regards to this criterion as well.

In considering the first part of the criteria on private sector comparisons, it must be understood that police officers perform an inherently public sector task. The duties and responsibilities of a police officer are prescribed by law and there is no private sector position with which to make a direct comparison. Arbitrator Weinberg described it best in the Village of Ridgewood matter in which he wrote, "The police function is almost entirely allocated to the public sector whether to the municipality, county, state or the national armed forces. Some private sector entities may have guards, but they rarely construct a police function. There is a vast difference between guards, private or public, and police. The difference is apparent in standards for recruiting, physical qualifications, training, and in their responsibilities." The parties have provided no data on this comparison and I give this sub-factor little weight.

In the area of comparison with the private sector in general, the Borough presented in its Exhibit 25 the increase in Nationwide Median Wages which were 3% in 2005 and 3% in 2006. In its report from January 4, 2007 the Bureau of National Affairs (BNA) notes that, "The all-settlements average first year wage increase under contracts negotiated in 2006 was 3.3 percent.... The average second year increase reported in 2006 was 3.4 percent... and the average third year increase was 3.3 percent...." PERC by statute (N.J.S.A. 34:13A-16.6) is required to conduct a survey of private sector wage increases and the arbitrator takes notice of the date provided. The report compiled by the NJ Department of Labor and Workforce Development (NJDLWD) is given to its arbitrators each year. This report showed an increase of 4.6% in New Jersey from 2005 to 2006

in total private sector wages. The most recent survey covering 2006-2007 shows an increase in total private sector wages of 4.3%. The report also breaks the survey down by county. Middlesex County averaged 4.15% over the two years surveyed.

Considering the above, the increases awarded herein are reasonable both in comparison to the national, statewide, and countywide increases in the private sector. While slightly higher than the reported settlements nationally, they are below those reported in the state and county.

Similarly, increases in public employment are also surveyed. The BNA report noted above states, “State and local government contracts reported in 2006 provided an average first-year increase of 3 percent....” The average shown in the second year was 3.2% and 3.2% in the third year. The NJDLWD report indicates that total government (Federal, State and Local) wages increased in New Jersey by 3.4% from 2005 to 2006 and 4.1% from 2006 to 2007. The awarded increases are also reasonable when reviewed in light of the above increase in wages in the public sector in general.

Comparisons within the same jurisdiction are also relevant and due more weight that the comparisons of general increases in the private or public sectors. As noted earlier there are two settlements within the Borough. The AFSCME settlement provides for three year increases of 10.05% while the SAMS agreement gives increases totaling 10.25%. Additionally, employees in both groups who were hired after June 8, 1998 did not receive dental or optical coverage paid by the employer but the new agreements (Exhibits B-73 and 75) each contain a provision that, “Effective January 1, 2007 all AFSCME [SAMS] members that are full-time employees of the Borough shall be provided with a dental plan, a prescription plan, and an optical plan.” No data has been supplied as to how many employees may be affected

by this change so no quantifiable increase can be assessed. However, this change does affect the overall compensation package for both groups.

The increases awarded exceed those of the internal comparisons but not by a large amount. Also, the inclusion of some employees into the dental and optical plans must be factored into the overall compensation package of the two internal agreements. As viewed within this internal comparison I find the increases awarded to be reasonable.

A comparison of wages with similar jurisdictions is the most relevant and deserves the most weight. These comparisons, made by both parties, are made to police officers in similar jurisdictions. As noted earlier the Borough's comparisons show Sayreville's officers ranked either first or second in the County; however, the comparisons do not include holiday pay, an important component of a police officer's overall compensation. The PBA presented information on nineteen of the twenty-five municipalities in the County. Both parties used the top patrolman rate for comparison purposes.

Using the information provided by the PBA in Chart 2 and the Borough in Exhibit B-63*, I have determined the percentage increases provided by other police departments for the four years of this award in the table below:

Municipality	2006	2007	2008	2009
Carteret	4.5%			
Cranbury	4.0%	4.0%		
Dunellen	3.8%	3.9%	4.1%	
E. Brunswick	3.9%	3.75%	3.9%	3.9%
Edison	3.9%	4.0%	3.6%	
Helmetta	6.5%			

Highland Pk.	4.0%**			
Jamesburg	4.25%	4.5%		
Middle.Pros.	3.5%	4.0%	4.0%	
Metchun	3.75%			
Middlesex	4.0%	4.0%	4.0%	
Monroe	4.0%	4.0%		
New Bruns.	4.0%	4.5%	4.5%	4.5%
N.Brunswick	2.75/2.75%**	2.75/2.75%		
Old Bridge#	3.5%	3.5%		
Perth Amboy	4.0%	4.0% on 2/1^	4.0% on 2/1	
Piscataway	3.9%			
Plainsboro	4.0%	4.0%		
So. Amboy#	4.0%	4.0%	4.0%	
S. Brunswick	3.5%	3.5%		
So. River	3.25%	3.5%	3.5%	3.5%
Spotswood			4.0%	4.0%
Woodbridge	3.95%	3.8%	4.0%	
Average	4.01%	3.93%	3.92%	3.98%

*The union objected to this exhibit but I have incorporated some of the additional municipalities into the table. I have not added South Plainfield and Spotswood as the increases seem reflective of additions to base of either clothing allowance or holiday pay but the record doesn't show this.

**The contract indicates a 4% increase, although the top step is raised by a higher amount as reflected in the PBA's chart. I followed the contract's stated 4% increase.

*** I calculated this split as 4.125%.

[^]4% effective 2/1 is calculated as 3.67%.

#June – July contracts, calculated as January thru December.

Over the four years of this award the table above shows that the average percentage increases in the County totaled 15.84. Over this

same period the increases awarded total 14.75%. While the increases provided are slightly below the County averages, the strong position of the unit within the County will continue its relative position in the County. The comparative data of police settlements within the County in terms of percentage increases show clear support for the increases awarded.

Based on the information provided, I have calculated the dollar increases at the top patrolman salaries provided within the County settlements as well. I note that split increases in North Brunswick and New Brunswick reflect the dollar increase of the 7/1 rate to the 7/1 rate of the following year. July to June contracts such as Old Bridge and South Amboy also reflect July salaries to the following July's salaries. The increases in Perth Amboy are reflected as full year increases, even though they went into effect on February 1 as noted in the table above. I have not included the Highland Park increase as the increase percentage stated in the contract doesn't reflect the increase in top patrol salary.

Municipality	2006	2007	2008	2009
Carteret	3,291			
Cranbury	3,075	3,197		
Dunellen	2,663	2,837	3,100	
E.Brunswick	3,102	3,098	3,343	3,474
Edison	3,214	3,330	3,116	
Helmetta	3,749			
Middle.Pros.	3,090	3,655	3,802	
Metuchen	3,477			
Middlesex	2,897	3,013	3,133	
Monroe	2,865	2,979		
New Bruns.	2,977	3,483	3,640	3,803
No. Bruns.	4,458	4,706		
Old Bridge	3,057	3,177		

Perth Amboy	2,785	2,897	3,012	
Piscataway	3,197			
Plainsboro	3,007	3,127		
So. Amboy	3,051	3,173	3,299	
So. Bruns.	2,756	2,974		
So. River	2,280	2,534	2,624	2,909
Spotswood			3,350	3,484
Woodbridge	3,151	3,152	3,443	
Average	3,107	3,208	3,260	3,418

Over the course of the four years of this award the average salary in the County increased \$12,993 for top patrol rate from the table above. In this same period the top patrol rate in Sayreville will increase by \$13,109 maintaining the department's relative position within the County. When the additional \$225 is added, the overall increase becomes \$13,334.

Using the Union's chart 4 (the comprehensive salaries including top salary, longevity, clothing allowance and holiday pay), in 2005 the Borough ranked seventh of the seventeen departments indicated. In 2006 with a comprehensive salary of \$95,758 it maintains that rank in the seventeen departments and in 2007 of the fourteen municipalities listed it ranks sixth with a comprehensive salary of \$99,349. This is a clear indication that its relative position within the County has been maintained by the increases awarded.

As noted earlier the average increases in settlements reported to PERC over the first three years of this award were 11.7% for the 135 voluntary settlements recorded and 12% for the 36 awards presented. The comparative data provided in this report of public safety settlements and awards is clearly supportive of the awarded increases provided here for the Sayreville police officers.

The Borough presented the contract between the school district and its union and argued its relevance because school employees are paid by the same taxpayers. It compared salaries and longevity and argued that the police salaries and benefits exceeded those of the teachers in town. While I accept the concept that the same taxpayers must fund the teachers as they do the police, I find little in comparison of the work requirements. Teachers work a ten month calendar while police work a twelve month calendar. The current workday for a patrol officer is 10 ¼ hours in a 4 day-on, 4 day-off schedule, whereas the teacher workday is 6 ¾ to 7 ¼ (dependent on the level taught), Monday through Friday. The job duties are also inherently different. While teaching is a very difficult and often times frustrating profession, it does not have the inherent danger that comes with police work. Even though they share the same town and the same taxpayers, they are two different industries with two different traditions.

The criterion requires consideration not only of wage increases but also of the conditions of employment. Therefore, I will now discuss the other issues involved in this award. As noted earlier, I have applied the generally accepted principle that the party requesting a change bears the burden of demonstrating the need for such change.

I have awarded increases in the detective stipend of \$400 in 2006 and an additional \$200 in 2009. The PBA provided information in Chart 5 that shows eight departments that grant such a stipend. In reviewing the contracts provided by the Union, I found that Middlesex Borough also provides a stipend of \$1,000. While the Borough notes in its reply brief that the stipend in South Brunswick is actually \$3,000 instead of the listed \$5,000, suffice it to say that the lowest stipend of any of the departments is \$1,000. Using the Borough's figure for South Brunswick and even adding a zero sum for the departments that do not provide a stipend, the average stipend is \$776. This is still double the stipend currently being provided in Sayreville and supports

my award of an \$800 stipend in 2006. As noted the lowest stipend is \$1,000 and my award brings Sayreville to this number but not until 2009. I believe that the information provided supports the award as being reasonable.

I have awarded the Borough's health insurance proposal with a slight language change. Cost containment of health insurance increases is a very common issue on the bargaining table throughout the state. Indeed, salary increases and health insurance modifications are often linked as the concessions provided in the insurance area relieve the financial burden on the employer to cover the increases in the other area. The cost of health insurance, especially medical and prescription insurances, are rising at rates higher than inflation or wage increases. This is a costly fringe benefit that must be considered as part of the overall wage and benefit package.

Both of the other unions in the Borough have similar language to that requested by the employer. The AFSCME contract allows the Borough to change insurance carriers "so long as substantially similar benefits are provided...." Likewise, the SAMS agreement states, "equal to or substantially similar benefits...." A review of the eighteen contracts from other police departments provided by the Union reveals only two with the terminology "equal to or better than", the County Prosecutor's contract and the Metuchen contract. Perth Amboy requires maintenance at the "maximum existing coverages"; Woodbridge is required to "continue the present hospitalization coverage"; East Brunswick's contract provides that "current levels...will be maintained"; and South Brunswick must "continue present hospitalization coverage". Eight of the eighteen departmental agreements provide language for "substantially same" coverage. Highland Park, Monroe, North Brunswick, Plainsboro, South River, and Spotswood all contain language requiring the "same or substantially similar benefits". Carteret's language calls for "similar"

and Spotswood all contain language requiring the “same or substantially similar benefits”. Carteret’s language calls for “similar” benefits and New Brunswick provides for “substantially equal” benefits. Edison and South Amboy use the less restrictive term of “equivalent” benefits and Old Bridge’s contract calls for “comparable” benefit levels. The language in Middlesex Borough allows the union “the right to present alternative hospitalization and insurance protocols.” Given the above information I believe that the awarding of the Borough’s proposed language change is appropriate both from the internal and external comparables.

Effective January 1, 2009, I have awarded the Borough’s proposal for the Captains to move to a 5 day-on and 2 day-off, Monday through Friday schedule. This request came from the former Chief and was endorsed by the new Chief who had been a member of the Union’s bargaining team. The Chief’s testimony and argument for the change were persuasive. As the chief administrator of the department he is seeking greater access to his top line of supervision and I accept that his administrative needs must be respected. As noted by the PBA this requires an additional two hours per week of work time or 104 hours annually. Therefore, I have awarded the Captain’s two additional vacation days and the use of two personal days without charge to sick leave. This is not an hour for hour match for the additional work hours but is recognition of the additional time being required of the Captains. I have also indicated that the Captains are not to lose any accumulated leave time. The Union suggested in its brief that should the arbitrator accept the Borough’s position on this matter, “one resolution could be to freeze and maintain a separate bank for leave time already accumulated and to allow future earned time to be accumulated and paid out at eight (8) hours per day.” I have accepted this as a reasonable method to deal with this issue. The Employer in its reply brief stated, “the Borough has not sought to change the amount of accumulated time on the books for any employees.”

Unit members can use up to six days for personal business and must give two days notice of their request. The Union proposed the use of two sick days as Emergent leave days with a one hour notice for emergency situations. I have awarded this proposal and note that it does not add any additional time to the leave schedule, simply more flexibility. The Borough expressed no opposition to this issue in its brief or reply brief.

As indicated the parties have agreed to the elimination of the meal allowance but differed on whether or not compensation for its loss was justified. The PBA proposed a \$750 increase in base in lieu of the allowance and the Borough sought its elimination without compensation. No specific information was provided on the annual cost of the allowance. Business Administrator Bertrand testified that the SAMS unit had eliminated its allowance of \$10 per meal in 2007 with an addition to base of \$225. I've used this as the model for the awarding of the \$225 to base in 2009 in term with the elimination of the \$9 meal allowance in the police contracts.

I have not awarded the Borough's proposal to freeze the Terminal Leave provision. While the Borough argues that this is a very generous leave provision, I note that the SAMS unit also enjoys this benefit. Additionally, the payment of the terminal leave can be an inducement for senior officers to retire which has the financial benefit of having a top paid officer replaced by a recruit at the Academy rate. As stated the party making the proposal carries the burden of proving its position and I do not believe that the Borough has carried its burden in this matter.

Overall Compensation

In addition to salaries the overall compensation must be considered. All police officers are in the same pension plan so there is no need for a comparison in this area. The other major benefit is health insurance. Sayreville officers receive medical, prescription, dental and optical coverage. A review of the contracts submitted by the PBA shows that all departments received medical insurance; all the agreements except Carteret and Middlesex Borough specify prescription coverage and all but South River and Metuchen provide dental coverage. Optical coverage is provided by Edison, Highland Park, Monroe, New Brunswick, Perth Amboy, South Brunswick, Spotswood, and Woodbridge. In the instant matter, the Borough proposed a change in the language on switching carriers and I have awarded a change in line with the majority of agreements presented for the County as discussed above.

Time off is another benefit of importance. Sayreville officers receive up to 28 vacation days. The average of the maximum number of vacation days in the County is 28.7, ranging from 20 days in Highland Park and Plainsboro to 42 days in Edison. The average number of sick days is 13.7 with a range of 12 days in Monroe, Perth Amboy, Piscataway, Plainsboro, South River and Spotswood to 15 days in Edison, Highland Park, Middlesex County Prosecutor, Metuchen, New Brunswick, North Brunswick, South Brunswick and Woodbridge. Sayreville officers receive 16 which leads the County group. Twelve of the departments reviewed provide personal days. The average number of personal days granted is 4.2, ranging from 2 days in Carteret to 5 in Edison, New Brunswick, South River and Spotswood. Sayreville provides 6 personal days but 4 must be charged against sick leave or vacation. In all I find that the Borough provides a very good benefit package of leave time. While vacation is not the best in the County it is at the average for the maximum number

of days. The Borough leads the County in sick days granted and the number of personal days available for use, although only two are not charged to another type of leave.

All in all, the Borough provides a very nice combination of benefits. While the benefits offered are not at the top in all categories, the combination of benefits is one of the better packages in the County. This criterion has been given meaningful weight in balancing the full range of the award.

Stipulations of the Parties

As noted above, the parties stipulated to several issues involving Article V – the Grievance and Arbitration Procedure, Article VIII – Hours of Work and Compensation, and Article XI – Leaves of Absence. These stipulations have been noted and incorporated into the award.

Lawful Authority of the Employer

Three of the statutory criteria, N.J.S. A. 34:13A-16g (1), (5) and (9), refer to the lawful authority of the employer. Thus, g(1) refers to the original Cap law of 1976; g(5) refers to the lawful authority of the employer and cites the 1976 Cap law; g(9) refers to the newly enacted Cap law of 2007 which limits tax levy increases. It is clear that, whether referring to a specific statute or the more general “lawful authority”, arbitrators must recognize and respect the statutory limitations placed on public employers and give substantial weight to these criteria.

The Borough like all municipalities in the state faces constraints in its ability to increase appropriations and, beginning in 2008, on its ability to raise taxes. The expenditure or appropriations cap applies to the total current expense portion of the budget and not to any particular line item within the budget. Under the expenditure cap, the current expense portion of the budget can be increased by a maximum of 3.5% without a referendum. It is well established that the Reform Act does not require an arbitrator to award the amount the employer has budgeted. The Borough is free to budget an amount which it considers sufficient for negotiations and that amount is not determined by the Cap law.

PERC discussed a public employer's obligations under the Cap law and the Interest Arbitration Reform Act in County of Essex v. Essex County Sheriff's PBA Local 183, PERC No. 2005-52, IA 2003-37 (2005). The following are relevant excerpts:

Accordingly, arbitrators have viewed the public interest as encompassing the need for both fiscal responsibility and the compensation package required to maintain an effective public safety department with high morale. (citing, Teaneck, 25 NJPER at 459)

The Legislature rejected proposal that would have amended the predecessor statute to limit increases to the statutory CAP rate, or otherwise set a numerical standard for arriving at an award. Instead, the Legislature directed that disputes be resolved by conventional arbitration, thereby vesting arbitrators with the responsibility and discretion to weigh the evidence and fashion an award.

In exercising that discretion, an arbitrator unquestionably must take into account financial constraints and budget caps, and determine that the net annual economic changes for each year of

the agreement are reasonable. Hillsdale, 137 N.J. at 86; N.J.S.A. 34:13A-16d(2) However, the CAP law is only one of the many factors an arbitrator must consider. Cf. Irvington, 81 N.J. at 296 (holding that an award that exceeded the CAP rate was reasonable, even though it would force the municipality to effect economies). Moreover, in enacting both the interest arbitration law and local finance statutes, we believe the Legislature understood that negotiations and interest arbitration would require public official to consider and plan for settlements and awards that might require budget adjustments.

In Essex, the Commission provided further direction:

In sum, an arbitrator must consider the financial evidence and explain how he or she weighed the financial impact and lawful authority criteria, along with the other factors deemed relevant. However, the Reform Act does not require an arbitrator to award the amount the employer has budgeted. Middlesex. Further, an arbitrator does not have the statutory responsibility or legal authority to direct an employer as to how to finance or comply with an award. See, Irvington, 81, N.J. at 296.

As the record shows, average salary increases for police and fire officers as reported by PERC for 2006 and 2007 were 7.7% in the interest arbitration awards and 8.06% in the voluntary settlements. The Borough was certainly aware of these wage trends when it formulated its last offer. The Borough was also aware that contiguous communities had resolved their police negotiations with salary increases consistent with area and state-wide trends. By the date of the hearing the Borough had already settled its other two contracts for 10.05% and 10.25% for 2006, 2007 and 2008. The awarded increases over this time period are only slightly above the internal percentage increases. The Borough implemented its insurance change in late

2006 based upon the language change which I have awarded and clearly decreased its financial exposure in this area.

CFO Wayne Kranowksi testified that the Borough has been under Cap in 2006 and 2007, a reflection of sound financial footing and an indication that the Borough can serve the public needs within the limits of its lawful authority. A review of Exhibit B-94, the 2007 Municipal Data Sheet, shows that the Borough is within its Cap Restrictions. It shows the “Total allowable general appropriations for municipal purposes within CAPS” as \$34,174,674 and the actual appropriations in the “2007 Budget Within 2.5% CAPS” as \$33,908,668” or \$226,006 below Cap. In 2007 my award is \$73,531 more than the Borough’s proposed increases on the base salaries. The Borough’s 2008 Budget Fact Sheet shows the “Amount Budget under CAPS” as \$253,083. The Borough can accommodate the increases awarded within their Cap limitations.

The Borough has demonstrated an ability to regenerate surpluses. The PBA reported an Excess of Realized over Anticipated Revenue of \$2,081,623 in 2005. The Borough’s figures confirm this and indicate additionally that in 2006 the Excess was \$1,945,691 and \$1,863,500 for 2007. One way that this ability to regenerate surplus comes about is through the underestimation of tax revenues. The Borough has estimated its tax collection rate as 98%. In 2005 the tax collection rate was 98.28%. The collection rate for 2006 was 98.24% and the unaudited rate in 2007 is also 98.24%. Based on prior experience, this should result in funds being available to lapse into surplus.

The Financial Impact

This criterion requires the arbitrator to consider how the issues in dispute will affect the governing unit, its residents and its taxpayers.

As stated earlier the Borough is well run financially and is in a good position budgetarily. Like all municipalities it must deal with rising costs from internal demands as well as external, such as heating oil and gasoline.

Property values, the net valuation taxable, in 2006 were \$2,251,145,339. In 2005 the number was \$2,244,382,465 and \$2,198,709,688 in 2004. The Borough has shown a steady increase in its taxable property values. Its tax collection rate has also remained steady as noted above, ranging from 97.97% in 2001 to 98.64% in 2004 and the most recent rate of 98.24%. The municipal tax rate since the beginning of the last contract in 2003 has increased from .72 to .82 in 2006 or 13.8%, an average of 3.45%; however, the rate increased by .06 in 2006 or 7.8% from 2005. The general tax rate, inclusive of municipal, county and school taxes, over this same period has changed from 3.18 to 3.6, an increase of 13.2%. The general tax rate increased .22 in 2006, an increase of 6.5% from the previous year. The lower salary increase in the first year of the agreement should enable the Borough and its taxpayers to more easily deal with this increase.

While the above is indicative of a well run municipality which can afford the increases awarded without undue strain on the governing unit or its residents, the arbitrator is fully cognizant of the continued strains on the Borough and its taxpayers. The affects of the new tax levy cap have still to be determined. While the fault for the rising costs of pensions may be outside the Borough's sphere of responsibilities, it must still deal with the impact of the rising costs and restraints of the budget caps with these costs being added within the cap structure. There is no indication that the affects of this award would jeopardize any current or future services.

Cost of Living

Another statutory criterion to which I give some weight relates to the cost of living as measured by the Consumer Price Index (CPI). The Bureau of Labor Statistics of the U.S. Department of Labor provides detailed information on the CPI and breaks it down by region of which I take notice. Middlesex County is most attuned to the New York–Northern New Jersey region and therefore a review of the CPI in this region is most helpful. The CPI for All Urban Consumers in the NY-Northern NJ area rose 3.3% in 2006 and 3.7% in 2007. The New York-New Jersey Office's September 2008 report indicates that the CPI "for all Urban Consumers (CPI-U) edged down 0.2 percent in September...for the year ended in September 2008, the CPI-U advanced 5.2 percent." This is marginally below the awarded increases in the first two years and somewhat above the third year's increase.

While the awarded increases are clearly within the standard of the cost of living in the first two years, the third year increase lags behind the September numbers. However, the CPI did fall in September and with the uncertainty in the market at this time this trend may continue. Just as salary adjustments were not strictly tied to the CPI during years of relatively low increases in the index, upward adjustments are not automatically warranted because of the possibility of an uptick in the inflation rate. This uncertainty is another reason to limit the agreement to four years.

Continuity and Stability of Employment

This criterion contains two elements that have been discussed throughout this award and is given some weight. The first deals with the concept of a comprehensive package of employee benefits and

salary that will serve to retain and attract police personnel. As indicated this element has been met with the benefit package provided to employees of the department. The Borough has noted that Sayreville has a tremendous history in this area. It indicates that no police officer has ever been laid off from the department. Members of the department enjoy statutory rights as well as contractual rights such as seniority and the extra protection of the municipality being a Civil Service jurisdiction.

The second element deals with the concept of the relative standing of the bargaining units in respect to similar jurisdictions. This has also been extensively reviewed and shown that the borough is in good standing vis-à-vis other municipalities in the County and the officers are in relatively good standing in their salaries and benefits. It has also been shown that the award made herein will maintain that standing in both areas. Absent strong justification arbitrators are generally reluctant to significantly change a unit's relative standing as interest arbitration being an extension of the negotiations process is not ordinarily intended to revamp a compensation structure established over many years of negotiations.

AWARD

The term of the award will be four years, January 1, 2006 through December 31, 2009.

As noted and outlined earlier, the parties have stipulated agreement to several issues: Article V - A.1 and C. 2, Article VIII – I, and Article XI, A.4. These stipulations are hereby included in this award.

Article VIII, Section A – effective 1/1/09 the schedule for all Captains shall be eight (8) hours per day in a 5-days on and 2-days off

schedule, Monday through Friday. The Captains will not suffer the loss of any accumulated leave time hours in the conversion to the 5/2 schedule. The Union suggested that if this proposal was granted leave could be frozen and maintained in “a separate bank for leave time already accumulated and...future earned time to be accumulated and paid out at eight (8) hours per day”. I adopt the Union’s suggestion as to leave time. I will also award the Captains in Article IX.A two (2) additional vacation days from the beginning of the eleventh year and in Article XI.B that “the first four (4) days of personal leave shall be granted without charge to sick leave or vacation allowances and two (2) days shall be charged to the employee’s yearly allowance of sick time” in recognition of the additional work hours involved in switching to the new schedule.

Article XI (B) (1) – Leaves of Absence and Sick Leave

Effective January 1, 2009 this section shall read as follows:

Every employee covered by the terms of this Agreement shall be granted up to six (6) days off per calendar year with pay for personal reasons provided; however, that they make application to the Chief of Police, or his designee for such personal leave, two (2) days in advance of the required leave.

Notwithstanding the above, employees shall be permitted to use two (2) sick days as Emergent Leave Days, provided the employee has at least three (3) sick leave days available.

When an employee uses Emergent Leave, he/she does not have to provide the reason for the leave, but only needs to provide a one (1) hour notice to the Shift Commander.

The first two (2) days of personal leave shall be granted without charge to sick leave or vacation allowances and four (4) days shall be charged to the employee’s yearly allowance of sick time.

Article XII, Section A – second paragraph shall read as follows:

“The Borough reserves the right to change insurance carriers as long as the same or substantially similar benefits are provided.”

Article XVI, Section H – Terminal Leave shall be modified to remove unnecessary language as proposed by the PBA except the last line of subsection 3 will read “than January 30th of the next year.”

Article XVIII – Salaries

Effective January 1, 2006 – 3.5% increase in all steps and ranks
Effective January 1, 2007 – 3.75% increase in all steps and ranks
Effective January 1, 2008 – 3.75% increase in all steps and ranks
Effective January 1, 2009 – 3.75% increase in all steps and ranks
Effective January 1, 2009 - \$225 will be added to all employees base salaries.

The above listed increases result in a salary guide as follows:

	2005	2006	2007	2008	2009
Academy	\$36,213	\$37,480	\$38,886	\$40,305	\$41,817
PostAcademy	38,895	40,256	41,766	43,332	44,957
2 nd Year	43,698	45,227	46,923	48,683	50,734
3 rd Year	49,800	51,543	53,476	55,481	57,787
4 th Year	55,903	57,860	60,029	62,280	64,841
5 th Year	62,005	64,175	66,582	69,079	71,894
6 th Year	68,107	70,491	73,134	75,877	78,947
7 th Year	73,564	76,139	78,994	81,956	85,255
8 th Year	80,617	83,439	86,568	89,814	93,407
9 th Year	84,109	87,053	90,317	93,704	97,443
Sergeants	90,230	93,388	96,890	100,523	104,518
Lieutenants	96,704	100,089	103,842	107,736	112,001
Captains	110,636	114,508	118,802	123,257	128,105

Detective Stipend shall be increased to \$800 effective January 1, 2006
and \$1,000 effective January 1, 2009.

Thomas D. Hartigan
Thomas D. Hartigan
Arbitrator

Dated: November 2, 2008
Hamilton, NJ

State of New Jersey }
County of Mercer }ss:

On this 2nd day of November 2008, before me personally came and appeared Thomas D. Hartigan to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed same.

Jean M. Hartigan
Jean M. Hartigan
Notary Public of New Jersey
My commission expires 6/17/09