

NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between the

BOROUGH OF MANTOLOKING,

"Public Employer,"

and

PBA LOCAL 347,

"Union."

**INTEREST
ARBITRATION
DECISION & AWARD**

Docket No. IA-2014-006

**Before
Robert C. Gifford, Esq.
Arbitrator**

Appearances:

For the Employer:

Raymond A. Cassetta, Consultant

For the Union:

Richard D. Loccke, Esq.
Loccke Correia Limsky & Bukosky

On November 25, 2013, the Borough filed a Petition to Initiate Compulsory Interest Arbitration. On December 11, 2013, I was appointed through random selection from PERC's Special Panel of Interest Arbitrators to serve as interest arbitrator. The law requires that I issue an Award within 45 days of my appointment.

On December 11, 2013, I notified the parties that a mediation sessions was scheduled for December 18, 2013 and an interest arbitration hearing was scheduled for December 23, 2013.

Final offers and settlement offers were exchanged during the mediation session of December 18th. The parties requested additional time to consider the settlement offers and, therefore, the hearing scheduled for December 23rd was postponed to January 6, 2014. In the end, mediation did not produce a settlement.

The interest arbitration hearing was held at the Borough's temporary offices located in Brick, New Jersey at which time the parties argued orally, examined and cross-examined witnesses and submitted documentary evidence into the record. Testimony was received from Borough Councilman Stanley Witkowski, Patrolman Jon Meyer, Detective Sergeant Stacy Ferris, and Borough

Consultant Raymond A. Cassetta. The parties provided post-hearing briefs on January 8, 2014, whereupon the record was declared closed.

FINAL OFFERS OF THE PARTIES

The Borough's Final Offer

1. The Borough proposes a term of four (4) years effective from January 1, 2013 through December 31, 2016.
2. The Borough's final salary offer is attached hereto.
3. Salary guide for employees hired after January 1, 2013:

Employees hired after January 1, 2013

SALARY GUIDE		
EFFECTIVE JAN 1, 2013 TO DEC 31, 2016		
STEP	AMOUNT	INCREMENT %
1	\$50,000	
2	\$52,000	4.00%
3	\$54,000	3.85%
4	\$56,000	3.70%
5	\$58,000	3.57%
6	\$60,000	3.45%
7	\$62,000	3.33%
8	\$64,000	3.23%
9	\$67,000	4.69%
10	\$70,000	4.48%
11	\$75,000	7.14%
12	\$80,000	6.67%
Sergeant	\$85,000	
Lieutenant	\$90,000	

No longevity

Step advancement occurs on January 1st each year.
Officers hired on or after August 1st will remain on the hiring step until the 2nd January 1st of their employment.

The PBA's Final Offer¹

1. Contract term of two (2) years to commence January 1, 2013.
2. General Wage Increase on the existing Salary Guide (See *J-1, Article IV, page 6*) of 1.5% effective July 1, 2013 and subsequent Wage Guide adjustment of an increase of 1.5% effective July 1, 2014.
3. Step movement modification: All step movement shall occur October 1, 2013 and subsequent step movement effective July 1, 2014.

¹ The PBA amended its final offer at the outset of the interest arbitration proceedings held on January 6, 2014. The Borough did not object to the modification.

BACKGROUND

The Borough is a residential, seaside community located in Ocean County. It is comprised of approximately 0.643 square miles (0.385 square miles of land) and a population of 296 residents. Recent statistics indicate that the Borough had a median household income of \$151,667, and a median family income of \$200,833.

PBA Local No. 347 represents the Department's Patrol Officers, Sergeants and Lieutenants. The Chief is excluded from the bargaining unit. The parties' prior Agreement was effective from January 1, 2009 through December 31, 2012. [Ex. J-1].

The Borough's final salary offer indicates that there were six (6) bargaining unit members in 2012 – 4 Patrol Officers, 1 Sergeant, and 1 Lieutenant. One of those officers, Stacy Ferris, was placed on assignment as the Operations Chief of Emergency Management as the result of the devastation of Hurricane Sandy. Although Ferris was promoted to Sergeant in 2013, her salary and benefits have been reimbursed by the federal government going back to October 29, 2012. Ferris retains a police title and police powers, but she does not serve as a Borough police officer. Her assignment as the Operations Chief is currently for an indefinite period of time.

The parties submitted substantial evidence in support of their respective positions. I thoroughly reviewed that information. Given the strict time constraints under the statute I have extracted significant portions of the legal arguments from the parties' briefs rather than providing a general summary herein.

The Borough's Position²

The first negotiation meeting between the parties occurred on October 10, 2012. Fifteen months later the parties are still at the bargaining table. Thus the duration of the salary settlement is inseparable from the salary itself. The PBA has proposed a two year contract and salary settlement beginning on January 1, 2013, and ending on December 31, 2014. A settlement limited to these dates would return the parties to the bargaining table immediately after the interest arbitration award is issued. This creates a very undesirable situation. The parties need a period of labor peace and harmonious working relations.

During the arbitration hearing neither party disputed the composition and cost of the bargaining unit. Therefore, the arbitrator is released from the obligation set forth in Borough of New Milford, 2012-53, 38NJPER340, to define the bargaining unit and determine the base year salary. The bargaining unit is composed of Officers Dryburgh, Ferris, Meyer and Shewan plus Sergeant Saccone and Lieutenant Barcus. The 2012 base year salary cost of this bargaining unit is set forth in the Borough's submission at Tab 2, Exhibit C, in the column entitled "2012 Total Base Pay." This bargaining unit conforms to the Borough's *Appendix B Police Manuel*, adopted July 20, 1998. Portions of the *Manuel* have been submitted as Tab 1, Exhibit A of the Borough's proposal.

² The Borough's position was taken from pages 2-7 of its Brief.

THE MERITS OF THE BOROUGH'S TWO TIER SALARY PROPOSAL

Each of the six bargaining unit member has worked for the four years of the most recently expired contract plus the one year since the contract's expiration under the terms and conditions of a seven (7) step salary guide with step and longevity movement occurring on the officer's anniversary date of employment. The Borough's position is that the arbitrator should not disrupt this term and condition of employment for current bargaining unit members. These bargaining unit members initially accepted employment with the Borough with the expectation that they would (1) achieve a maximum salary as a patrol officer on the seventh anniversary of their employment, (2) achieve a four percent (4%) longevity adjustment on the eighth anniversary of their employment, and thereafter receive a two percent (2%) or a one percent (1%) longevity adjustment every three years. The incumbent bargaining unit members should not be denied this expectation.

Unfortunately, the existing salary structure results in the automatic salary increases set forth below.

STEP	AMOUNT 2012	INCREMENT DOLLARS	INCREMENT PERCENT
1	\$56,345	---	---
2	\$62,465	\$6,120	10.86%
3	\$68,584	\$6,119	9.80%
4	\$74,706	\$6,122	8.93%

5	\$80,541	\$5,835	7.81%
6	\$86,947	\$6,406	7.95%
7	\$93,065	\$6,118	7.04%

Dollar and percentage increases of this magnitude are exactly what the State legislature intended to eliminate when the legislature modified the *Public Employer-Employee Relations Act*, N.J.S.A. 34:13A-16, in 2011, to limit the size of salary settlements.

By awarding a four (4) year salary settlement the arbitrator will honor both the Borough's commitment to the current bargaining unit members and the State legislature's intent when the State modified the aforementioned statute.

Strict adherence to the current salary structure, without modification, results in the four year increases shown in Tab 2, Exhibit C, of the Borough's submission to the arbitrator. This will result in Officer Shewan, Sgt. Saccone and Lt. Barcus receiving the following increases.

Shewan	\$2,616	2.56%
Saccone	\$1,483	1.31%
Barcus	\$1,123	0.09%

The arbitrator, within the statutory limitations, could award the full 2% per year salary increase by awarding each of the three officers listed above an additional \$1,540 or some variation of that amount.

By the expiration of a four year agreement all of the incumbents will have passed through the large step or longevity advancements set forth above and the Borough will have a sustainable salary structure for these employees. To issue an award that is anything less than four years forces the parties to deal with the 4% longevity increment and the 7% to 10% step increments in the collective bargaining agreement following the agreement being discussed herein. The Borough requests that the arbitrator end the agony of disparit pay increases in one four year contract instead of two three year agreements.

This raises the question of a sustainable salary structure for future employees. The Borough's proposal in Tab 2, Exhibit E, is not ideal but it is sustainable. An ideal structure would initially have both less steps and smaller step increases. However, the Borough acknowledges that interest arbitrators in general have been reluctant to create sustainable salary guides with small increments.

The Borough's proposal of a \$50,000 starting salary exceeds either the starting salary or the second tier salary in the exhibits submitted by the PBA. In fact, the Borough's proposed starting salary exceeds the starting salary listed in all of the agreements placed before the arbitrator. The Borough is will to offer this higher starting salary to attract the best candidates and reward them

accordingly. The higher starting salary offsets any perceived lost income through a lower salary later in an officer's career.

The PBA submitted the collective bargaining agreements from six comparable municipalities for the arbitrator's consideration. A review of these agreement reveals the following.

Agreements with a second tier

Exhibit 11A	Manasquan	\$35,000	Effective 10/1/13 to 12/31/16
Exhibit 10	Point Pleasant Beach	\$45,596	Effective 9/16/11 to 12/31/14
Exhibit 6	Point Pleasant	\$36,356	Effective 4/1/13

Agreements without a second tier

Exhibit 9	Bay Head no 2 nd tier	\$41,000 in 2013 to \$43,076 in 2015
Exhibit 8	Seaside Park no 2 nd tier	\$40,150 in 2013 and \$40,752 in 2015
Exhibit 7	Seaside Heights no 2 nd tier.	Agreement negotiated prior to the change in the statute. The starting salary is \$32,500 in 2013.

In addition, the Ship Bottom interest arbitration award submitted by the Borough, see Tab 2-2 contains a second tier starting of \$36,490.

Four out of the six agreements or awards in evidence that were negotiated under the revised statute contain a second tier of wages for new hires. The arbitrator cannot ignore this fact.

The Borough acknowledges that the proposed second tier maximum salary is below the maximum salary of the other municipalities. However, the objective is to reduce the cost of the built in increment and thereby create a

sustainable salary structure for the future. Time and future negotiations will adjust the maximum salary.

THE COST OF THE PBA'S SALARY PROPOSAL

The PBA presented a salary proposal as follows.

- "1) 2 year contract 2013 / 2014"
- "2) 1.5% 07-01-13"
- "3) Step increase: 10/1/13 & 7/1/14"

This proposal does not make any reference to when longevity increases occur. In the absence of any specific statement, and based on prior PBA proposals, the Borough must assume that longevity increases will continue to occur on the anniversary date.

Addressing the officers in the order they are listed on the Borough's exhibits the PBA's proposal results in the following during 2013.

Dryburgh's step increase from 5 to 6 is delayed from August 1st to October 1st. He does benefit from the 1.5% salary guide increase on July 1, 2013.

Ferris receives her 4% longevity increase on her anniversary date of April 17, 2013. The 4% is applied to her 2012 base until July 1st when the base increases by 1.5%. Ferris spends the period from July 1, 2013, to December 31, 2013, on the increased step 7.

Meyer is paid at the 2012 step 7 rate from January 1 to June 30. From July 1 until his anniversary date on December 19 he is paid at the new step 7 rate. Thereafter Meyer is paid at the new step 7 rate plus 4% longevity.

Shewan, Saccone and Barcus only receive the 1.5% salary adjustment on July 1. None of these three officers are eligible for a longevity adjustment in 2013.

The salary adjustments described above are shown in Appendix A of this brief and increase salaries by \$22,975 and 3.795%. If the above interpretation of when longevity increases occur is incorrect and Ferris must wait until October 1st and Meyer must wait until the following year to receive the longevity increase the savings is only \$1,397 and the percentage of increase drops to 3.564%.

The same analysis for 2014 results in the figures that are included in Appendix A of this brief with a dollar increase of \$24,088 and 3.833%.

Even if the end of year salary for the police officers instead of the statutorily required "aggregate amount expended by the public employer on base salary items for the members of the affected employee organization in the twelve months immediately preceding the expiration of the collective negotiations agreement" The PBA's proposal far exceeds the arbitrator's authority.

CONCLUSION

The Borough requests that the arbitrator review both his own prior analysis of the 2% hard CAP set forth in N.J.S.A. 34:13A-16.7 and the analysis provided by interest arbitrator Susan Osborn in Tab 3-2, (pages 37-40) of the Borough's submission during the hearing.

When this requested review is completed the arbitrator will be fully aware of the need for a four year collective bargaining agreement covering the period from January 1, 2012, through December 31, 2015. Further, the arbitrator must acknowledge the fact that the PBA's proposal exceeds the limits of his authority when considering an award.

In the event the arbitrator considers a three year award, the Borough respectfully requests that the arbitrator fashion an award that does not have significant carry-over cost to the succeeding agreement.

Since ability to pay is not an issue the Borough requests that the arbitrator utilize the full 2% that is available each year.

The PBA's Position³

The public employer submitted a multi-page Proposal providing for certain adjustments and seeking revisions of the entire compensation plan for all persons hired after January 1, 2013.

The PBA has maintained throughout the process and its specific position taken at hearing that significant parts of the Employer's Last Offer Position are not awardable as a matter of law. Specifically referenced are the significant compensation modifications for Employees hired after January 1, 2013. It was stipulated at hearing that there are no new Employees currently on staff who were hired after January 1, 2013. The Employer's position with respect to new wage rates, a second and totally disparate wage progression Guide leading to a different Top Step, different supervisory rates, and the taking of longevity, from hypothetical Employees to be hired at some point in the future is not awardable. The Employer represented at hearing freely acknowledged that there were no persons covered by this Proposal and they did not have any idea as to the whether or when a future hire might be brought into the Borough's employ who might then be affected by such position.

³ The PBA's position was taken from pages 2-33 of its Brief.

The Employer representative acknowledged on numerous occasions that virtually every element of its Proposal as to new hires, after January 1, 2013, was "speculative". It was acknowledged in questioning by PBA counsel that the Employer's Position was "speculative" as to who might be impacted. It was acknowledged as being "speculative" as to when a person might be hired and whether said hypothetical new person would be able to go through the various stages of Police Academy completion, certification, completion of probationary training, etc.. How much money might be spent or saved by virtue of the Employer's Position as to new hires after January 1, 2013 was at every point acknowledged to be "speculative". It is this speculative acknowledgement by the Employer and its position on same that renders any award with respect to new hires after January 1, 2013 as unawardable.

The Commission has consistently held that an Arbitrator has an obligation under law to analyze the positions of the parties and calculate the impact of the various modifications proposed. The Commission has held

Since an arbitrator, under the new law, is required to project costs for the entirety of the duration of the award, calculation of purported savings resulting from anticipated retirements, and for that matter added costs due to replacement by hiring new staff or promoting existing staff are all too speculative to be calculated at the time of the award. In the Matter of Borough of New Milford and PBA Local 83, P.E.R.C. No. 2012-53 (Issued April 9, 2012), p. 15.

In that case an Interest Arbitrator's Award was vacated for its failure to provide an appropriate and statutorily mandated cost analysis. The Commission stated:

Further, the arbitrator does not provide a cost analysis of each year of the award that includes at a minimum step increments and longevity. These calculations are a mandatory requirement under the new law. We therefore vacate and remand the award to the arbitrator to provide a new award that explains which figures were taken into his accounting of base salary and the costs of each year of the award. In the Matter of Borough of New Milford and PBA Local 83, *ibid.*, p. 15.

In the Borough of Union Beach case (Borough of Union Beach and PBA Local 291, P.E.R.C. No. 2014-004, August 8, 2013) a like result occurred with an award being vacated and remanded to the arbitrator based upon a failure to analyze the subsections of N.J.S.A. 34:13A-16g. Here, the employer's representative readily acknowledges that the modifications proposed by the employer cannot be costed out. Further, in the PERC decision with respect to the Borough of Point Pleasant case (P.E.R.C. No. 2013-28) the Commission reversed and remanded the decision of the interest arbitrator because there was no detailed analysis as to how the items which he awarded would be calculated in any of the four (4) years which he awarded. The Commission cited New Milford as authority for its decision. In the Borough of Point Pleasant case there was no costing out of the changes and modifications of existing contract provisions, primarily with respect to employees hired after a certain date because such new provisions were completely speculative inasmuch as the Borough had no information

whatsoever with respect to the number of officers who might be hired or any other personnel changes that could occur. The entire presentation was speculative.

In sum, the elements of the public employer's position set forth in the last page of *Tab 2* of its exhibit (*T-1*) are not awardable as a matter of law. The significant modifications therein are nothing more than a speculative hypothetical overture at dismantling longstanding benefits without any cost analysis or basis whatsoever. In the Employer's own words frequently expressed at hearing, the entire set of changes on that page are "speculative".

REVISED STATUTORY CRITERIA

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, compensation, hours, and conditions of employment of the Employees involved in the arbitration proceedings with the wages, salaries, compensation, hours, and conditions of employment of other Employees performing the same or similar services and with other Employees generally:
 - (a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the Arbitrator's consideration.

(b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the Arbitrator's consideration.

(c) In public employment in the same or similar comparable jurisdictions, as determined in accordance with section 5 of P.L., c. (C.) (now pending before the Legislature as this bill); provided, however that each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the Arbitrator's consideration.

(b) In comparative private employment.

(c) In public and private employment in general.

3. The overall compensation presently received by the Employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.
4. Stipulations of the parties.
5. The lawful authority of the Employer. Among the items the Arbitrator or panel of Arbitrators shall assess when considering this factor are the limitations imposed upon the Employer by P.L. 1976, c.68 (C.40A:4-45.1 *et seq.*).
6. The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the Public Employer is a county or a municipality, the Arbitrator or panel of Arbitrators shall take into account, to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax: a comparison of the percentage of the municipal purposes element or in the case of a county, the county purposes element required to fund the employees contract in the preceding local budget year with that required under the award for the current local budget year; *the impact of the award for each*

income sector of the property taxpayers of the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services (b) expand existing local programs and services for which public monies have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in a proposed local budget.

7. The cost of living.
8. The continuity and stability of employment including seniority rights and such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours, and conditions of employment through collective negotiations and collective bargaining between the parties in the public service and in private employment.
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 imposed upon the Employer by Section 10 of *P.L. 2007, c.62 (C.40A:4-45.45)*.

INTEREST AND WELFARE OF THE PUBLIC

The sworn personnel of the Mantoloking Police Department are a unique group of dedicated individuals. They have traditionally and historically provided a very high of service to the public and following a cataclysmic event in October of 2012 rose to the fore. The sworn staff of the Department encountered challenges rarely seen in law enforcement. The incredible destruction created by the storm and the hazards to human safety were all

matters handled in a most professional and efficient manner. The challenges were of such magnitude that even the New Jersey State Police, as described by PBA witness Detective Jon Meyer, more than doubled the size of the sworn Mantoloking Police Department by sending in fifteen (15) State Troopers. The force thus augmented was able to meet the needs of the public without exception. Detective Meyer testified as to the nature of police service and the high level of said service which is provided to all who reside in the municipality or pass through the town.

While the Borough may be small in size, the activity levels are significant in measurable law enforcement matters and said were the subject of both documentary evidence and testimonial presentation. *Exhibit P-5* is a chart identifying certain measurable areas of law enforcement activities. Comparisons are made between 2013 and 2012. It should be noted that a significant part of 2013 was a timeframe in which the Borough was closed. Even residents were not let back to their homes after the storm in early 2013. Specifics of the dates and changes were provided through testimony. Notwithstanding the significant part of 2013 where virtually no residents were permitted, the total activity levels in 2013 show significant increase. Detective Meyer explained the unique form of law enforcement, the property crimes that were visited upon the municipality following the storm and even traffic levels caused by people who wanted to come down to get a look at the tragedy. Notwithstanding these

challenges the work was done by the Department and with great efficiency. At all times, as described by Detective Meyer, the Police Department staff worked well together in a cooperative and productive effort to provide the highest level of services. This group of Officers has truly gone above and beyond what is normally expected or encountered by law enforcement personnel generally. This is a special group.

COMPARISON OF WAGES AND TERMS AND CONDITIONS OF EMPLOYMENT

Notwithstanding the exceptional level of performance and service provided to the public by the Mantoloking Police personnel, the Mantoloking Police Officer is not highly paid among said Officers' peers. *Chart No. 1* below compares 2012 base pay rates. The rates are for towns' contracts placed into evidence by the PBA whose relevance was supported by testimony in the record. The PBA made a specific effort to establish a valid "universe of comparison" for a valid assessment. The 2012 base rate was used as it is the last known base rate for Employees in the bargaining unit at issue in this case.

CHART NO. 1

2012 NON-SUPERVISORY BASE RATE COMPARISONS BASED ON PBA EXHIBITS

	2012 BASE
Manasquan	\$99,985
Point Pleasant Beach	\$95,925
Bay Head	\$91,121
Seaside Park	\$94,260
New Jersey State Police	\$108,847
Seaside Heights	\$99,209
Point Pleasant Borough	\$99,547
AVERAGE BASE	\$98,413
Mantoloking 2012 Base	\$93,065
Comparison of Mantoloking to Average	(\$5,348) (5.75%)

Clearly identified on *Chart No. 1* is the significant lagging below average of the Mantoloking Top Step Non-Supervisory Pay Rates. The Mantoloking Police Officer is over Five Thousand Three Hundred Dollars ($\geq \$5,300.00$) less compensated than said Officers' peers. It would take an increase of 5.75% on the 2012 base rate alone just to catch average. While *Chart No. 1* above only focuses on base rate, it may be noted that numerous other benefits in other towns are far superior to those available to the Mantoloking Police Officer. For example, in the only town with a lower base pay rate than is found in

Mantoloking on *Chart No. 1*, Bay Head, there is a far superior longevity program. In Bay Head longevity starts at year one. In other words, it is virtually impossible to earn the pay rate set forth on the Salary Guide as all Officers in Bay Head receive longevity starting at year one of their career. The guide for longevity maxes out at twelve percent (12%) of base salary whereas the longevity guide in Mantoloking maxes at ten percent (10%). The key point of course is that the first longevity benefit available in Mantoloking is at eight (8) years of service whereas two percent (2%) of annual base is available at one (1) year of service in Bay Head followed by four percent (4%) at six (6) years and so on. (See Bay Head Contract, *P-9, Article 7*, p. 10). Bay Head provides more compensation for its Officers in the first eight (8) years of said Officer's career.

A key consideration is that the numbers reflected in *Chart No. 1 supra.* are not static numbers. The other Departments are reaching resolution for contract years following 2012, the term at issue here, with regularity and apparent commonality of the types of settlements experienced. *Chart No. 2* on the following page references and compares base pay rate increases among the municipalities set forth in PBA exhibits introduced at hearing.

CHART NO. 2

BASE PAY RATE INCREASES FOR AREA NON-SUPERVISORY OFFICERS BASED ON PBA EXHIBITS

	2013	2014	2015	2016
Manasquan	2	2	2	2
Point Pleasant Beach	2.25	2.5		
Bay Head	2.5	2.5	2.5	
Seaside Park	1	1.5		
Seaside Heights	3.5			
Point Pleasant Borough	2	2	1.95	
AVERAGE	2.208%	2.1%	2.15%	2%

Again, one finds that the average increase, chiefly by voluntary settlements, achieved among these Officers' peers in other municipalities exceed the PBA Position in this case. It is almost a situation of arbitral recognition that virtually every Department in steps. Virtually every Department has somebody moving along the longevity guide. The total value, if one includes both step movement and longevity movement costs would undoubtedly exceed the base rate numbers reflected in *Chart No. 2* above. In short, the averages exceed the position set forth by the PBA in this case.

Reading both *Chart No. 1* and *Chart No. 2* together provides an unfortunate circumstance for the Mantoloking Police Officer. Not only is the Mantoloking Police Officer paid less than said Officers' peers in 2012, it appears a certainty that said shortfall will increase in subsequent years represented by

this Interest Arbitration proceeding. The averages already established in peer groups exceed the Last Offer Position of the PBA in this case. The across-the-board increases will eventually increase by 1.5% in each year of the Salary Guide for Mantoloking Police Officers under the PBA Proposal. Clearly those 1.5% increases in 2013 and 2014 are significantly less to the already established averages. An award of the PBA Position in this case will virtually guarantee not only a maintenance of a significantly below average position but in fact will exacerbate relative standing and position.

At hearing the public employer introduced data on the Consumer Price Index. The Consumer Price Index as presented is essentially a private sector presentation for all Employees, only a small percentage of who are employed in the public sector. The PBA submits that the best comparisons are those made with the other law enforcement agencies placed in evidence.

Due to the unique statutory obligation and treatment of Police Officers under New Jersey Law, any comparison of said law as it applies to private sector employees as compared to Police Officers must result in a strong justification for significantly higher compensation to be paid to Police Officers. In a decision, well known Interest Arbitrator Carl Kurtzman considered this subject of private sector comparisons and wrote as follows:

As other arbitrators have noted, it is difficult to compare the working conditions of public sector police officers with the working conditions of private sector employees performing the same or similar services because of the lack of specific private sector occupational categories with whom a meaningful comparison may be made. The standards for recruiting public sector police officers, the requisite physical qualifications for public sector police and their training and the unique responsibilities which require public sector police to be available and competent to protect the public in different emergent circumstances sets public sector police officers apart from private sector employees doing somewhat similar work. Accordingly, this comparison merits minimal weight. (Borough of River Edge and PBA Local 201, PERC IA-97-20, pg. 30)

The PBA respectfully asserts that private sector comparisons should not be considered controlling in this case. In the first instance, there is no comparable private sector job compared to that of a police officer. A Police Officer has obligations both on and off duty. This is most unusual in the private sector. A Police Officer must be prepared to act and, under law, may be armed at all times while anywhere in the State of New Jersey. Certainly this is not seen in the private sector. The Police Officer operates under a statutorily created public franchise of law enforcement with on and off duty law enforcement hours. Once again such public franchise and unique provision of statutory authority is not found in the private sector. There is no portability of pension in the law enforcement community after age thirty-five (35). Police Officers may not take their skills and market them in other states as one may market one's own personal skills in the private sector. A machinist or an engineer may travel

anywhere in the county to relocate and market their skills. This is not possible for a Police Officer. The certification is valid locally only. The nature of Police work is inherently one of hazard and risk. This is not frequently seen in the private sector.

The following represents certain statutory and other precedential laws controlling the relationship of Police Officers to their employers. Specifically distinguished is the private sector employee from said employee's employer.

1. The Federal Fair Labor Standards Act, 29 U.S.C.A. §201, *et seq.* applies different standards to private sector employees and police officers. Whereas private sector employees have the protection of the 40 hour work week and the 7 day work cycle, police officers are treated to much less protection. Police officers have only relatively recently been covered by the Act by virtue of the 7k amendment.
2. The New Jersey State Wage & Hour Law, N.J.S.A. 34:11-56a, *et seq.* does not apply to the employment relationship between a police officer and the officer's Public Employer. Private sector employees are covered under New Jersey Wage and Hour Laws. Such protections as are therein available are not available to the police, Perry v. Borough of Swedesboro, 214 N.J. Super. 488 (1986).
3. The very creation of a police department and its regulation is controlled by specific statutory provisions allowing for a strict chain of command and control. Included are statutory provisions for rules and regulations, specifying of powers and duties, specifics for assignments of subordinate personnel, and delegation of authority. N.J.S.A. 40A:14-118. There is no such statute covering private employment in New Jersey.

4. N.J.S.A. 40A:14-122 provides for specific qualifications which are statutorily mandated for police officer employment. Such requirements as US Citizenship, physical health, moral character, a record free of conviction, and numerous other requirements are set forth therein. No such requirement exists by statute for private employment in this state.
5. If an employee in a police department is absent from duty without just cause or leave of absence for a continuous period of five days said person, by statute, may be deemed to cease to be a member of such police department or force, N.J.S.A. 40A:14-122. No such provision exists as to private employment.
6. Statutorily controlled promotional examinations exist for certain classes of police officers in New Jersey under title 11 and other specific statutory provisions exist under 40A:14-122.2. There are no such private sector limitations on promotion.
7. A police officer in New Jersey must be resident of the State of New Jersey, N.J.S.A. 40A:14-122.8. No such restriction exists for private sector employees.
8. Hiring criteria and order of preference is set by statute 40A:14-123.1a. No such provision exists for private employees in New Jersey.
9. There are age minimums and age maximums for initial hire as a police officer in New Jersey. No such maximum age requirements exist for private employment in this state. Even if an employee in a police department who has left service seeks to be rehired there are statutory restrictions on such rehire with respect to age, 40A:14-127.1. No such provision exists for private employees in this state.
10. As a condition for employment in a police department in the State of New Jersey there must be acceptance into the applicable Police Retirement System, N.J.S.A. 40A:14-127.3. No such requirement exists in private sector. The actual statutorily created minimum salary for policemen in New Jersey is set at below minimum wage N.J.S.A. 40A:14-131. Private employees are protected under the Fair Labor Standards Act. Days of employment and days off, with

particular reference to emergency requirements are unique to police work. A police officer's work shall not exceed 6 days in any one week, "except in cases of emergency". N.J.S.A. 40A:14-133. The Fair Labor Standards Act gives superior protection to private sector employees.

11. N.J.S.A. 40A:14-134 permits extra duty work to be paid not in excess of time and one-half. This prohibits the higher pyramided wage rates which may be negotiated in private sector. There is no such prohibition in the law applying to private sector employees.
12. The maximum age of employment of a police officer is 65 years. No such 65 year maximum applies to private sector employees.
13. Police Officer pensions are not covered by the federal ERISA Pension Protection Act. Private sector employees' pensions are covered under ERISA.
14. Police officers are subject to unique statutorily created hearing procedures and complaint procedures regarding departmental charges. Appeals are only available to the court after exhaustion of these unique internal proceedings, N.J.S.A. 40A:14-147 to 40A:14-151. No such restrictions to due process protections for private employees exist. Private employees, through collective bargaining agreements, may also negotiate and enforce broad disciplinary review procedures. The scope is much different with police personnel.

Perhaps the greatest differentiation between Police Officers and private employees generally is the obligation to act as a law enforcement officer at all times of the day, without regard to whether one is on duty status within the state or not. Police Officers are statutorily conferred with specific authority and "...have full power of arrest for any crime committed in said Officer's presence and committed anywhere within the territorial limits of the State of New Jersey."

N.J.S.A. 40A:14-152.1. A Police Officer is specially exempted from the fire arms law of the State of New Jersey and may carry a weapon off duty. Such carrying of deadly force and around the clock obligation at all times within the State is not found in the private sector.

Police Officers are trained in the basic Police Academy and regularly retrain in such specialties as fire arms qualifications. This basic and follow up training schedule is a matter of New Jersey Statutory law and is controlled by the Police Training Commission, a New Jersey Statutorily created agency. Such initial and follow up training is not generally found in the private sector. Failure to maintain certain required training can lead to a loss of Police Officer certification and the Police Officer's job. This is rarely found in the private sector.

Mobility of private sector employees is certainly a factor in the setting of wages and terms and conditions generally for private sector employees. Where a company may move from one state to another, there is more of a global competition to be considered. The New Jersey private sector employee must consider the possibility that his industrial Employer might move that plant to a state or even another country. This creates a depressing factor on wages. This is not possible in the public sector. The Employees must work locally and must be available to respond promptly to local emergencies. The residency restriction has been above mentioned. In a private sector labor market one might

compare the price of production of an item in New Jersey with the price of production of that item in other states, even in Mexico.

Local comparisons are more relevant with Police wages. These types of issues were considered in the recent decision issued by the well known Arbitrator William Weinberg in the Village of Ridgewood case.

Second of the comparison factors is comparable private employment. This is troublesome when applied to police. The police function is almost entirely allocated to the public sector whether to the municipality, county, state or to 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. This difference is apparent in standards for recruiting, physical qualifications, training, and in their responsibilities. The difficulties in attempting to construct direct comparisons with the private sector may be seen in the testimony of the Employer's expert witness who used job evaluation techniques to identify engineers and computer programmers as occupations most closely resembling the police. They may be close in some general characteristics and in "Hay Associates points", but in broad daylight they do seem quite different to most observers.

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.

Third, the greatest weight is allocated to the comparison of the employees in this dispute with other employees performing the same or similar services and with other employees generally in public employment in the same or similar comparable jurisdictions (Section

g. 2(a) of the mandatory standards.) This is one of the more important factors to be considered. Wage determination does not take place without a major consideration of comparison. In fact, rational setting of wages cannot take place without comparison with like entities. Therefore, very great weight must be allocated to this factor. For purposes of clarity, the comparison subsection g.(2), (a) of the statute may be divided into (1) comparison within the same jurisdiction, the direct Employer, in this case the Village, and (2) comparison with comparable jurisdictions, primarily other municipalities with a major emphasis on other police departments.

Police are a local labor market occupation. Engineers may be recruited nationally; secretaries, in contrast, are generally recruited within a convenient commute. The nearby market looms large in police comparisons. The farther from the locality, the weaker the validity of the comparison. Police comparisons are strongest when in the local area, such as contiguous towns, a county, an obvious geographic area such as the shore or a metropolitan area. Except for border areas, specific comparisons are non-existent between states. (Ridgewood Arbitration Award, Docket No.: IA-94-141, pages 29 - 31)

For the reasons noted above it is respectfully argued that any time there is a comparison made between a Police Officer and a private employee generally, Police Officer's position must gain weight and be given greater support by such comparisons. The Police Officer lives and works within a narrowly structured statutorily created environment in a paramilitary setting with little or no mobility. The level of scrutiny, accountability and authority are unparalleled in employment generally. The Police Officer carries deadly force and is licensed to use said force within a great discretionary area. A Police

Officer is charged with access to the most personal and private information of individuals and citizens generally. His highly specialized and highly trained environment puts great stress and demand on the individual. Private employment generally is an overly generalized category that includes virtually every type of employment. To be sure in such a wide array of titles as the nearly infinite number covered in the general category of "private employment" there are highly specialized and unique situations. The majority, however, must by definition be more generalized and less demanding. Specialized skills and standards are not generally as high as in police work. A Police Officer is a career committed twenty-five (25) year statutorily oriented specialist who is given by law the highest authority and most important public franchise. The Police Officer should be considered on a higher wage plane than private employment generally.

STIPULATIONS OF THE PARTIES

At hearing the public employer stipulated that the "ability to pay" issue was not challenged and it was in fact stipulated. The Employer has stipulated that it has the ability to pay the amounts at issue in this proceeding. The only other issues were procedural in nature and not relevant to the ultimate resolution of this dispute.

LAWFUL AUTHORITY OF THE EMPLOYER

A review of criteria g5, under the Act consistent with the testimony and evidence introduced in this case provides absolutely no prohibition to an award of the Last Offer Position presented by the PBA. In the first instance, and most importantly, the public employer stipulated that it had the full "ability to pay" of the positions in this proceeding. That stipulation being entered into the record would obviate any detailed analysis of the financial evidence which was also placed in the record.

Notwithstanding the Employer's stipulation of ability to pay the PBA will address criteria g5 and offer comments on the "Levy CAP" and "Appropriation CAP". With respect to the "Levy CAP" it was acknowledged by Employer witness on cross-examination that the Levy CAP in itself only applied to thirty-nine percent (39%) of the revenue received by the Borough. The 2013 Budget (P-2) at sheet 3, line 4 identified Total General Revenues received by the municipality at Five Million Six Hundred Seventy-One Thousand Three Hundred Four Dollars (\$5,671,304.00). Line 6 of the same page identifies the amount to be raised by taxes for support of the Municipal Budget as Two Million Two Hundred Fifty-Nine Thousand Six Hundred Seventy-Eight Dollars (\$2,259,678.00). Thus the amount to be raised by taxes is only thirty-nine percent (39%) of the revenue. The balance of the revenue comes from uncapped sources. In the same

Budget document at sheet 3B(1) on the right hand side of the page is the full computation of the property tax levy CAP. The calculations show that the Levy CAP presented absolutely no prohibition to funding in this Budget. In fact the amount utilized in the adoption of the Budget was Eight Hundred Fifty-Six Thousand Three Hundred Sixty-Nine Dollars (\$856,369.00) below the Levy CAP limitation. Clearly, the Levy CAP did not negatively impact the budget preparation. This amount, Eight Hundred Fifty-Six Thousand Three Hundred Sixty-Nine Dollars (\$856,369.00) does not simply go away at the end of the budget year. Rather this amount of money goes forward into future years as part of "CAP Banking". On the lower right hand corner of the page the statement is identifying the CAP Bank available as Eight Hundred Fifty-Six Thousand Three Hundred Sixty-Nine Dollars (\$856,369.00). In the next year's budget this is the amount that will be added to the CAP formula at the commencement of calculations. Finally, with respect to CAP Banking the history of the last two (2) years CAP Banking is identified. From the 2011 Budget there was Fifty-Two Thousand Three Hundred Seventy-Nine Dollars (\$52,379.00) in CAP Bank going forward. In the 2012 Budget there was One Hundred Four Thousand Five Hundred Ninety Dollars (\$104,590.00) banked for forward utilization. In the 2013 Budget, as noted above, there was over Eight Hundred Fifty Thousand Dollars (\$850,000.00) banked for future use. The trend is clear. There is no Levy CAP problem in this town. On the same page to the right there is also a calculation

of the Appropriation CAP which also did not prohibit the adoption of a budget for 2013.

The municipality in this case is not a poor town. This is an enclave of multi-million dollar homes, largely second homes to persons living elsewhere. The ratable base in the most recent document certifying same (*Annual Financial Statement, P-4* in evidence) shows a net valuation taxable of just over \$1.6 Billion Dollars (\$1,600,000,000.00). That \$1.6 Billion Dollar (\$1,600,000,000.00) ratable base is essentially all made up of five hundred twenty-one (521) homes. Were there any doubt that most of these homes are multi-million dollar secondary residences, one need only to consider the testimony of the Employer witness who acknowledged that only forty (40) homes presently have garbage picked up. On cross-examination it was acknowledged by the same witness that of the five hundred twenty-one (521) homes there are only two (2) school students and they are sent to another town for education. One would be hard pressed to make a case for any sort of pressure on taxpayers in this circumstance. Further, the Employer witness acknowledged that the current cash collection rate of taxes (97.26%) was very high and well above the State average (*See Exhibit P-4, Sheet 22, Line 13*). High tax collection rates, extremely high ratable base all are elements that would indicate a wealthy municipality far removed from any taxpayer pressure.

The Employer essentially based its entire case on the so-called "Two Percent Hard CAP" stating that since the Arbitrator could not award more than two percent (2%) the PBA's case was in excess of that amount and the Employer's case was more awardable. The PBA takes issue with this position and in fact finds fault with the calculations of the Employer which were presented at hearing in book form.

The PBA bargaining unit is made up of six (6) persons, one (1) Lieutenant, one (1) Sergeant, and four (4) Police Officers per the stipulation and proofs introduced by both parties at hearing. The PBA will identify each member of the bargaining unit and the asserted cost of the contract maintenance (*J-1*) as in some cases incorrectly calculated by the Employer.

Lieutenant Barcus is a Police Officer in the rank of Lieutenant and has served the Department since his hire on January 1, 1995. As a Lieutenant of Police there is a singular pay rate and due to his years of service he has reached Top Step Longevity. The cost of contract maintenance does not therefore alter with respect to said member's compensation from 2012 to 2014. As calculated on *Employer Exhibit C*, the cost of Lieutenant Barcus both in 2012 and 2013, absent adjustment is One Hundred Twenty-One Thousand Two Hundred Eighty-Eight Dollars (\$121,288.00).

Sergeant Saccone was hired by the Department June 1, 1996. The Sergeant's pay rate is fixed and not subject to any step change. The longevity rate together with base rate was calculated by the Employer to be One Hundred Thirteen Thousand Three Hundred Fifty-Three Dollars (\$113,353.00). This amount should have been applicable to both 2012 and 2013 as there was no change from 2012 to 2013 and both longevity columns show an eight percent (8%) longevity rate on *Employer Exhibit C*. The proper number therefore should be One Hundred Thirteen Thousand Three Hundred Fifty-Three Dollars (\$113,353.00). There is no increase in cost of contract maintenance for Sergeant Saccone from 2012 to 2013. Likewise in 2014 there is no increase in longevity nor provision for increase step value at the Sergeant's rank.

Next in seniority is Police Officer Shewan who was hired February 1, 2002. The *Employer Exhibit C* incorrectly lists his hire date as November 1, 2002. This is important because for eleven (11) months of 2012 Officer Shewan was at the six percent (6%) rate of pay, not two (2) months of 2012. The Employer calculated 2013 number is accurate at One Hundred Three Thousand Nine Hundred Seventy-Six Dollars (\$103,976.00).

Next in seniority is Officer Ferris who was hired April 1, 2006. Officer Ferris commenced Top Step Pay upon completion of six (6) years and going into the seventh (7th) year which took place April 1, 2012. The change from 2012 to 2013,

referencing contract maintenance cost, is only the change in the longevity value attributable to member Ferris. Four percent (4%) longevity to an Officer at top pay rate is four percent (4%), or in dollars, Three Thousand Seven Hundred Twenty-Two Dollars (\$3,722.00). Since that amount was only paid for three-quarters of the year, the amount attributable in contract maintenance is an increase of Two Thousand Seven Hundred Ninety-One Dollars (\$2,791.00) to Ferris. Thus the cost of maintenance of contract rights for Officer Ferris in 2014 should only increase by said amount for a total of Ninety-Five Thousand Eight Hundred Fifty-Six Dollars (\$95,856.00). The Employer's calculations for Ferris overstate contract maintenance cost by Two Thousand Three Hundred Seventy-Three Dollars (\$2,373.00) for 2013.

Police Officer Meyer was hired December 18, 2006. Officer Meyer completed his sixth (6th) year and began his seventh (7th) year as of the beginning of 2013. The cost of the step which was effective as of the end of December 2012, beginning of 2013, is Six Thousand One Hundred Eighteen Dollars (\$6,118.00) (Step 6 to Step 7 pay rate) which when added to the amount actually paid to Officer Meyer (*See Employer Exhibit C*) in 2012 of Ninety-One Thousand Six Hundred Forty-Two Dollars (\$91,642.00) gives a total of Ninety-Seven Thousand Seven Hundred Sixty Dollars (\$97,760.00) in 2013. Incorrectly stated on *Exhibit C* of the Employer's presentation is the fact that Officer Meyer received four percent (4%) longevity in 2013. This Police Officer had not completed seven

(7) years of service and be eligible in the eighth (8th) year for a longevity benefit until the very end of the year which would be payable in 2014 not 2013. The Employer's calculation therefore overstates compensation to Officer Meyer attributable to contract maintenance in 2013.

Police Officer Dryburgh was hired August 1, 2008. The only change in compensation is the calculated 2013 step increase for a total of Eighty-Seven Thousand Seven Hundred Twenty Dollars (\$87,720.00).

The above calculations when totaled showed that the Employer has significantly overstated the 2013 contract costs in its calculations. In addition to the inaccuracies and understatements with respect to 2012, the 2013 costs are totaled on *Chart No. 3* below.

CHART NO. 3
CONTRACT MAINTENANCE COSTS FOR 2013

Lieutenant Barcus	\$121,288
Sergeant Saccone	\$113,353
Police Officer Shewan	\$103,976
Police Officer Ferris	\$95,856
Police Officer Meyer	\$97,760
Police Officer Dryburgh	\$87,720
Total Contract Maintenance Cost in 2013	\$619,923

The key consideration in this calculation is the fact that Officer Ferris should not be included in the calculation. Officer Ferris is not a paid member of the Department. While the Officer is a sworn member, one hundred percent (100%) of Ferris' compensation and benefits are paid through a FEMA reimbursement to the Borough. Details were supplied at the hearing in detail explaining how the reimbursement works, that it is for an indefinite period of time, and that all costs, without exception, are paid by outside source money. As a result the compensation of Officer Ferris should be removed from the Employer cost column in 2013. This would result in a reduction in the calculation set forth at the bottom of *Chart No. 3* by Ninety-Five Thousand Eight Hundred Fifty-Six Dollars (\$95,856.00). The actual cost of payment of Police Officers in 2013 is Five Hundred Twenty-Four Thousand Sixty-Seven Dollars (\$524,067.00). Thus in 2013 the cost of policing in Mantoloking, with respect to taxpayer obligation, actually dropped significantly. It cost significantly less to patrol the Borough in 2013, with all step and longevity adjustments included, than it did in 2012. Even if one uses the above referenced incorrect calculation for the Employer in its own exhibit (*Exhibit C*) of the total cost of Six Hundred Five Thousand Four Hundred Sixty-Seven Dollars (\$605,467.00) and compares it to the true cost of actual taxpayer dollars in 2013 of Five Hundred Twenty-Four Thousand Sixty-Seven Dollars (\$524,067.00) the result is a reduction in cost of Eighty-One Thousand Four Hundred Dollars (\$81,400.00).

In a true base cost of Five Hundred Twenty-Four Thousand Sixty-Seven Dollars (\$524,067.00) the PBA has proposed a wage increase on the Guide of 1.5% across-the-board effective July 1 of 2013. This amount, 1.5% of the total cost, is Seven Thousand Eight Hundred Sixty-One Dollars (\$7,861.00). Since that cost is only implemented at mid-year the true net cost in 2013 is Three Thousand Nine Hundred Thirty Dollars (\$3,930.00). For the second year the base of Five Hundred Twenty-Four Thousand Sixty-Seven Dollars (\$524,067.00) was increased effective in the first year to Five Hundred Thirty-One Thousand Nine Hundred Twenty-Eight Dollars (\$531,928.00). The additional 1.5% on that sum is Seven Thousand Nine Hundred Seventy-Eight Dollars (\$7,978.00), again effective mid-year 2014. The net increase attributable in 2014 is Three Thousand Nine Hundred Eighty-Nine Dollars (\$3,989.00). The only other cost impact is the change in step as indicated in earlier calculations. The total impact of the wage increase on an across-the-board basis is Seven Thousand Nine Hundred Nineteen Dollars (\$7,919.00) which one may add the additional cost of a step, Six Thousand One Hundred Eleven Dollars (\$6,111.00) for a total cost over two (2) years of Fourteen Thousand Thirty Dollars (\$14,030.00). This is under the two percent (2%) allocated using the Hard CAP. One may note that at hearing the Employer acknowledged that there could be a two percent (2%) increase in each of two (2) years. The cost of two percent (2%) increase in each of two (2) years is a net implementation cost of six percent (6%). The first two percent (2%) is paid twice and the second two percent (2%) is paid once. The six percent (6%), so

calculated in net cost of implementation, even if it was just a two percent (2%) increase each year, is Thirty-One Thousand Four Hundred Forty-Four Dollars (\$31,444.00). Clearly the position of the PBA is well inside of the CAP number.

Ferris has been in this reimbursed position for 2013 and will be in said position for an indefinite period likely for several years into the future. The PBA's package should not be charged for a non-cost item to the Borough of Mantoloking. Whatever occurs to Ferris in the future will be paid one hundred percent (100%) by the federal agency. It is incorrect to include said Officer in these calculations. The FEMA regulations covering emergency work were introduced into evidence at hearing (*P-17*). Regulation 95.25.7 "Labor Cost – Emergency Work" provides at page 3 provisions for contract employees regular and overtime costs. The PBA will not interpret these regulations as they appear clear and applicable in this case. It is the position of the PBA that a proper calculation of Employer cost in 2013 and beyond should not include any cost for base compensation or benefits attributable to Officer Ferris. In fact, said Officer has not performed police service during this period and is acting wholly administratively dealing with various Federal and State agencies as described in her testimony.

IMPACT ON THE TAXPAYERS AND RESIDENTS

The impact Police costs as covered by this Interest Arbitration proceeding are nominal with respect to impact on the local taxpayer. The total Tax Levy is set forth at the bottom of the *Annual Financial Statement (P-4)*, and should be shown to be Eight Million Nine Hundred One Thousand One Hundred Twenty-Nine Dollars (\$8,901,129.00). The cost of these bargaining unit services, as carried into 2013 under the contract represents 6.6% of this total Tax Levy. Therefore on a hypothetical tax rate of Fifteen Thousand Dollars (\$15,000.00) per year the portion attributable to bargaining unit compensation costs is Nine Hundred Ninety Dollars (\$990.00). That would represent Eighty-Two Dollars and Fifty Cents (\$82.50) a month with a one percent (1%) cost of Eighty-Two Cents (\$0.82) per month on a house with a Fifteen Thousand Dollar (\$15,000.00) tax rate. Each percentage point of increase is another 82.5¢ per month. These are *de minimis* figures. Even if one were in a house paying Thirty Thousand Dollars (\$30,000.00) a year in taxes the impact of a point is still only One Dollar and Sixty-Five Cents (\$1.65) on a Thirty Thousand Dollar (\$30,000.00) tax bill on a multi-million dollar summer home.

Not only did the Employer not assert any form of tax burden for residential taxpayer problem, it actually acknowledged the circumstances by stipulating the "ability to pay" was not an issue in this case.

Even the several points raised by Employer witnesses regarding replacement cost for certain public properties damaged in the storm, all of these assertions were met and explained by FEMA assigned witness Ferris who described the reimbursement proceeding, pending applications, and available applications to be filed. The net impact is very small, if any.

**THE CONTINUITY AND STABILITY OF EMPLOYMENT
INCLUDING SENIORITY RIGHTS AND SUCH OTHER
FACTORS NOT CONFINED TO THE FOREGOING WHICH
ARE ORDINARILY OR TRADITIONALLY CONSIDERED IN THE
DETERMINATION OF WAGES, HOURS AND CONDITIONS
OF EMPLOYMENT THROUGH COLLECTIVE NEGOTIATIONS
AND COLLECTIVE BARGAINING BETWEEN THE PARTIES IN
THE PUBLIC SERVICE AND IN PRIVATE
EMPLOYMENT**

In this case the public employer has sought to basically revise the entire compensation system for Police personnel. With its Proposal, much of which is legally prohibited from being awarded and statutorily violative under the Act, there is no even asserted savings. The Employer just wants a new class of Officers paid at a different schedule over many more years reaching top pays for supervisors less than Patrolmen make today. Not only is this unawardable legally, it is illogical and cannot work to the benefit of the citizens and taxpayers in this municipality. Having two (2) classes of Officers defined by substantially different levels of compensation cannot be said to create unity in this most critical area of public endeavor, public safety. In the future a public employer,

as was explained and detailed at hearing, would have the opportunity to promote a supervisor from the second level or second tier of Employees hired after January of 2013 instead of an existing Employee and in that process save Twenty-Nine Thousand Dollars (\$29,000.00) per year in the transaction. Current Employees would be essentially ineligible for promotion because they would be competing with a much lesser cost Employee. A Lieutenant in the future would make less than a Step Four Officer today. In short, the Employer's Proposal, in addition to all else, is a career killer for all people on staff.

The Employer in its presentation at hearing acknowledged repeatedly and itself used the word repeatedly, "speculative". So characterized, in the Employer's own words, its own Proposal is unawardable.

One should not overlook the fact that the provisions of the Agreement are the end result of years of collective bargaining and bilateral Agreements. Each element of the contract has attached to it a *quid pro quo*. Now, it appears that the Employer wants the other end of those bargains previously made and paid for by the bargaining unit.

In conclusion one must only refer to the Arbitrator's most comprehensive and well-reasoned statement in the Award regarding the Employer's attempts to cut in many areas without justification.

It must also be noted, particularly in considering the array of cuts in economic benefits the Township proposes, that the salary and benefits earned by these police officers is a result of years of collective negotiations. It is generally an axiom of negotiations, especially in the last few years where concessions are being proposed, that you give something up in exchange for something else. Here, the employer asks for an array of give-backs on benefits, but at the same time, proposes to give virtually nothing in increases. I intend to take a more balanced approach in this award. (Township of Byram and PBA Local 138 (Byram Township Unit), PERC Docket No. IA-2013-012 (2013) Award, p.42).

The cost of the PBA Position for 2013 is one-half ($\frac{1}{2}$) of the 1.5% across-the-board wage increase and a like amount for the second year. Each are mid-year increases and the total cost of the PBA Position is less than an average of two percent (2%) over the two (2) years proposed.

DISCUSSION

I am required to make a reasonable determination of the issues, giving due weight to the statutory criteria set forth in N.J.S.A. 34:13A-16(g). The statutory criteria are as follows:

1. The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.).
2. Comparison of the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the same or similar services and with other employees generally:
 - a. In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
 - b. In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
 - c. In public employment in the same or similar comparable jurisdictions, as determined in accordance with section 5 of P.L. 1995., c. 425 (C. 34:13A-16.2); provided, however that each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.
3. The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations,

holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.

4. Stipulations of the parties.
5. The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976 c. 68 (C.40A:4-45 et seq.).
6. The financial impact on the governing unit, its residents, the limitations imposed upon the local unit's property tax levy pursuant to section 10 of P.L. 2007, c.62 (C.40A:4-45.45), and taxpayers. When considering this factor in a dispute in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account, to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element, or in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers on the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in a proposed local budget.
7. The cost of living.
8. The continuity and stability of employment including seniority rights and such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations and

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

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 imposed upon the employer by section 10 of P.L.2007, c.62 (C.40A:4-45.45).

All of the statutory factors are relevant, but they are not necessarily entitled to equal weight. The party seeking a change to an existing term or condition of employment bears the burden of justifying the proposed change. I considered my decision to award or deny the individual issues in dispute as part of a total package for the terms of the entire award.

Base Salary & Base Salary Cap Calculation

This Award is subject to the 2% base salary cap ["Hard Cap"] imposed by P.L. 2010, c. 105. In Borough of New Milford and PBA Local 83, P.E.R.C. No. 2012-53, 38 NJPER 380 (¶ 116 2012), PERC cited standards as they relate to interest arbitration awards having to meet the 2% base salary cap requirements of N.J.S.A. 34:13A-16.7:

P.L. 2010, c. 105 amended the interest arbitration law N.J.S.A. 34:13a-16.7 provides:

- a. As used in this section:
"Base salary" means the salary provided pursuant to a salary guide or table and any amount provided

pursuant to a salary increment, including any amount provided for longevity or length of service. It also shall include any other item agreed to by the parties, or any other item that was included in the base salary as understood by the parties in the prior contract. Base salary shall not include non-salary economic issues, pension and health and medical insurance costs.

"Non-salary economic issues" means any economic issue that is not included in the definition of base salary.

- b. An arbitrator shall not render any award pursuant to section 3 of P.L. 1977, c. 85 (C.34:13A-16) which, on an annual basis, increases base salary items by more than 2.0 percent of the aggregate amount expended by the public employer on base salary items for the members of the affected employee organization in the twelve months immediately preceding the expiration of the collective negotiation agreement subject to arbitration; provided, however, the parties may agree, or the arbitrator may decide, to distribute the aggregate monetary value of the award over the term of the collective negotiation agreement in unequal annual percentages. An award of an arbitrator shall not include base salary items and non-salary economic issues which were not included in the prior collective negotiations agreement.

This is the first interest arbitration award that we review under the new 2% limitation on adjustments to base salary. Accordingly, we modify our review standard to include that we must determine whether the arbitrator established that the award will not increase base salary by more than 2% per contract year or 6% in the aggregate for a three-year contract award. In order for us to make that determination, the arbitrator must state what the total base salary was for the last year of the expired contract and show the methodology as to how base salary was calculated. We understand that the parties may dispute the actual base salary amount and the arbitrator must make the determination and explain what was included based on the evidence submitted by the parties. Next, the arbitrator must calculate the costs of the award to establish that the award will not increase the employer's base salary costs in excess of

6% in the aggregate. The statutory definition of base salary includes the costs of the salary increments of unit members as they move through the steps of the salary guide. Accordingly, the arbitrator must review the scattergram of the employees' placement on the guide to determine the incremental costs in addition to the across-the-board raises awarded. The arbitrator must then determine the costs of any other economic benefit to the employees that was included in base salary, but at a minimum this calculation must include a determination of the employer's cost of longevity. Once these calculations are made, the arbitrator must make a final calculation that the total economic award does not increase the employer's costs for base salary by more than 2% per contract year or 6% in the aggregate.

PERC continued its discussion of base salary:

Since an arbitrator, under the new law, is required to project costs for the entirety of the duration of the award, calculation of purported savings resulting from anticipated retirements, and for that matter added costs due to replacement by hiring new staff or promoting existing staff are all too speculative to be calculated at the time of the award. The Commission believes that the better model to achieve compliance with P.L. 2010 c. 105 is to utilize the scattergram demonstrating the placement on the guide of all of the employees in the bargaining unit as of the end of the year preceding the initiation of the new contract, and to simply move those employees forward through the newly awarded salary scales and longevity entitlements. Thus, both reductions in costs resulting from retirements or otherwise, as well as any increases in costs stemming from promotions or additional new hires would not effect the costing out of the award required by the new amendments to the Interest Arbitration Reform Act.

* * *

....We note that the cap on salary awards in the new legislation does not provide for the PBA to be credited with

savings that the Borough receives from retirements or any other legislation that may reduce the employer's costs.

In the consolidated case of Point Pleasant Borough & PBA Local 158/SOA, PERC Dkt. Nos. IA-2012-018 & IA-2012-019 (December 2012), the Arbitrator concluded that he was compelled to apply PERC's standards to the facts of that case. I reached the same conclusion in Camden County Sheriff & PBA Local 277/SOA, PERC Dkt. No. IA-2013-010 (March 2013), Borough of Tenafly & PBA Local 376, PERC Dkt. No. IA-2013-018 (May 2013), Township of Mahwah & PBA Local 143, PERC Dkt. No. IA-2013-022 (May 2013), and continue to do so with respect to this matter.

PERC clarified New Milford in City of Atlantic City & PBA Local 24, PERC Dkt. No. IA-2013-016, P.E.R.C. No. 2013-82:

In New Milford, we acknowledged that parties may not always agree on base salary information and calculations. In those circumstances, the arbitrator must make a determination based on the evidence presented. * * *

Thus, we ... direct ... all public employers in interest arbitration, to provide arbitrators with the required base salary information and calculation. Such information must include, at a minimum, in an acceptable and legible format, the following information:

1. A list of all unit members, their base salary step in the last year of the expired agreement, and their anniversary date of hire;

2. Costs of increments and the specific date on which they are paid;
3. Costs of any other base salary items (longevity, educational costs etc.) and the specific date on which they are paid; and
4. The total cost of all base salary items for the last year of the expired agreement. [footnote omitted].

We further clarify that the above information must be included for officers who retire in the last year of the expired agreement. For such officers, the information should be prorated for what was actually paid for the base salary items. Our guide in New Milford for avoiding speculation for retirements was applicable to future retirements only.

The Borough indicates that the base salary for 2012 consisted of salary, longevity and holiday pay. [See Ex. T-2(C)]. The Borough calculated base salary in 2012 to be \$605,467. Based upon the Borough's figure, the annual 2% Hard Cap under the statute is \$12,108. The PBA did not provide an alternative to the Borough's method of calculation prior to or during the arbitration hearing, but it disputed the inclusion of Ferris as an active member of the Department for the duration of the successor agreement. The PBA contends that Ferris' base salary must be excluded when determining how the total allowable increases permitted by statute are allocated to the bargaining unit. My calculations differ from the Borough's based in large part upon the application of PERC's standards set forth in New Milford and Atlantic City. I conclude that Ferris' base

salary shall only be considered for the period of time that the Borough paid her salary without reimbursement from the federal government. To summarize, the total base salary for 2012 that will be used for the purposes of calculating the annual Hard Cap is \$588,756.87. Based upon my application of PERC's standards, the base salary as of December 31, 2012 can be increased by an average annual amount of \$11,775.14.

Interests and Welfare of the Public

As I expressed in recent interest arbitration awards, Arbitrators have recognized that "[t]he interests and welfare of the public [N.J.S.A. N.J.S.A. 34:13A-16g(1)] is paramount because it is a criterion that embraces many of the other factors and recognizes their relationships." Township of Mahwah & PBA Local 143, PERC Dkt. No. IA-2013-022 (May 2013), Borough of Tenafly & PBA Local 376, PERC Dkt. No. IA-2013-018 (May 2013) and Ocean Cty. Sheriff & PBA Local 379A (Superiors), IA-2013-002 (October 2012) citing Washington Tp. & PBA Local 301, IA-2009-053 (Mastriani 2012); see Borough of Roselle Park & PBA Local 277(SOA), IA-2012-024, IA-2012-026 (Osborn 2012). Having considered the entire record, and given the parties' stipulation, the Borough's ability to pay, the lack of adverse impact, the interests and welfare of the public, and the Hard Cap were given greater weight than other factors such as the cost of living and

comparability. I now review the interests and welfare criterion through the other statutory factors addressed below.

Lawful Authority of the Employer/Financial Impact on the Governing Unit, Its Residents and Taxpayers/Statutory Restrictions Imposed on the Employer

N.J.S.A. 34:12A-16g(1), (5), (6) and (9) refer to the lawful authority of the employer, the financial impact of the award, and the statutory restrictions imposed on the employer. The Borough does not claim an inability to pay. In fact, the Borough proposed increases above the amount it calculated to be allowable under the Hard Cap. The increases I award herein do not exceed the maximum allowable amount permitted over a period of three (3) years. I conclude that this Award will not have an adverse impact upon the Borough, its taxpayers and residents, and it will not prohibit the Borough from meeting its statutory obligations or cause it to exceed its lawful authority. Further, this Award serves the interests and welfare of the public through a thorough weighing of the statutory criteria after due consideration to the Hard Cap.

Comparability

Private Employment

Given the unique nature of law enforcement jobs, the comparison to private employment has not been allotted significant weight in previous interest arbitration awards. As I concluded in previous Awards, I continue to find no evidence to support a deviation from giving greater weight to public sector and internal comparisons.

Public Employment in General/In the Same or Similar Jurisdictions

With respect to public employment, the PBA and the Borough presented comparisons of this bargaining unit to the law enforcement units in other jurisdictions in close proximity to the Borough and the New Jersey coastline. The PBA also included the State Troopers who assisted in the Borough's protection after Hurricane Sandy. The Borough presented a comparison of police salaries to those for its non-union employees. [Ex. T-2].

The most recent salary increase analysis for interest arbitration on PERC's website shows that the average increase for awards was 2.05% from January 1, 2011 through December 31, 2011, 1.86% from January 1, 2012 through December 31, 2012, and 1.66% from January 1, 2013 through August 20, 2013. Over the same time periods, reported voluntary settlements averaged 1.87%, 1.77%, and 2.01%. PERC indicates that the average 2012 settlement for the 19 filings that would have been subject to the 2% cap is 1.84%, the average 2012

award for 7 filings that were subject to the 2% cap is 1.85%, and the average 2013 award for 7 filings that were subject to the 2% cap is 1.4%. I considered this information in rendering the final award.

I have reviewed the parties' comparisons and conclude that this bargaining unit enjoys a host of competitive economic benefits that fall within the range of those received in other law enforcement units. These comparisons were considered but, as stated above, were given less weight than some of the other statutory factors.

Overall Compensation

The evidence in this matter, as demonstrated by the parties' exhibits and the comparisons outlined above, shows that the overall compensation received by the Borough's officers is fair, reasonable and competitive. I conclude that the evidence does not establish that the Borough's proposal to implement a deflated salary structure and to eliminate longevity for new hires would serve the interests and welfare of the public given that (1) the Borough's ability to pay officers under the current salary structure is a non-factor in this proceeding, (2) this Award will not add additional monies to the existing salary guide, and (3) it has not been demonstrated that the current salary structure is unsustainable.

Stipulations of the Parties

The Borough's ability to pay is not a factor in this matter.

The Cost of Living

The most recent statistics from the U.S. Bureau of Labor Statistics' website show the following CPI for All Urban Consumers:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual
2003	2.6	3.0	3.0	2.2	2.1	2.1	2.1	2.2	2.3	2.0	1.8	1.9	2.3
2004	1.9	1.7	1.7	2.3	3.1	3.3	3.0	2.7	2.5	3.2	3.5	3.3	2.7
2005	3.0	3.0	3.1	3.5	2.8	2.5	3.2	3.6	4.7	4.3	3.5	3.4	3.4
2006	4.0	3.6	3.4	3.5	4.2	4.3	4.1	3.8	2.1	1.3	2.0	2.5	3.2
2007	2.1	2.4	2.8	2.6	2.7	2.7	2.4	2.0	2.8	3.5	4.3	4.1	2.8
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1	3.8
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7	-0.4
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5	1.6
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0	3.2
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.1
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2		

I considered this criterion but give it little weight as it does not have an impact on the increases awarded herein that will not exceed the Hard Cap over a period of three (3) years.

Continuity and Stability of Employment

This criterion was considered in my review of the evidence. I conclude that the modifications awarded herein are reasonable under the circumstances presented and will maintain the continuity and stability of employment. I conclude that this Award will have less of a negative impact upon the Department than the Borough's proposal to eliminate longevity for new hires and to implement a new salary guide for new hires that not only increases the number of steps required to reach the top patrol officer step but reduces the top step by over \$13,000, the Sergeant's step by over \$14,500, and the Lieutenant's step by over \$16,500.

Having addressed all of the statutory criteria I now turn to the modifications/proposals that I award.

Awarded Modifications/Proposals

Term of Agreement

The Borough proposes a term of four (4) years – January 1, 2013 through December 31, 2016. The Union proposes a term of two (2) years – January 1, 2013 through December 31, 2014. I award a term of three (3) years – January 1,

2013 through December 31, 2015 in order to provide labor-management stability over that period of time. The extension through 2015 is more than one and one-half years beyond the sunset date for the Hard Cap.

Salary/Salary Guide/Cost Analysis

There were 6 bargaining unit members in 2012 - Lieutenant John Barcus, Sergeant Eugene Saccone, Patrol Officer William Shewan, Patrol Officer Jon Meyer, Patrol Officer Stacy Ferris and Patrol Officer Scott Dryburgh. I calculated the total base salary for 2012 as including salary, longevity and holiday pay to be \$588,756.87. My calculations are based upon the Borough's representations that all step and longevity movement take place on the anniversary of an employee's date of full-time hire. The PBA indicated in its post-hearing brief that Patrol Officer William Shewan's date of hire was February 1, 2002 rather than November 1, 2002. In its brief the PBA also challenged when Patrol Officer Meyer will receive his first level longevity. These discrepancies were not raised by the PBA during the interest arbitration hearing. Under the circumstances, and given the strict statutory time limitations in this matter, I am inclined to rely upon the Borough's representations.

Article IV of the expired Agreement includes annual base wages for Patrol Officers, Sergeants and Lieutenants. Set forth below are the annual base wages for 2012:

YEAR	
1	\$56,345
2	\$62,465
3	\$68,584
4	\$74,706
5	\$80,541
6	\$86,947
7	\$93,065
Sergeant	\$99,579
Lieutenant	\$106,550

Article IV also includes a longevity pay schedule and the method of calculating holiday pay.

The annual Hard Cap is \$11,775.14. Applying the Hard Cap to this case, and having considered all of the statutory criteria, I award the following. The salary guide as structured in 2012 shall be frozen for the duration of the 2013-2015 Agreement. Advancement on steps and longevity shall continue in accordance with Article IV. Given Ferris' assignment as Operations Chief, there were only 5 bargaining unit members as of December 31, 2012. Out of the 5, Patrol Officer Dryburgh is the only officer moving through the salary guide in 2013 and 2014. Dryburgh will reach the top step for Patrol Officer as of August 1, 2014. As to longevity, Meyer receives his first longevity payment effective as of

December 19, 2013, Lieutenant Barcus' longevity increases to 9% effective January 1, 2014, Shewan's longevity increases to 7% effective November 1, 2015, and Dryburgh receives his first longevity payment effective August 1, 2015.

In accordance with PERC's standards, by utilizing the same complement of officers employed by the Borough as of December 31, 2012 over a term of three (3) years, and assuming for the purposes of comparison there are no resignations, retirements, promotions or additional hires, the increases to base salary awarded herein increase the total base salary including annual base wage, longevity, and holiday pay:

Base Salary as of 12/31/12:	\$509,738.47
2013:	\$524,567.43 (increase of \$14,828.96)
2014:	\$536,099.03 (increase of \$11,531.59)
2015:	\$542,268.37 (increase of \$6,169.34)

All compensation is effective and retroactive to January 1, 2013.

Other Modifications/Proposals not Awarded

As to the remainder of the parties' modifications and proposals I thoroughly reviewed and considered their respective positions. Having examined these items in conjunction with the supporting evidentiary submissions

I do not find sufficient justification to award them in whole or in part at this time. The remaining modifications and proposals are therefore rejected.

CONCLUSION

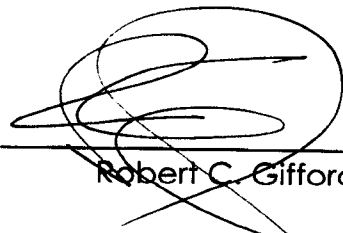
I conclude that the terms of this Award represent a reasonable determination of the issues after applying the statutory criteria. I have given greater weight to the Borough's ability to pay, the lack of adverse impact, the interests and welfare of the public, and the Hard Cap. I have also considered all of the other factors and conclude there is nothing in the record that compels a different result than I have determined in this proceeding.

AWARD

1. Term. Three (3) years – Effective January 1, 2013 through December 31, 2015.
2. Salary/Salary Guide/Longevity. The salary guide shall be frozen as it existed in 2012 for the duration of the Agreement. Advancement on steps and longevity pay shall continue in accordance with Article IV. All compensation is effective and retroactive to January 1, 2013.
3. All Other Proposals. All other proposals of the Borough and the Union are denied.

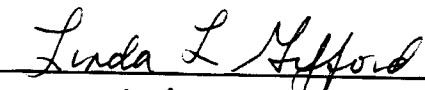
Pursuant to N.J.S.A. 34:13A-16(f), I certify that I have taken "the statutory limitation imposed on the local tax levy cap into account in making the award." My Award also explains how the statutory criteria factored into my final determination.

Dated: January 26, 2014
Sea Girt, New Jersey


Robert C. Gifford

State of New Jersey }
County of Monmouth }ss:

On this 26th day of January, 2014, before me personally came and appeared Robert C. Gifford 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.


Notary Public
Expires 1-10-16

BOROUGH'S FINAL SALARY OFFER

NAME	DOH	2012 STEP OR	2012 TOTAL BASE PAY	2013 STEP OR	2013 TOTAL BASE PAY	2014 STEP OR	2014 TOTAL BASE PAY	2015 STEP OR	2015 TOTAL BASE PAY	2016 STEP OR	2016 TOTAL BASE PAY	4 YEAR INDIVIDUAL INCREASE
DRYBURGH	8/1/08	5	81303	6	87720	7	94345	4%	99735	4%	102014	20711
FERRIS	4/17/06	7	95974	4%	99415	4%	102014	4%	102014	6%	103406	7432
MEYER	12/19/06	7	91642	4%	98230	4%	102014	4%	102014	6%	102084	10442
SHEWAN	11/1/02	6%	102341	6%	103976	6%	103976 Salary addition	7%	104772	7%	106222	3881
SACCONE	6/1/96	8%	112919	8%	113353	8%	113353 Salary addition	9%	115128	9%	116827	3908
BARCUS	1/1/95	8%	121288	8%	121288	9%	122411 Salary addition	9%	123781	9%	125257	3969
TOTAL COST			605467		623983		638113		647444		655809	
DOLLAR INCREASE					18516		14131		9331		8365	50342
PERCENT INCREASE					3.058%		2.265%		1.462%		1.292%	8.315%

Increases are calculated by CFO method of anniversary date step or longevity increase.
2% compounded over 4 years equals 8.24% equals \$655,377 available dollars in 2016.

Available for distribution over four years .765% or \$6,102 which should be divided between Shewan, Saccone and Barcus