

In the Matter of Interest Arbitration Between:

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**TOWNSHIP OF HOPEWELL**

"Public Employer,"

- and -

**HOPEWELL TOWNSHIP PBA LOCAL No. 342**

"Union."

Docket No. IA-2007-069

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**TOWNSHIP OF HOPEWELL**

"Public Employer,"

- and -

**HOPEWELL TOWNSHIP PBA LOCAL No. 342 (SOA)**

"Union."

Docket No. IA-2007-080

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**INTEREST ARBITRATION  
DECISION AND  
AWARD**

**Before  
James W. Mastriani  
Arbitrator**

Appearances:

**For the Township**

Frederic M. Knapp, Esq.

Laufer, Knapp, Torzewski, Dalena & Sposaro, LLC

**For the PBA:**

Richard Loccke, Esq.

Loccke, Correia, Schlager, Limsky & Bukosky

I was appointed arbitrator by the New Jersey Public Employment Relations Commission in accordance with P.L. 1995, c. 425, in matters involving the Township of Hopewell [the "Township"] and PBA Local No. 342 and Superior Officers Association [the "PBA, the "SOA" or the "Unions"]. Two pre-arbitration mediations were held. Because the impasse was not resolved, formal interest arbitration hearings were held on February 4 and 21, 2008. At the hearings, both parties examined and cross-examined witnesses and introduced documentary evidence into the record. The petitions were not formally consolidated. However, all parties recognized that the goals of economy and efficiency would be met by receiving evidence that was common to each negotiating unit during the course of the hearings without having to independently resubmit documentary or testimonial evidence in duplicate fashion.

Testimony was received from Detective Michael Simonelli, Jr., Michael Bolan, Professional Planner and Consultant, Mark I. Iorio, Member of Township Council 2004-2007, Paul Pogorzelski, Township Administrator and Township Engineer and Elaine Cruickshank-Borges, Chief Financial Officer, Treasurer and Assistant Administrator. The terminal procedure was conventional arbitration because the parties did not mutually agree to an alternative terminal procedure. Under this process the arbitrator has broad authority to fashion the terms of an award based upon the evidence without being constrained to select any aspect of a final offer submitted by either party. Post hearing briefs and reply briefs

were submitted by both parties and transmitted by the arbitrator to each party on or about May 1, 2008.

The statute requires each party to submit a last or final offer. I have set forth below the last or final offer of each party.

### **FINAL OFFERS OF THE PARTIES**

#### **The PBA**

1. The Associations are proposing a four (4) year contract with a five percent (5%) across-the-board increase effective January 1 of each year to be applied to each rank, step and position on the Wage Guide.
2. Article VII, Sick Leave – The Associations propose that Paragraph A be modified to increase the annual sick leave to one hundred and twenty (120) hours *per annum*. This issue appeared as Item 2A on the original Proposal Sheet.
3. Article XII, Annual Leave – The Associations propose a fold-in is meant to have the appropriate holiday benefit paid in cash and paid along with regular payroll. As such, the holiday benefit so folded-in would be utilized for all calculation purposes. The SOA proposes that the entire holiday benefit affecting all SOA members be so folded-in. The PBA proposes that only thirty-six (36) hours *per annum* of the holiday time be folded-in and the balance of the holiday benefit be continued to be compensated as is the current practice.
4. Article XXIV, Extra Duty Work – The Associations propose that the off duty work rate of Forty Dollars (\$40.00) be increased by Five Dollars (\$5.00) in each contract year. There would be no change for 2007. The Five Dollar (\$5.00) increase for 2008 would become effective with the date of the issuance of the Award. The increase for 2009 and 2010 would be January 1 of each respective year.

5. Maternity/Paternity Leave – The Associations propose additional language as follows:

- A. Female Police Officers shall advise the Employer of a pregnancy. The rights of a female Police Officer shall include but not be limited to the following provisions:
1. The female Police Officer shall be permitted to work her normal duties so long as such work is permitted by a doctor's note. The doctor shall be a physician of the female Police Officer's own choosing.
  2. In addition to the other provisions of this Article, the female Police Officer shall be permitted to use accumulated sick time, compensatory time off and any other accumulated time benefits which she may have during the period of her pregnancy and the period following childbirth.
  3. Upon return from maternity leave the Officer shall be returned to work without loss of seniority or benefits and shall be returned to the same position as worked prior to utilizing leave.
  4. The female Police Officer shall at all times be kept at full benefits and shall be considered as an active duty for all computation purposes.
  5. Upon return to active duty status, the female Police Officer shall be placed in the same position which she held before departing for maternity status.
- B. Both male and female Police Officers shall be permitted such time and such terms and conditions as are provided under the Federal Family Leave Act and the New Jersey Temporary Disability Benefits Law.

**The Township**

1. Duration

- January 1, 2007 through December 31, 2009

2. Wages

- 2007 3.0%
- 2008 3.75%

- 2009 4.0%
3. Longevity
- 2007 no change
  - 2008
    - 10-14 years \$1,000.00
    - 15-19 years \$1,500.00
    - 20+ years \$2,000.00
  - 2009 same as 2008 scale
4. Uniform
- 2007 no change
  - 2008 \$100.00 increase
  - 2009 no change from 2008
5. Medical
- 2007 no change
  - 2008
    - PPO \$20 copays
    - HMO \$20 copays
    - Prescription \$10/\$15
    - Generic/brand co-pays

All other proposals of both parties are withdrawn.

### **BACKGROUND**

The Township of Hopewell is one of thirteen (13) municipalities within the County of Mercer. At hearing, extensive evidence was offered as to the nature and character of the municipality. The Township has a population of 19,990 residents over 60 some square miles. As is evident from these documents, it is a rural community and characterized by testimony as being bucolic and unspoiled in nature. The police department employs thirty-one (31) sworn officers, twenty-eight (28) of whom are represented for the purpose of collective negotiations. The rank and file unit has twenty-four (24) patrolmen and there are four (4) Sergeants in the Superior Officers unit. In addition, there are two (2) Lieutenants

and a Chief of Police who are not represented. Of the thirty-one (31) sworn officers, four (4) are assigned to administration, three (3) to the detective bureau, four (4) to the traffic unit and twenty (20) to general patrol.

The Township's finances are well managed and it has attempted to utilize its resources in a manner that is cost effective. Under the Interlocal Services Act, N.J.S.A. 40SA-1, et. seq., the Township's police department provides law enforcement protection to the Borough of Hopewell. The Township also maintains school crossing guard posts and radio communications dispatching service for the Borough and for the Borough of Pennington. In turn, the Township receives payments from these municipalities for the services that are rendered.

As of September 26, 2006, the Township was assigned an Aa2 rating by Moodys. Township testimony shows increasing concerns over its finances in light of more recent tax increases, increasing costs, decreasing revenues and new Cap restrictions and tax levy limitations. These concerns are expressed within a context of a financial record that shows that the Township maintains a sound financial position based upon several years of significant annual increases in equalized values, healthy fund balances and maintenance of reserves.

The issues in dispute are primarily economic in nature. They include salary, sick leave, annual leave (holiday pay fold-in), extra duty work, longevity,

uniform allowance and health insurance. In addition, the Unions propose language concerning maternity/paternity leave.

Substantial documentary evidence was presented by the Township and the Unions including, but not limited to, the Township's finances, internal and external comparability on all relevant issues, the deployment of personnel and productivity of the police department, the finances of the State of New Jersey, the Township's Interlocal Service Agreements, statutory spending and taxing limitations and cost analyses of the parties' respective proposals. In addition to the evidence produced at hearing, each party has provided expert legal argument on the relevance and application of the statutory criteria that each believes supports its respective position.

Against this general backdrop, I will provide a general summary of the parties' positions on the outstanding issues.

The Unions submit that the public interest and welfare are well served by the operation of its police department. The Unions assert that the department has exceptional productivity as evidenced by increasing levels of activity and increasing demand for services in the face of declines in staffing levels. The PBA points to a decrease of five (5) sworn officers from the levels that existed on or about January 1, 2004. The reduction includes a lower level of supervisory positions. The PBA points out that the police department provides police

services not only to the Township but also to Hopewell Borough. In addition, the Township has contracted with the Borough of Pennington to provide dispatch duties as well as to cover certain posts on an as needed basis. Because the Township receives fees from the Boroughs of Hopewell and Pennington for the services, the Unions submit that the shared services significantly reduce the cost of the Township's obligation to fund its police department. Revenues received for these services are reflected in the record. The PBA refers to the January 8, 2008 Report of the Township's Police Chief showing increases in Part 1 and 2 crimes, motor vehicle accidents, arrests and calls for services while staffing levels have decreased. The Police Chief's report expresses concern that these developments have placed stress on the department. The PBA also cites the expansion in the Township's non-residential community including the obligations connected with the Merrill Lynch project that employs more than 5,000 employees within the Township's borders.

The PBA offered the testimony of Michael Simonelli, Jr. for the purpose of describing the activities performed by police officers. Simonelli is a detective with twenty-two (22) years of service over all that has been equally split between the patrol division and the detective bureau. Simonelli testified that road traffic is a major factor despite the otherwise rural nature of the Township. The department covers roadways including Route 31, Route 29, Interstate 95, and Routes 518, 546, 569, 579 and 654. He testified that daytime population increases in large part because of businesses such as Merrill Lynch, Janssen Pharmaceutical and



Bristol Meyers Squibb. These entities are estimated to employ approximately 6,000, 1,000 and 25 employees respectively. Simonelli testified that calls for service have increased from 27,905 in 2004 to 31,439 in 2007. Motor vehicle crashes that were investigated by the department ranged from between 697 and 793 during these years.

According to Simonelli, staffing levels have been reduced from 36 sworn officers in 2003 to the current level of 31. During this time period, a Police Chief retired resulting in a Captain being promoted to Chief without filling the Captain's position. Two Sergeants were promoted after two Lieutenants retired. The vacancies created by retirements and promotions have not been filled at the patrol level. The PBA offers a chart depicting the personnel savings at 2006 base rates as \$442,568. Simonelli also testified to more recent services that the police department has been performing. These include child safety seat inspections, a school liaison officer working at the middle and high schools, a summer police academy for students, active shooter training to combat potential violence in the schools, new radar units and alcohol test equipment and EMT training. Simonelli offered the opinion that the police department has a good relationship with the public, especially in the area of community policing.

Simonelli testified on cross-examination that he was unaware of whether any of the corporate entities were contemplating any reductions in personnel. He acknowledged that if there were significant reductions in employment, it would

result in less congestion. He also acknowledged that the New Jersey State Police patrols Interstate 95, although the Township's police department would respond to traffic violators, disabled vehicles or fatal accidents while assigned to the #51 South Zone within the Township's jurisdiction. Simonelli acknowledged that there has been a revenue decline in municipal court of approximately \$250,000 between 2003 and 2007 but he attributed the decline to factors beyond the control of the police department, including changes in staffing levels for various external government agencies. A report from the Township's Court Administrator dated January 7, 2008 cites several reasons for the decline in revenues since 2001.

The PBA contends that the police officers employed by the Township of Hopewell receive a low level of compensation and benefits within the communities it offers for comparison purposes:

**Comparison of Established 2007 Patrol Officer Maximum  
Base Pay to 2007 Hopewell Township Maximum Base**

	<b>2007</b>
Mercer Prosecutor	\$83,551
West Windsor*	\$86,417
Bernards Township	\$86,389
Ewing*	\$90,188
Hamilton*	\$85,866
Lakewood	\$85,643
Manville	\$88,057
Freehold	\$90,910
Mercer Sheriff's	\$79,425

Monroe	\$77,458
Somerville	\$80,693
Princeton Township	\$86,634
Highstown*	\$80,056
Princeton Borough*	\$86,710
Plainsboro*	\$81,302
South Brunswick*	\$79,218
Hillsborough*	\$84,003
Average Top Step Base	\$84,003
Hopewell Township Patrol (2006) Maximum Base	\$80,231
Hopewell Township Comparison to Average	(\$3,772)
Percentage Comparison	(4.7%)

(\*Establishes the noted Town being in the Employer's Evidence List)

In addition to the above, the PBA contends that the Township's salary proposal is well below base rate changes that have been made in labor agreements that the PBA offers for comparison purposes as set forth in the following chart:

**Comparison of Base Rate Changes Based on Contracts in Evidence (\*Indicates Employer Exhibit or Joint Exhibits)**

	2007	2008	2009	2010
Ewing*	4	4		
Bernards Township	4			
Mercer Prosecutor	4.25	4.25	4.25	

Freehold	4			
Hamilton*	3.95			
Lakewood	4	4		
Manville	4			
Mercer Prosecutors SOA	4	4	4	
Monroe	4	4.25	4.25	
Somerville	4	4	4	4
Princeton Township*	4			
West Windsor*	3.5	3.75	3.95	
West Amwell*	4	4	4	4
Princeton Borough*	4			
Highstown*	9.4	3.5	3.5	
Plainsboro*	4			
South Brunswick*	3.9			
Lambertville	4	4		
Average	4.276%	4.0%	4.0%	4.0%

(\*Indicate Municipality Used by the Employer)

The PBA argues that the unfavorable comparisons with respect to salary are not offset by greater benefit levels in compensation areas that unit members receive including longevity. It submits a chart reflecting maximum longevity benefit values to support its argument:

**Comparison of Maximum Longevity Benefit Values**  
**(\* Indicates Employer Exhibit or Joint Exhibit)**

(A)	(B)	(C)
Mercer Prosecutors	\$3,900	Flat Dollar Amount
Ewing*	\$5,862	6.5%
Bernards Township	\$2,650	Flat Dollar Amount

Hamilton*	\$3,005	3.5%
Freehold	\$4,400	Flat Dollar Amount
Lakewood	\$6,851	8%
Manville	\$1,887	Flat Dollar Amount
Mercer Sheriffs	\$3,900	Flat Dollar Amount
Monroe	\$8,520	11%
Somerville	\$6,455	8%
Princeton Township	\$4,332	5%
West Windsor*	\$3,032	Flat Dollar Amount
West Amwell*	\$2,054	3%
Princeton Borough*	\$4,336	5%
Highstown	\$4,003	5%
Plainsboro*	\$3,550	Flat Dollar Amount
South Brunswick*	\$7,921	10%
Hillsborough*	\$6,362	8%
Lambertville*	\$1,850	Flat Dollar Amount
Average Annual Maximum Longevity	\$4,467	

(\*Indicate Municipality Used by the Employer)

The PBA and SOA acknowledge that the Township has offered improvements in the area of longevity but that there is still a significant shortfall from the average longevity benefit in Mercer County even if the Township's proposal were to be awarded. By way of example, the Unions conclude that a maximum \$2,000 longevity benefit at the 20<sup>th</sup> year still falls far short of the average maximum longevity benefit which it calculates at \$4,467.

The PBA/SOA also contends that its sick leave proposal should be awarded. Its proposal would increase the number of hours of leave time from 96 to 120 hours. In support of this proposal, the PBA/SOA also submits comparison data arguing that a majority of contracts in evidence provide for 120 hours or 15 days.

**Annual Sick Leave Entitlement**  
 (\* Indicates Employer Exhibit or Joint Exhibit)

Hamilton*	15 Days (120 Hours)
Freehold	15 Days (120 Hours)
Bernards Township	96 hours
Ewing*	251 days @ Maximum
Lakewood	120 hours
Manville	15 Days (120 Hours)
Mercer Prosecutor	15 Days (120 Hours)
Mercer Sheriffs	15 Days (120 Hours)
Monroe	15 Days (120 Hours)
Somerville	15 Days (120 Hours)
Princeton Township	2 Yrs – 160 hours, 5 Yrs – 520 Hrs; 10 Yrs – 800 Hrs
West Windsor*	Up to One (1) Year
West Amwell*	15 Days (120 Hours)
Washington Township*	15 Days (120 Hours)
Highstown*	96 Hours
Plainsboro*	104 Hours Per Year
South Brunswick*	128 Hours
Lambertville*	15 Days

(\*Indicates either Employer Exhibit or Joint Exhibit)

In further support of its comparative data, the PBA/SOA seeks weight to be given to its annual work schedule that provides for 2,184 hours of work. Pointing to labor agreements in evidence, the PBA/SOA notes that most other municipalities work either 2,080 hours per year or less. Also cited is the work schedules of non-law enforcement Township employees who work either 35 hours or 40 hours per week.

The PBA/SOA proposes to have a holiday pay fold-in to base pay. For the PBA unit, 36 hours would be folded in with the balance compensated pursuant to the current practice while the entire holiday benefit for the SOA would be folded in. The SOA currently has four (4) holidays rolled into base pay. The PBA submits the following argument in support of this proposal.

The PBA and SOA both have, in varying degrees, offered to fold-in some of their holiday time. This is a classic "win/win" situation. The Employer has lost five (5) sworn personnel through attrition during the term of the most recent contract. The proposal by the PBA and SOA would respectively, and in different amounts, provide additional hours of service to the Municipality. This is a classic exchange which can only aid both. The Police Officer receives some additional dollar value in the transaction which is needed for the Officer to maintain personal needs. The Township gains additional time which it now is short of. One cannot complain about Police costs or overtime costs and not readily accept the concept of folded-in time off. The holiday will result in additional service time. This was clearly established and so represented on the record (Tr., p. 31). The SOA is proposing that all holidays be folded-in. That means every supervisor works more time and gets less time off. The time is compensated at straight time. The PBA proposes that only thirty-six hours of its *per annum* holiday benefit be folded-in, however, all Officers would be putting three (3) more twelve (12) hour days in of service. This creates almost an additional one-half (1/2) officer. The time so added is a straight time only cost to the public employer. There are no additional benefits such as

additional vacation or medical or personal time off or clothing allowance, etc. Today, if additional time is required then it is very possible that the Officer will be serving such time at time and one-half (1 ½). Today therefore the exposure is to pay straight time for the Officer who is out sick and time and one-half (1 ½) to the Officer who is on duty working, a net impact of double time and one-half (2 ½). Under the Union proposal this could be avoided.

The PBA/SOA contends that the statutory criteria that concerns the Township's finances and/or statutory spending limitations support its compensation proposals. While noting that the combined base pay of unit personnel equals approximately \$2,300,000 (with 23,000 equaling 1%), the PBA/SOA submits that much of the department's cost is supported by fees paid to the Township by the Boroughs of Hopewell and Pennington for police and dispatching services provided under Interlocal Government Service Agreements. The contracts for these services show the following payments to the Township.

**Borough of Hopewell**

2007	\$390,000
2008	\$430,000
2009	\$475,000
2010	\$520,000
2011	\$569,000

**Borough of Pennington**

2007	\$47,657
2008	\$49,563
2009	\$51,545



The PBA/SOA further argues that consideration should be given to the \$270,000 in fines anticipated by the Township's municipal court as well as for the alleged \$442,568 that the Township has saved in payroll cost reductions from its decision not to replace various positions that have been vacated due to retirements, promotions or resignations.

The Unions contend that the proposals can be awarded without interference with the Township's statutory spending limitations or by exceeding the Tax Levy Cap. It submits that the Township produced no evidence for either 2007 or 2008 that would support any such contention. The Unions also submit that the official documents in evidence allow for an award at the Unions last offer without adverse financial impact. It argues that the documents clearly depict an ability by the Township to regenerate surplus and that each budget year shows a large unexpended balance of appropriation reserve. The Unions find significance in the fact that the Township's fund balance has increased by 35% or \$1.8 million since 2003 and that the Township has consistently used a lesser dollar amount and lesser percentage of its fund balance to further reduce its tax rate. Reference is also made to revenues on investments and tax collection rates which consistently have exceeded 98% and a net debt of 0.79% which is significantly below the statutory debt limit.

Based upon the above, the PBA/SOA asserts that its last offer should be accepted in its entirety.

The Township contends that the PBA/SOA presented insufficient evidence to meet any burden of proof in support of the proposals that it seeks the arbitrator to award. In contrast, the Township asserts that its proposals are consistent with the statutory criteria in all respects, supported by credible evidence and must be awarded. In general, the Township submits that its proposals are consistent with terms it has provided and/or proposed with five other bargaining units within the Township. The Township further submits that its proposals are more consistent with the requirements of the Local Budget CAP Law, the Tax Levy Cap, more compatible with its overall budgetary costs and revenues, external law enforcement comparability and the cost of living.

The Township stresses that its proposals mirror the terms already implemented or proposed in other Township bargaining units. It introduces a document reflecting the specifics of its proposals:

<b>Bargaining Units</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
PBA Local 342	4.25%	4.25%	3.0%*	3.75%*	4.0%*
PBA Local 342 SOA	5.0%	5.3%=	3.0%*	3.75%*	4.0%*
AFSCME Local 3867	3.5%+	3.5%+	3.5%+	Neg	Neg
CWA Local 1034	3.5%	3.5%	2.5%#	2.5%#	2.5%#
9-1-1 Operators' Association	4.0%	4.0%	2.5%**	2.5%**	2.5%**

\* Based upon Township Proposal

\*\* 3.5% increase for pay grade 2

+ Upon reaching maximum Step, increase is 4.0% each January 1<sup>st</sup> thereafter

# Upon reaching maximum Step, increase is 3.5% each January 1<sup>st</sup> thereafter

= Includes roll-in of holiday pay

The Township contends that uniformity is necessary for the continued stability of labor relations and for the furtherance of its fiscal and budgetary policies. It cites interest arbitration awards supporting this principle. It expresses a concern that an award granting greater compensation and benefits to the police units would trigger demands for similar increases in its other bargaining units, thereby placing undue pressure on its budget. The Township notes that in 2006 the top pay in the rank and file unit was \$80,231 and \$92,917 in the SOA unit compared with the highest paying non-law enforcement bargaining position of \$66,333 in the CWA Local 1034 unit. The Township emphasizes that the longevity package it has proposed is the same as has been established or offered to CWA, AFSCME and the 9-1-1 Dispatcher units. This is said to evidence its objective to provide comparable terms throughout the Township. The Township further contends that the police units have similar goals and duties as employees in the non-law enforcement units and one of the lowest crime rates in Mercer County. The Township points to the testimony of its Township Administrator who testified to the desirability of its objective to have Township-wide comparability. He also testified that police officers in Hopewell Township primarily perform traffic-related calls and, while they are at some risk, their risks are actually lower than the lower public works employees as evidenced by an exhibit showing that public works employees are more likely to be killed at a road side accident than a police officer.

The Township offered testimony of its Chief Financial Officer, Treasurer and Assistant Administrator Elaine Borges in support of its arguments concerning the Township's finances. Ms. Borges testified that changes in the budget laws no longer permit health benefits to be outside of the CAP. She testified that health benefit costs have increased by \$184,000 in 2007. These costs have increased from \$300,838 in 2000 to \$614,030 in 2008. She further testified that the composting and removal of leaves created an additional \$25,000 in cost because of different methods that are used and that the cost of salt and snow removal increased by \$23,000. The Township has also assumed additional and growing costs relating to pension contributions. A chart on this point was submitted into evidence:

<u>Year</u>	<u>Funding Level</u>	<u>Amount</u>	<u>% Increase</u>
2004	20%	21,478	n/a
2005	40%	73,207	240.85%
2006	60%	163,992	124.01%
2007	80%	281,573	71.70%
2008	100%	462,533	64.27%

In addition to the above, the Township notes that overall budget trends show an increase in uncollected taxes and an increase in overall tax burden on the average homeowner of 65.8% since 2000. Ms. Borges also testified to decreases in municipal court revenues and recent increases in the police department budget as aggravating factors. Total court revenues have decreased by 33% since 2000 and traffic violation fees by 38% during the same time period.

The decrease amounts to over \$200,000 annually. At the same time, police department expenses have increased by 52%. The Township also notes that it does not anticipate increases in revenues from residential construction. It presents a chart reflecting a sharp reduction in the number of new home permits:

**Number of New Home Permits  
from 2000 thru November 2007**

Permit Year:	No. of New Home Permits Issued:
2000	91
2001	44
2002	82
2003	144
2004	120
2005	128
2006	16
2007 (thru November)	6

Testimony concerning the trend of decline in the number of new home permits was offered by Michael P. Bolan, Professional Planner. He has served in that role for the last ten years. He attributed the jump in new home permits during 2003, 2004 and 2005 to three housing developments that were part of the Township's affordable housing plan. He considered normal growth, outside of affordable housing, to have been between 50 and 60 building permits per year. He pointed out that the 2006 and 2007 figures are more representative of what the Township anticipates in the future outside of the potential affordable housing obligations that the Township may have. On cross-examination, he acknowledged a December 2002 zoning ordinance that placed 78% of the Township in either a six-acre or fourteen-acre zone.

The Township also presented testimony from a former councilman, Mark Iorio, concerning the state of finance and trends in the State of New Jersey. Iorio's chief concern was that New Jersey is experiencing a sharp deceleration of population and an outward migration of its business. According to Iorio, this has resulted in reductions in the adjusted gross income of New Jersey residents and losses in total annual state tax receipts. He expressed a concern that a migration of major corporations doing business in Hopewell Township could result in an economic burden to the Township's taxpayers. On cross-examination, Iorio acknowledged that the municipal portion of the Township's total tax levy ranks third from the bottom in the County as well as its equalized tax rate.

The Township also presented evidence concerning salary comparisons in private employment, in public employment and in law enforcement. Documents introduced into evidence reflect that salary increases for manufacturing production workers in 2005 of 3% and an increase of 3.3% between 2006 and 2007 for local government workers throughout New Jersey. The Township further submits that salaries earned by police officers in Hopewell Township are consistent with those in surrounding areas. In support of this conclusion, the Township offers the following chart:

**Mercer County Municipal Police Officers (Rank and File)  
Top Patrolman Salary for 2006**

<b>Rank</b>	<b>Municipality</b>	<b>2006 Salary</b>
1	Ewing Township	90,188
2	Washington Township	87,714
3	Lawrence Township	86,598
4	Hamilton Township	84,867
5	West Windsor Township	83,495
6	Princeton Township	83,302
7	Hopewell Township	80,231
8	Hightstown Borough	73,153
9	Trenton City	64,839
10	East Windsor Township	NEG
	Total	\$734,387
	Average	\$81,598
	Difference between Average and Hopewell	-\$1,367

According to the Township, comparisons are more properly drawn between Hopewell Township and those municipalities whose police officers perform similar work to that performed in Hopewell Township. It points out that Township police officers serve in a rural environment without the high crime rate that exists in other Mercer County municipalities such as the City of Trenton, Hamilton Township, Lawrence Township and Ewing Township. The Township offers an exhibit reflecting that Hopewell Township ranks thirteenth (13<sup>th</sup>) out of 13 municipalities in terms of the crime index. Because the vast majority of calls for services relate to traffic stops and traffic enforcement details, the Township argues that police work in Hopewell Township is more comparable to that

performed in Hightstown Borough, Pennington Borough, Hopewell Borough, Washington Township, and Princeton Township.

The Township further contends that its proposal is more reasonable than the Unions' when comparisons are drawn to the average increases for law enforcement units generally. Pointing out that the Unions' proposals amount to 5% per year over a four year period, not including the additional costs associated with its proposals for increased sick leave and holiday pay fold-in, the Township refers to a PERC salary increase analysis reflecting an average increase in awards of 3.96% for 2005, 3.98% for 2006 and 3.88% for 2007 with similar averages during those years for voluntary settlements. The Township argues that even if an award mirrors its own proposal of 3%, 3.75% and 4% for 2007, 2008 and 2009, its police officers would maintain their relative position compared to other municipalities in Mercer County.

The Township also argues that the costs of the Unions' proposals to roll-in holiday pay for the PBA and the SOA would present additional and excessive costs beyond the salaries proposals. Drawing on calculations made by Ms. Borges, the Township submits a chart reflecting the cost of the Unions' proposal.

**Cost of PBA/SOA proposal re: Annual Leave**

<u>Assumptions:</u>	Roll in of 36 hours Holiday Leave for PBA
	Roll in of 80 hours Holiday Leave for SOA
	Annual Increase of 5%



Additional Cost per Year

		SOA	PBA
<u>Base Year</u>	<u>2006</u>	<u>14,295</u>	<u>32,701</u>
	2007	15,008	34,861
	2008	15,760	36,744
	2009	16,548	38,592
	2010	17,376	40,512
Total		78,987	183,410

Based upon the above, the Township asserts that its last offer should be accepted in its entirety.

**DISCUSSION**

The PBA/SOA and the Township have offered testimony, substantial documentary evidence and argument support of their last offers. While I have set forth a general summary of their positions, the comprehensive nature of the submissions does not allow for a complete synopsis of all of the evidence. Nevertheless, all submissions have been thoroughly reviewed and considered. The issues in dispute are mostly economic in nature including salaries, health insurance, longevity, uniform allowance, sick leave, holiday fold-in and payment for extra duty work. The sole non-economic issue is the Unions' proposal for Maternity/Paternity Leave provision.

All of the evidence and argument has been considered. I am required to make a reasonable determination of the above issues, giving due weight to those

factors set forth which I find relevant to the resolution of these negotiations.

These factors, commonly called 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, 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 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 its 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).

The disputed issues will be reviewed individually but consideration must be given to the totality of the changes that are awarded that represent the

changes to be made to the existing labor agreement. This method of analysis is consistent with the statutory requirement that the total net annual economic changes be determined for each year of the agreement. Consideration to the totality of the changes is also consistent with N.J.S.A. 34:13A-16(g)(8) that allows the arbitrator to consider factors that are ordinarily and traditionally considered in the determination of wages and benefits. That is, the manner in which an individual issue is decided can reasonably impact upon the resolution of other issues. Thus, any decision to award, deny or modify any individual issue in dispute will include consideration of the reasonableness of that decision in the context of the totality of the terms that are awarded. I will next review and decide the issues that are in dispute.

### **DURATION**

The Township proposes a three year agreement effective from January 1, 2007 through December 31, 2009 while the PBA/SOA proposed a four year agreement extending through December 31, 2010. The Unions maintain that a four year agreement is appropriate because it would promote continuity and stability in labor relations while the Township contends that the present financial developments cause uncertainty thus warranting a three year agreement.

The collective bargaining agreements in evidence between the Township and CWA Local 1034 and the 9-1-1 Operators' Association show a contract duration of 2007 through 2009. At the time of hearing, the Township had

proposed an Agreement of similar duration with AFSCME Local 3867. A contract of similar duration to those in the police department would allow for future negotiations to be conducted for 2010 and beyond for all of the Township's bargaining units based upon financial circumstances that exist at that time. A departure from this approach that would isolate one group of Township employees from the remainder of the Township employees on major budgetary issues such as salaries and benefits. Accordingly, I award a contract duration of January 1, 2007 through December 31, 2009.

### **LONGEVITY**

The Township has proposed to increase longevity benefits for the PBA/SOA bargaining units. It proposes:

- 2007 no change
- 2008
  - 10-14 years \$1,000.00
  - 15-19 years \$1,500.00
  - 20+ years \$2,000.00
- 2009 same as 2008 scale

The existing longevity scheme for the PBA is \$500 between ten (10) and fourteen (14) years, \$600 between fifteen (15) and nineteen (19) years and \$800 for twenty (20) and more years. There is no longevity provision in the SOA agreement.

The PBA does not agree that the Township's proposal provides for an adequate longevity benefit but does not contest the Township's proposal. I

award the proposal. Because I am required by statute to calculate the net economic changes to be awarded for each year of the Agreement, I calculate the value of this portion of the award must be calculated. It is as follows:

In contract year 2007, there would be no increases to the existing longevity plan and no retroactivity. In 2008, the following employees would receive additional compensation beyond what is presently provided in the existing longevity scheme in the stated amounts based upon the Township's proposal.

Sergeant Elwood Benner	\$2,000
Sergeant Michael Cseremsak	\$2,000
Sergeant Joseph Giordano	\$1,500
P.O. Brian Dendis	\$500
P.O. John Ferner	\$500
P.O. William Gaskill	\$500
P.O. Lincoln Karnoff	\$1,200
P.O. Christopher Kascik	\$500
P.O. Daniel McKeown	\$850
P.O. Joseph McNeil	\$500
P.O. Raymond Pental	\$1,200
P.O. George Sabatino	\$1,350
P.O. Michael Simonelli	\$1,200
P.O. Robert Sparano	\$500
P.O. Michael Toth	\$500
P.O. James Turner	1,200
P.O. Kevin Zorn	\$500
TOTAL	<u>\$16,500</u>

Based upon an approximate payroll for PBA/SOA unit employees of \$2,100,000 in 2008, the approximate percentage increase caused by the increase in the longevity benefit equates to 0.79%.

In 2009, the 2008 costs are carried forward but the increases in cost between 2008 and 2009 based upon the implementation of the proposal constitutes new net annual economic change. The additional costs in 2009 over the preceding year are as follows:

P.O. Mandy Grey	\$1,000
P.O. Christopher Kascik	\$500
P.O. Michael Sherman	\$1,000
P.O. Robert Sparano	\$500
TOTAL	<u>\$3000</u>

Based upon an approximate payroll for PBA/SOA employees of \$2,190,000 in 2009, the approximate percentage increase caused by the increase in the longevity benefit equates to 0.14%.

Based upon the above, I award the following longevity pay plan to be incorporated at Article Thirteen, Section C effective January 1, 2008 for both the PBA and the SOA units.

The following shall constitute a longevity pay plan for the Association:

1. Employees having ten (10) to fifteen (15) years of service with the Township of Hopewell shall receive an annual longevity payment of \$1,000.00, which shall be added to the Employee's base pay and which shall be payable via the payroll bi-weekly system. Salary adjustments shall be calculated on the Employee's base pay, exclusive of longevity pay.
2. Employees having fifteen (15) to twenty (20) years of service with the Township of Hopewell shall receive an annual longevity payment of \$1,500.00, which shall be added to the Employee's base pay which shall be payable via the payroll bi-weekly system. Salary adjustments shall be calculated on the Employee's base pay, exclusive of longevity pay.
3. Employees having twenty (20) or more years of service with the Township of Hopewell shall receive a flat longevity payment of \$2,000, which shall be added to the Employees' base pay and which shall be payable via the payroll bi-weekly system. Salary adjustments shall be calculated on the employees' base pay, exclusive of longevity pay.

### UNIFORM ALLOWANCE

The Township has proposed to increase uniform allowance for the PBA/SOA bargaining units. It proposes.

- |   |      |                     |
|---|------|---------------------|
| • | 2007 | no change           |
| • | 2008 | \$100.00 increase   |
| • | 2009 | no change from 2008 |

The PBA does not contest the Township's proposal. I award the proposal. Because I am required by statute to calculate the net economic changes to be awarded for each year of the Agreement, I calculate the value of this portion of the award as follows.



In contract year 2007, there would be no increases in the uniform allowance. In 2008, all employees would receive an additional \$100 beyond that which is presently provided in the existing uniform allowance provisions based upon the Township's proposal. The cost of \$3,100 based upon an approximate PBA/SOA payroll of \$2,100,000 in 2008 is 0.15%.

Accordingly, the uniform allowance provision in each contract shall be increased by \$100 effective January 1, 2008.

### **SICK LEAVE**

Currently, employees may accumulate up to ninety-six (96) hours of sick leave per year, earned at the rate of eight (8) hours per calendar month worked. The PBA/SOA proposes to increase the amount of annual sick leave to one hundred and twenty (120). The Township has rejected the proposal.

The PBA/SOA relies upon an analysis of annual sick leave entitlement provisions in eighteen (18) municipal and county collective bargaining agreements. The agreements show that Hopewell Township ranks at the lowest level of these comparisons and receives the same amount of sick leave as Bernards Township and Hightstown. Plainsboro received one hundred and four (104) hours per year. Nine (9) of the units receive one hundred and twenty (120) hours of sick leave.

Although the existing paid sick leave provision may rank on the lower side of the comparisons, this consideration alone is not sufficient to award the Unions' proposal which would increase sick leave entitlement by more than 25%. The record does not show the level of existing sick leave usage nor has it been established that the existing sick leave entitlement has caused any inequities by police officers remaining on the payroll in an unpaid leave status despite bona fide evidence of sickness. Accordingly, I do not award this proposal.

### **ANNUAL LEAVE (HOLIDAYS)**

The PBA/SOA have proposed the following changes in their holiday provision.

Article XII, Annual Leave – The Associations propose a fold-in is meant to have the appropriate holiday benefit paid in cash and paid along with regular payroll. As such, the holiday benefit so folded-in would be utilized for all calculation purposes. The SOA proposes that the entire holiday benefit affecting all SOA members be so folded-in. The PBA proposes that only thirty-six (36) hours *per annum* of the holiday time be folded-in and the balance of the holiday benefit be continued to be compensated as is the current practice

The PBA's existing holiday provision is set forth in Article XII, Section E as follows:

It is recognized that the annual leave entitlements set forth in the schedule in Section A of this Article include 112 hours which represent the 14 paid holidays to which regular full time Employees are entitled. Should the Township make any additional paid holidays available to other Employees of the Township after the effective date of this Agreement, an additional eight (8) hours of

annual leave will be credited to members of the Association each year.

The following holidays are recognized by the public Employer as provided under this Article:

- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. New Year's Day             | 8. Labor Day                         |
| 2. Martin Luther King Jr. Day | 9. Columbus Day Observed             |
| 3. Lincoln's Birthday         | 10. Veteran's Day Observed           |
| 4. Presidents' Day            | 11. Thanksgiving Day                 |
| 5. Good Friday                | 12. Day after Thanksgiving           |
| 6. Memorial Day Observed      | 13. Christmas Eve (floating holiday) |
| 7. Independence Day           | 14. Christmas Day                    |

The Superior Officers Association has a holiday provision at Article XII, Section E of its Agreement stating the following:

It is recognized that the annual leave entitlements set forth in the schedule in Section A of this Article include 112 hours which represent the 14 paid holidays to which regular full time Employees are entitled. Should the Township make any additional paid holidays available to other Employees of the Township after the effective date of this Agreement, an additional eight (8) hours of annual leave will be credited to members of the Association each year.

The following holidays are recognized by the public Employer as provided under this Article:

- |                               |                                      |
|-------------------------------|--------------------------------------|
| 1. New Year's Day             | 8. Labor Day                         |
| 2. Martin Luther King Jr. Day | 9. Columbus Day Observed             |
| 3. Lincoln's Birthday         | 10. Veteran's Day Observed           |
| 4. Presidents' Day            | 11. Thanksgiving Day                 |
| 5. Good Friday                | 12. Day after Thanksgiving           |
| 6. Memorial Day Observed      | 13. Christmas Eve (floating holiday) |
| 7. Independence Day           | 14. Christmas Day                    |

The value of two (2) holidays shall be folded into the base pay of SOA members effective January 1, 2005 and an additional two (2) holidays (total of 4) shall be folded into the base pay of the SOA members as of January 1, 2006. The salary schedule set forth in Article 14 includes the holiday fold in provisions as noted above for the years indicated.

The Unions' rationale for its proposal has been previously set forth and need not be repeated here. The rationale for the proposal has some validity given record evidence that staffing levels have declined and overtime has increased. In this context, additional staffing hours would further the efficiency of the department. The Township's opposition to the proposal is primarily financial in nature. Ms. Borges testified to the cost of the proposal if it were to be fully awarded. There is merit to the Township's opposition based upon the additional costs that it would assume if this proposal, as phrased, were to be awarded in addition to the remaining economic costs of the entire package. For this reason, I do not award the Unions' proposal as it has been submitted. However, I find merit to the proposal in part. In the SOA Agreement, two (2) holidays were folded into base pay effective January 1, 2005 and an additional two (2) holidays were folded into base pay as of January 1, 2006. I do not award any increase in the number of holidays to be folded into the SOA Agreement. I do find merit in having the PBA Agreement reflecting a similar holiday fold-in provision as exists for the Sergeants. The additional base pay to be received by the PBA will provide some enhancement in their base pay relative to surrounding communities at minimal cost to the Township and provide for more consistency between the base pay rates and uniformity of benefits between Police Officers and Sergeants within the Township.

The fold-in of four (4) holidays effective January 1, 2009, shall increase base pay by thirty-two (32) hours based upon the existing provision that values each holiday at eight (8) hours. Based upon a 2,184 hour work year, the fold-in of holiday pay equals 1.46% or approximately \$1,300 in base pay. Assuming a 25% pension contribution on this amount, the cost to the Township would approximate \$325, assuming each police officer to be at maximum pay. I calculate the cost of the pension contribution for PBA members as 0.27% annually. I award the fold-in of four (4) holidays for the PBA effective January 1, 2009.

### **HEALTH INSURANCE**

The Township has proposed certain changes to the medical insurance program set forth at Article Nine. The Township has proposed the following.

- 2007 no change
- 2008
  - PPO \$20 co-pays
  - HMO \$20 co-pays
  - Prescription \$10/\$15
  - Generic/brand co-pays

Currently, the existing medical insurance program provides for a \$10.00 co-payment per doctor visit. The Township proposes an increase to \$20.00. The current prescription drug plan provides for a \$5.00 co-payment for generic drugs, \$10.00 co-payment for brand name drugs, and a \$3.00 co-payment or less for mail order drugs. The Township's proposal would increase the co-payment for generic drugs to \$10.00 and to \$15.00 for brand name drugs.

The Township has presented testimony from Ms. Borges concerning the current level of costs for the Township's health insurance program as well as the increases it has borne in costs over the last few years. Documentary evidence supports the testimony. Costs have increased by 104% since 2000. The Township's medical insurance program is comprehensive and contains health insurance without employee contributions, vision care, prescription drug insurance and retiree medical benefits, including prescription coverage. Comparisons with other municipal law enforcement agreements show consistency in the existing health benefits plans. All have some participation in employee cost. Some plans, such as Hightstown Borough, provide for employee contributions towards insurance premiums. The Township plan does not require employee contributions nor have contributions been proposed. The Township's proposal with respect to prescriptions is higher than most other municipal contracts in the County but not significantly so. For example, Lawrence Township requires a \$10.00 co-pay for brand name drugs and Hamilton Township requires a \$9.00 co-pay for brand name drugs. With respect to co-pays for generic drugs, the Township's proposal is significantly higher than with Ewing Township at \$1.00, Hamilton Township at \$2.00 and Lawrence Township at \$3.00. Princeton Borough provides for the same level of prescription co-payment as the Township has proposed. The more prevalent co-pay for doctor visits in the various agreements within the County is \$10.00. In consideration of the Township's increasing costs, comparisons with the various programs set forth

in municipal law enforcement agreements within the County, as well as the integration of this change with the other changes set forth in this award, I award the following changes to the medical insurance program effective January 1, 2009. The co-pays for doctor visits (HMO and PPO) shall increase to \$15.00 effective January 1, 2009. Prescription co-pays shall be \$7.50 for generic and \$15.00 for brand name drugs effective January 1, 2009.

### **OFF DUTY PAY/EXTRA DUTY WORK**

Currently the parties have negotiated a provision concerning extra duty work at Article Twenty-Four. Article Twenty-Four does not provide for a specific rate of pay but it is undisputed that the existing rate is \$40.00 per hour with the Township receiving a \$15.00 per hour administrative fee. There is no cost impact to the Township for payment for extra duty work. The PBA submits that the current payment for extra duty work is well below virtually all that set by collective bargaining agreements in evidence. A review of those agreements supports the PBA's contention. By way of example, the rate in the Borough of Princeton is at the overtime rate for the individual officer performing the work. The extra duty rate has not increased for the years 2007 and 2008 and retroactive payment for such work is not possible. Accordingly, I award an increase in the extra duty rate to \$50.00 per hour, effective as soon as is administratively feasible.

## **MATERNITY/PATERNITY LEAVE**

The PBA/SOA has proposed a comprehensive provision for maternity/paternity leave. The Township opposes the proposal as being unnecessary given existing Township policy and the existence of statutes prohibiting discrimination. There is no evidence in the record that the rights that currently exist under Township policy have not provided the basic protections that the Unions seek in this proposal. Accordingly, I find that the burden of proof to award this proposal has not been met.

## **SALARY**

The resolution of issue of salary requires consideration of many factors. One such factor is that the changes to be made to salary must take into account the totality of the economic changes that have been made to the existing Agreements. More specifically, consideration must be given to the longevity increases that have been awarded that amount to an increase of 0.79% in 2008 and an additional 0.14% in 2009. Another is the uniform allowance adjustment in 2008 that represents a cost of 0.15%. An additional change is the fold-in of thirty-two (32) hours of holiday pay in the PBA in 2009 that creates an additional cost to the Township of 0.27%. The adjustment to extra duty pay has no cost impact to the Township as payments for such work are not borne by the Township. The modifications to the medical insurance plan in the form of increased employee co-pays for doctor visits and prescription drugs will help



offset the increasing costs of health insurance premiums and will not add to the costs of the economic changes in the award.

When the salary issue is considered in the context of the totality of the economic changes, and after application of the statutory criteria, I find that a reasonable determination of the issue results in adjustments of 3.5% in 2007, 3.75% in 2008 and 4% in 2009 for each step of the salary schedule. The total cost of all of the economic changes for each year of the Agreement results in 3.5% for 2007, 4.69% in 2008 and 4.41% in 2009. I have calculated the costs of the salary award to be (based upon an estimated worth of 1% equaling \$22,972) \$80,400 in 2007, an additional \$89,175 in 2008 and an additional \$98,671 in 2009.

Applying this method of calculation to the Township's final offer on the salary issue, these costs exceed its proposal by \$11,484 in 2007, \$11,916 in 2008 and \$12,388 in 2009.<sup>1</sup>

The awarded increases result in the following salary schedules.<sup>2</sup>

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<sup>1</sup> The additional costs for 2008 and 2009 result from the carry forward of the 0.5% in 2007 into 2008 and 2009 plus the compounding of the initial amount by the percentage increases thereafter.

<sup>2</sup> The PBA schedule effective January 1, 2009 shall be additionally adjusted by the fold-in of thirty-two (32) hours of holiday pay at each step of the salary schedule at the appropriate rate of pay for each step.

Step	1/1/06 Base	1/1/07 3.5%	1/1/08 3.75%	1/1/09 4.0%
1	\$44,074	\$45,617	\$47,327	\$49,220
2	\$51,305	\$53,101	\$55,092	\$57,296
3	\$58,536	\$60,585	\$62,857	\$65,371
4	\$65,768	\$68,070	\$70,623	\$73,447
5	\$73,000	\$75,555	\$78,388	\$81,524
6	\$80,231	\$83,039	\$86,153	\$89,599

#### **ARTICLE 14 – Salaries (SOA – Sergeants)**

Step	1/1/06 Base	1/1/07 3.5%	1/1/08 3.75%	1/1/08 4.0%
1	\$90,115	\$93,269	\$96,767	\$100,637
2	\$92,917	\$96,169	\$99,775	\$103,766

The salary increases shall be retroactive to their effective dates. Those eligible for retroactivity shall be those presently employed, those who have retired to their date of retirement and those who may have retired on ordinary or disability pension to their date of retirement.

The Township and the Unions have each addressed the statutory criteria in support of their respective positions. All of the criteria are relevant. I have given the most weight to the interests and welfare of the public, internal and external comparability between the PBA/SOA with other units within the

Township and with other law enforcement units within the County and the financial impact of the terms of the Award on the governing body, its residents and taxpayers. While also relevant, I have given less weight to the cost of living, the continuity and stability of employment and the overall level of compensation and benefits currently enjoyed by unit members.

The interests and welfare of the public are served by an Award that accommodates the financial ability of the Township to fund modifications to the Agreement while adhering to statutory spending limitations more commonly known as the budget CAP and the more newly enacted caps on increases in its overall levy. These requirements are set forth in subsections (g)(5) and (g)(9) and are also subsumed under (g)(1), the interest and welfare of the public. Based upon review of all of the official financial exhibits in the record, the terms of the Award will not cause the Township to exceed either its spending or taxing limitations nor cause adverse financial impact on the governing body or its residents. The additional costs beyond what the Township has proposed can be funded without adverse financial impact on the governing body, its residents and taxpayers.

The interests and welfare of the public are not confined to the costs imposed by the Award. Consideration must also be given to maintaining police officer morale and the standards of performance of the police department. The record reflects that staffing levels have decreased since 2003 while productivity

has increased. Productivity and efficiency of the police department are important considerations where, as here, the Township is obligated to protect not only its citizens, but also the many thousands of non-residents that work for the major corporations located in the Township that provide valuable commercial and industrial ratables to the Township.

The Township expresses concerns over its finances but virtually all relevant evidence reflects sufficient financial health to fund the costs of the Award within the Township's available resources. The Township has a bond rating of Aa2, a \$4.59 billion tax base, a high equalized value per capita of \$285,228, a per capita income level of 162.7% of the State and an average equalized value growth of 18.2% between 2001 and 2006. The 2007 fund balance was \$7,030,965, a figure that has grown annually from a level of \$4,704,742 in 2004. Its equalized tax rate is one of the lowest in Mercer County, its tax collection rate approaches 99%, its net debt is reasonably low and it has an excellent record of regenerating surplus funds. Its municipal budget is aided by monies received from the Boroughs of Hopewell and Pennington for police and dispatch services rendered and it is the beneficiary of grant funding in several areas of law enforcement activity.

The statute also requires consideration of comparability evidence. This factor, as here, can contain conflicting data. Law enforcement agreements in nearby municipalities show increases of 4% in Plainsboro, Princeton Borough,

Princeton Township, West Amwell, 3.95% in Hamilton Township, 3.5% in West Windsor and 3.5% in Hightstown (after a 9.4% increase due to fold-insurance to base pay). The terms maintain the relative ranking of the department within the County. Internal settlements for non-law enforcement units show increases between 2.5% and 4% depending on bargaining unit and step placement. The record does not reflect that there has been a strict pattern of settlement within the Township. Government workers, in general, received increases on average of 3.3% in 2006 and 2007. The terms of this award average 3.75% exclusive of certain other economic enhancements including longevity, clothing allowance and a partial fold-in of holiday pay. The award is generally consistent with the comparability data and in harmony with the other criteria that have been integrated in the fashioning of the Award.

Each party has given much attention to the existing levels of compensation and benefits to support the levels of change that should be awarded. The Township views the existing levels as generous while the Unions regard them as substandard. I do not find application of this factor to warrant modifications of the Agreement that differ from what has been awarded. The pre-existing terms must be viewed as a reflection of longstanding decision-making between the parties that has resulted in the existing salary guides and benefit levels. The overall compensation plan has been enhanced by increases to the longevity plan, uniform allowance, increases in extra duty pay, and the partial fold-in of holiday pay.

I also do not find that the continuity and stability of employment factor to be a major consideration in the fashioning of the terms of this Award. The record does not show that instability has resulted from the administration or implementation of the prior contract terms. The adjustments made herein will provide unit employees with enhancements in contract terms that will maintain the continuity and stability of employment for the Township's police officers.

The cost of living data submitted into the record has also been considered but does not dictate a result that deviates from the terms of the Award. In fact, the Award is generally consistent with this data. The CPI has experienced wide fluctuation during the year ranging from monthly figures that exceed 5% to those that could signify deflationary pressures. In this proceeding, the terms of the award reflect consideration of the cost of living data as one of the relevant, but not dispositive, factors in the rendering of the award.

Accordingly, and based upon all of the above, I respectfully enter the following award as a reasonable determination of the issues in dispute err giving due regard for the statutory criteria.

## AWARD

1. All proposals by the Township and the Unions not awarded herein are denied and dismissed. All provisions of the existing agreements shall be carried forward except for those modified by the terms of this Award.

2. Duration

There shall be a three-year agreement effective January 1, 2007 through December 31, 2009.

3. Longevity

The longevity pay plan for the PBA and SOA shall provide the following:

1. Employees having ten (10) to fifteen (15) years of service with the Township of Hopewell shall receive an annual longevity payment of \$1,000.00, which shall be added to the Employee's base pay and which shall be payable via the payroll bi-weekly system. Salary adjustments shall be calculated on the Employee's base pay, exclusive of longevity pay.
2. Employees having fifteen (15) to twenty (20) years of service with the Township of Hopewell shall receive an annual longevity payment of \$1,500.00, which shall be added to the Employee's base pay which shall be payable via the payroll bi-weekly system. Salary adjustments shall be calculated on the Employee's base pay, exclusive of longevity pay.
3. Employees having twenty (20) or more years of service with the Township of Hopewell shall receive a flat longevity payment of \$2,000, which shall be added to the Employees' base pay and which shall be payable via the payroll bi-weekly system. Salary adjustments shall be calculated on the employees' base pay, exclusive of longevity pay.

4. Uniform Allowance

The uniform allowance provision in the PBA and SOA contracts shall be increased by \$100 effective January 1, 2008.

5. Annual Leave (Holidays) – PBA Only

Four (4) holidays, or thirty-two (32) hours of holiday pay, shall be folded into the base pay in the PBA unit effective January 1, 2009.

6. Health Insurance

Effective, January 1, 2009, the co-pays for doctor visits (HMO and PPO) shall increase to \$15.00. Prescription co-pays shall be \$7.50 for generic and \$15.00 for brand name drugs. The mail order co-pay shall remain the same.

7. Off Duty Pay/Extra Duty Work

As soon as is administratively feasible, the extra duty rate shall be increased to \$50.00 per hour.

8. Salaries

Each step of the salary schedules shall be adjusted by 3.5% effective January 1, 2007, 3.75% effective January 1, 2008 and 4.0% effective January 1, 2009. The salary increases shall be retroactive to their effective dates. Those eligible for retroactivity shall be those presently employed, those who have retired to their date of retirement and those who may have retired on ordinary or disability pension to their date of retirement. The PBA schedule, effective January 1, 2009, shall be additionally adjusted by the fold-in of thirty-two (32) hours of holiday pay at each step of the salary schedule at the appropriate rate of pay for each step.

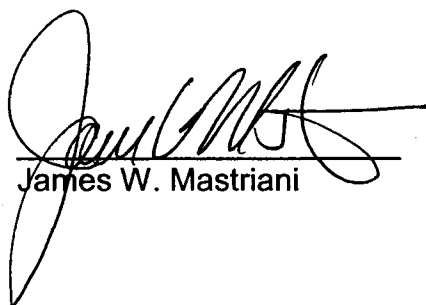
Step	1/1/07 3.5%	1/1/08 3.75%	1/1/09 4.0%
1	\$45,617	\$47,327	\$49,220
2	\$53,101	\$55,092	\$57,296
3	\$60,585	\$62,857	\$65,371
4	\$68,070	\$70,623	\$73,447
5	\$75,555	\$78,388	\$81,524
6	\$83,039	\$86,153	\$89,599



**ARTICLE 14 – Salaries (SOA – Sergeants)**

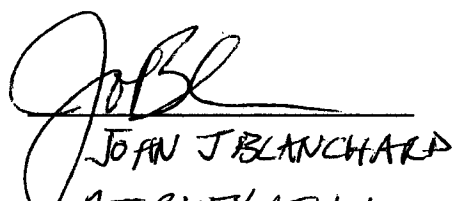
Step	1/1/07 3.5%	1/1/08 3.75%	1/1/08 4.0%
1	\$93,269	\$96,767	\$100,637
2	\$96,169	\$99,775	\$103,766

Dated: December 29, 2008  
Sea Girt, New Jersey

  
James W. Mastriani

State of New Jersey       }  
County of Monmouth     }ss:

On this 29<sup>th</sup> day December, 2009, before me personally came and appeared James W. Mastriani 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.

  
JOAN J. BLANCHARD  
ATTORNEY AT LAW  
OF NEW JERSEY