

STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of the Interest Arbitration Between:

BOROUGH OF ROSELLE PARK

-and-

Docket No. IA-2012-024

PBA LOCAL NO.27

BOROUGH OF ROSELLE PARK

-and-

Docket No. IA-2012-026

POLICE SUPERVISORS GROUP OF PBA LOCAL NO.27

Before: Susan W. Osborn, Interest Arbitrator

Appearances:

For the Borough:

Cleary, Giacobbe, Alfieri & Jacobs, attorneys
(Matthew Giacobbe, of counsel)
(Adam Abramson-Schneider, of counsel - on the brief)

For the PBA/SOA:

Mets, Schiro & McGovern, LLP, attorneys
(James Mets, of counsel)
(Brian Manetta, of counsel - on the brief)

INTEREST ARBITRATION AWARD

BACKGROUND

On March 5, 2012 the Borough of Roselle Park Policemen's Benevolent Association Local 27 and the Police Supervisors Group of PBA Local 27 each filed a Petition with the Public Employment Relations Commission to initiate interest

arbitration over successor collective negotiations agreements with the Borough of Roselle Park. The previous agreements expired on December 31, 2010.

On March 19, 2012, I was appointed to serve as interest arbitrator by a random selection procedure pursuant to N.J.S.A. 34:13A-16(e)(1). This statutory provision requires that an award be issued within 45 days of my appointment with no provision for a mutually agreed upon extension of any length. By letter of March 19, I scheduled an interest arbitration hearing for April 11, 2012 and directed each party to submit a final offer no later than April 3 in accordance with N.J.S.A. 34:13A-16(f)(1).

The Borough of Roselle Park and the PBA/SOA each submitted substantial documentary evidence. Both parties submitted Final Offers and calculations of the financial impact of their respective economic proposals. The PBA and SOA submitted a certification of Accountant and Financial Analyst Joseph Petrucelli. The Borough submitted a certification of Borough's Chief Financial Officer Kenneth Blum. Post-hearing summations were filed by April 20, 2012.

FINAL OFFERS OF THE PBA

The PBA submitted the following final offer:

ECONOMIC PROPOSALS**Article 8: Salaries**

2011 - 2.5% across the board increase

2012 - 3.0% for employees who are at top step; 1.0% plus increment for employees not at maximum.

2013 - \$725 and 3.0% for employees who are at top step; \$725 plus 1.0% plus increment for employees not at maximum

2014 - 3.0% for employees who are at top step; 1.0% plus increment for employees not at maximum.

2015 - 3.0% for employees who are at top step; 1.0% plus increment for employees not at maximum.

Article 10: Clothing and Maintenance Allowance

Eliminate clothing and maintenance allowance effective January 1, 2013.

Article 6: Hours of Work and Overtime

Delete language in Section 2 which prohibits employees from preserving overtime by using sick leave conversion on the first or last day of a four-day tour.

Article 11: Medical Dental and Prescription Coverage

Section 1: Language change requiring the Employer to continue "substantially similar coverage" in the event that it changes carriers

Section 2: Extend retirement medical and prescription program for retirees to those who retire on a disability pension. Change maximum age of dependent

care from 18 to 23.

Section 3: Dental Plan - Increase annual benefit maximum to \$2,000 per year, effective September 1, 2011. Change language providing that coverage by a new carrier shall be "equal to or better than" the coverage in effect September 1, 2011, including out-of-pocket costs.

Article 13: Automobile Expense

Change reimbursement rate for use of a personal vehicle for business from \$.22 to current IRS rate.

Article 16: Sick Leave

Section H: Add language permitting the payment of one comp day for each quarter in which the officer does not use a sick day.

Article 27: Off-Duty Police Employment (Side Jobs)

a) Add language placing the side job ordinance into the contract; b) Increase hourly rate by \$2 for each year of the contract; c) Add overtime rate at time and one half for work eight hours, on major holidays and for work between 2300 and 0700 hours; d) Time and one half for jobs with less than four hours of notice; e) Increase Board of Education rate to \$45 per hour.

Article 28: Duration

January 1, 2011 through December 31, 2015

NON-ECONOMIC PROPOSALS

Article 4: Grievance Procedure

Change language to permit arbitrator to be appointed from a rotating list of arbitrators named into the contract rather than a panel of arbitrators from PERC.

FINAL OFFERS OF THE SOA

The SOA submitted the following final offer:

ECONOMIC PROPOSALS:

Article 8: Salaries

2011 - 2.5% across the board increase
 2012 - 3.0% across the board increase
 2013 - \$725 and 3.0% across the board increase
 2014 - 3.0% across the board increase
 2015 - 3.0% across the board increase

Article 10: Clothing and Maintenance Allowance

Eliminate clothing and maintenance allowance effective January 1, 2013.

Article 6: Hours of Work and Overtime

Delete language in Section 2 which prohibits employees from preserving overtime by using sick leave conversion on the first or last day of a four-day tour.

Article 11: Medical Dental and Prescription Coverage

Section 1: Language change requiring the Employer to

continue "substantially similar coverage" in the event that it changes carriers.

Section 2: Extend retirement medical and prescription program for retirees to those who retire on a disability pension. Change maximum age of dependent care from 18 to 23.

Section 3: Dental Plan - Increase annual benefit maximum to \$2,000 per year, effective September 1, 2011. Change language providing that coverage by a new carrier shall be "equal to or better than" the coverage in effect September 1, 2011, including out-of-pocket costs.

Article 13: Automobile Expense

Change reimbursement rate for use of a personal vehicle for business from \$.22 to current IRS rate.

Article 14: Personal Days

Section B: Delete language providing a separate personal day allotment for employees hired after July 1, 2011 and standardize personal day allotment at three days annually.

Article 15: Vacations

Section 2: Delete language providing a separate vacation allotment for employees hired after July 1, 2011 and standardize vacation allotment for all employees.

Article 16: Sick Leave

Section B: Delete language providing a separate

sick leave allotment for employees hired after July 1, 2011 and standardize sick leave allotment at fifteen days annually after the employee's first year.

Section H: Add language permitting the payment of one comp day for each quarter in which the officer does not use a sick day.

Article 27: Off-Duty Police Employment (Side Jobs)

a.) Add language placing the side job ordinance into the contract; b.) Increase hourly rate by \$2 for each year of the contract; c.) Add overtime rate at time and one half for work eight hours, on major holidays and for work between 2300 and 0700 hours; d.) Time and one half for jobs with less than four hours of notice; e.) Increase Board of Education rate to \$45 per hour.

Article 28: Duration

January 1, 2011 through December 31, 2015

NON-ECONOMIC PROPOSALS

Article 4: Grievance Procedure

Change language to permit arbitrator to be appointed from a rotating list of arbitrators named into the contract rather than a panel of arbitrators from PERC.

FINAL OFFERS OF THE BOROUGH
(FOR BOTH PBA AND SOA CONTRACTS)

ECONOMIC PROPOSALS

Article 8: Salaries

2011: Wage Freeze

2012: 1.0%

2013: 1.5%

PBA Only: Implement new salary guide for officers hired on or after January 1, 2013, with five additional steps, lower starting salary and step equalization.

Article 9: Merit Incentives

a) Suspend merit pay plan for three years for all current employees; b) Discontinue program for officers hired after January 1, 2011.

Article 11: Insurance

Section A: Provide officers with NJSHBP plan or substantially similar coverage.

Section B: Require covered retirees to contribute towards health coverage pursuant to statute.

Article 6: Hours of Work and Overtime

Section 1: Overtime payments based on "actual working hours", not including sick leave

Section 2: Equalize work shifts at twelve hour shifts.

Article 7: Police Schedules/Assignments

Section B: Remove twelve-hour minimum

Article 12: Holidays

Reduce paid holidays from fifteen to thirteen.

Article 16: Sick Leave

a) Eliminate payment of unused sick leave upon retirement for employees hired after January 1, 2011; b) Cap payment of unused sick leave upon retirement for current employees at \$1,500; c) Grandfather and freeze employees who have already accrued time above this amount.

Article 28: Duration

January 1, 2011 through December 31, 2013

NON-ECONOMIC PROPOSALS:

None

SUBMISSIONS OF THE PARTIES

The parties submitted well over 200 documents for my consideration. While not all documents are discussed in this award, all have been reviewed and considered.

FINDINGS OF FACTDemographics

Roselle Park was incorporated as a Borough by an Act of the New Jersey Legislature on March 22, 1901, from portions of Union Township. The separation occurred due to a number of grievances based on a lack of sufficient public services, including; lack

of a modern sewage system, poor schools, neglected roads and minimal public safety measures (RP-1).

Roselle Park is a Borough in Union County, New Jersey. As of the United States 2010 Census, the Borough population was 13,297 with a density of 11,000 square miles (PBA-B6; RP-1). The Borough has a total area of 1.22 square miles, all of it land. The Borough is bordered to the northeast by Union Township, to the northwest by Kenilworth, to the east by Elizabeth, to the south by Roselle and to the west by Cranford (RP-1).

The 2010 United States Census reported that there were 5,002 households and 3,407 families residing in the Borough (PBA-B6; RP-1). As of the 2000 Census, there were 5,137 households out of which 30.1% had children under the age of 18 living with them, 50.8% were married couples living together, 11.2% had a female housekeeper with no husband present and 33.5% were non-families. One-person households made up 28.2% of the population and 8.5% of the population had someone living alone who was 65 years of age or older. The average household size was 2.58 and the average family size was 3.22 (PBA-B8; RP-1).

The 2000 median income for a household in the Borough was \$53,717 and the median income for a family was \$63,403. The per capita income for the Borough was \$24,101. About 3.4% of families and 4.3% of the population were below the poverty line,

including 6.3% of those under age 18 and 1.6% of those 65 or older (PBA-B8; RP-1).

The Borough's total real property valuation in 2008 was \$290,032,500 and \$25,555,900 for commercial. The residential real property valuation was \$234,621,600 and the average property value was \$70,797 with a property tax of \$7,745 (PBA-B8).

The 2000 Census reported a total civilian labor force in 2007 of 7,488 with a 4.4% unemployment rate (PBA-B8).

Roselle Park Public School District consisted of five schools, grades K-12 with an enrollment of 2,013 for school year 2007-2008 (PBA-B8).

The Borough of Roselle Park is governed by an elected Mayor and six councilpersons. Roselle Park is divided into five election districts, referred to as wards, with one councilperson elected from each ward and one councilperson elected at large (PBA-B1;RP-1).

Police Activity

Roselle Park had a total of 126 crimes in 2010 compared to 136 crimes in 2009 (RP-73). Of the 126 crimes, 17 were violent. The Borough ranked 6th lowest out of 21 Union County Municipalities in overall crimes for 2010 (RP-73). The crime rate per 1,000 residents in Union County averaged 18.4 while the same measure of crime in Roselle Park was 9.5. During the

period Roselle Park experienced no murders, no rapes, 8 robberies and 9 violent assaults. Thus it can be seen that the crime rate in Roselle Park is lower by every measure as compared with the averages in Union County.

Budgeting

The Borough states that Roselle Park is currently struggling financially due to the reduction and stagnation in State Aid, overall decline in surplus, increase in pension costs, health benefits costs and debt service (RP-129). The lack of State Aid prevents the Borough from increasing its surplus and requires it to seek other savings rather than to continually raise taxes (RP-129).

The municipal surplus budget has reduced by \$564,841 from December 31, 2004 to December 31, 2011 (RP-129). The Borough is trying to stabilize its finances since the loss in surplus. To date, the Borough has not been able to generate the loss in surplus in over seven years (RP-129). The inability to continually replenish the surplus affects the Borough's fiscal strength and ability (RP-129).

The chart below depicts the downward trend, through most years, in loss surplus:

Exhibit RP-129	Borough of Roselle Park (Municipal Surplus)	
	<u>Year</u>	<u>Total Fund Balance</u> <u>Amount in Decrease</u>
	2004	\$2,322,140 -----

2005	\$2,242,320	\$79,820
2006	\$2,046,903	\$195,417
2007	\$1,752,703	\$294,200
2008	\$1,793,158	\$40,455
2009	\$1,841,028	\$47,870
2010	\$1,707,890	\$133,138
2011	\$1,757,299	\$49,409
Total Decrease		\$564,841

The Borough contends that in the past five years, the assessed valuation has decreased by \$4,307,975 (RP-129). Moreover, the Borough is currently facing 17 State tax court appeals and 109 County tax court appeals (RP-129). The Borough previously had not been faced with increases in appeals as they are now (RP-129).

In recent years, the troubled real estate market has resulted in a substantial increase in the number of tax appeal filings. In January of 2012, the New Jersey Department of Community Affairs prepared guidance in the form of a Local Finance Notice (LFN) 2012-4 for municipalities in preparing for tax appeals and paying for their impact (PBA-M20). The guidance states that prudent municipalities have been preparing for this situation by conducting revaluations or reassessments to bring property tax assessments more in line with actual market conditions. The notice further goes on to say that these municipalities have also appropriated adequate reserves to prepare for the impact of pending tax appeals. However, even

those municipalities taking preparatory measures can still face tax appeal judgments that exceed their reserves (PBA-M, M20).

The PBA maintains that LFN 2012-4 offers additional relief to municipalities in the form of paying for the impact of tax appeals (PBA-M, M20) such as, emergency appropriation to authorize payment; issue notes in the amount of credits reflecting overpayment in previous quarters for the current year; and new legislation allows municipalities to borrow for prior year cash deficits resulting from tax appeals (PBA-M, M20).

The PBA and SOA assert that the December 31, 2011 Unaudited Annual Financial Statement indicates that the borough has set up a reserve account for tax appeals in the amount of \$49,613 (PBA-M, M20). They further state that the Borough has low net debt and therefore has the ability to finance future tax appeals instead of funding them with current operations revenues. They say it is clear that pending tax appeals would not prevent the Borough from funding PBA Local 27 and SOA Unit Member's current and future salaries and wages (PBA-M).

The chart below illustrates the Schedule of Net Valuation (Assessed Valuations) from year 2006 to 2012:

Exhibit RP-122,129	Roselle Park Net Valuation Taxable (Assessed Valuations)		
Year	Net Val Tax	Increase/- Decrease	% Change *
2006	\$291,140,164	-----	-----
2007	\$290,832,123	\$308,041	-0.11%
2008	\$290,171,089	\$661,034	-0.23%
2009	\$289,431,586	\$739,503	-0.26%
2010	\$288,153,250	\$1,278,336	-0.44%
2011	\$287,805,187	\$348,063	-0.12%
2012	\$286,524,148	\$1,281,039	-0.45%

Due to the increase in pensions and health benefits, debt service and the decline in surplus, the Borough contends that it has been forced to increase taxes to its taxpayers (RP-129). In the past four years, the municipal portion of property taxes has increased (RP-129). Specifically, there was a change from \$8,498,140 in 2006 to \$11,038,188 in 2011, an increase of \$2,540,048 in five years (RP-129).

The chart below depicts the tax percentage increases:

Exhibit RP-120,129	Roselle Park Tax Percentage Increase
Year	Tax % Increase
2006	-----
2007	6.25%
2008	7.36%
2009	5.39%
2010	3.88%
2011	4.00%
Total 5-Yr Increase	26.88%

According to the Borough, one of the many reasons for the tax increases, surplus decline and decline of fiscal strength is due to the increase in police and fire pension costs (RP-129). As a result, between 2007 and 2013, the costs for police and fire pensions increased by \$384,345¹ (RP-129). In addition, the PERS pension contribution has been increasing since 2007 (RP-129). Both pension contribution increases/decreases are shown in the chart below (Exhibit RP-116,119,129):

Exhibit RP-116,119,129		PFRS & PERS Pension Payment Increases			
Year	PFRS Pension Payment	Incr/Decr from PY	PERS Pension Payment	Incr/Decr from PY	Total Incr/Decr
2007	\$353,290	-----	\$89,501	-----	-----
2008	\$572,114	\$218,824	\$143,166	\$53,665	\$272,489
2009	\$598,563	\$26,449	\$217,042	\$73,876	\$100,325
2010	\$646,372	\$47,809	\$225,100	\$8,058	\$55,867
2011	\$778,748	\$132,376	\$268,609	\$43,509	\$175,885
2012	\$696,229	\$82,529	\$281,118	\$12,509	\$70,020
2013	\$737,645	\$41,416	\$284,241	\$3,123	\$44,539
Total		\$384,345		\$194,740	\$579,085

Another reason for the decline in the Borough's fiscal strength is with regard to the increase in health benefit costs (RP-129). Specifically, between 2009 and 2011, the costs for active police officers' and superior officers' health benefits have increased by over \$157,937. In 2009, the costs of health benefits for retired PBA members and SOA members was \$91,204; in

¹ PBA reflects a net increase of \$384,356 whereas it should be \$384,345.

2010 it was \$110,729; in 2011 it was \$151,973 and in 2012 it was \$195,557 for retired members (RP-129).

The chart below depicts the New Jersey (NJ) Direct 10 monthly premium for the PBA and SOA members estimated on 2012 base salaries. The PBA states that this will provide the Borough with significant increased savings to offset future health care costs (PBA-M)².

NJ Direct 10	
Exhibit PBA-M	Monthly Premium
Single	\$621.15
Member & Spouse/Partner	\$1,242.30
Family	\$1,552.88
Parent & Child	\$919.30
	\$4,335.63
	/4
Average Monthly Cost	\$1,083.91
	X 12
Average Annual Employee Premium	\$13,006.89

The chart below, which is based on the current base salaries and average contribution percentages, reflects the average minimum and maximum health care contributions per PBA Local No. 27 and SOA member for 2011, 2012, 2013 and 2014 (PBA-M).

²The results of the PBA's calculation may be skewed since they averaged the four types of coverage and the associated cost to acquire an average monthly cost versus calculating the # of current employees in each type of coverage to determine monthly costs by premium type, by calendar year.

Exhibit PBA-M	NJ Direct 10 Plan (2011-2014)				
Year	Current Average Base Salary	Average Contribution Percentage	Estimated Annual Premium	Calculated Contribution	1.5% Base Minimum Contribution
2011	\$87,140.49	6.50%	\$13,006.89	\$845.45	\$1,307.11
2012	\$86,778.79	13.00%	\$13,006.89	\$1,690.90	\$1,301.68
2013	\$96,782.69	21.75%	\$13,006.89	\$2,829.00	\$1,451.74
2014	\$101,725.92	32.00%	\$13,006.89	\$4,162.20	\$1,525.89

The details of the existing medical plan costs as compared with New Jersey State Health Benefits Plan will be discussed below.

The State Aid for the Borough of Roselle Park has been dramatically decreasing throughout the years. For instance, the State Aid for the past seven years (2006-2012) has dropped by 34.70% or from \$1,572,816 to \$1,084,086 in 2012 (PBA-F1, M3.) Moreover, the interest income has dropped by nearly \$192,211 since 2006 to 2012 (RP-118, 129).

The chart below illustrates the decline in State Aid revenues for the Borough of Roselle Park for the years 2006-2012:

Roselle Park State Aid (2006 - 2012)		
Year	State Aid	Decrease
2006	\$1,572,816	-----
2007	\$1,499,852	\$72,964
2008	\$1,333,246	\$166,606
2009	\$1,313,247	\$19,999
2010	\$1,084,086	\$229,161
2011	\$1,084,086	-----

2012	\$1,084,086	-----
Total State Aid Decrease		\$488,730

The Consolidated Municipal Property Tax Relief Act (COMPTRA) is comprised of municipal property tax relief programs. The State has continually reduced State Aid which was funded by the Energy Receipt Tax.

Not only is the Borough of Roselle Park facing decreases in revenues, State Aid and surplus, but the borough is facing an increase of \$649,975 in debt service since 2008 (RP-129).

The chart below reflects the percentage of tax collection receipts for the Borough from 2006 to 2011 and shows a decrease of 0.88% not paid in 2011 (RP-121,129;PBA-M):

Exhibit PBA-M, RP-121,129	Roselle Park Tax Collection Receipts		
Year	Tax Levy	Cash Collection	% of Collection
2006	\$28,348,652	\$27,831,223	98.17%
2007	\$30,248,800	\$29,598,499	97.85%
2008	\$31,802,107	\$30,974,661	97.40%
2009	\$32,620,843	\$31,909,600	97.82%
2010	\$33,535,571	\$32,804,581	97.82%
2011	\$34,518,458	\$33,582,766	97.29%

The net valuation taxable (assessed valuations) has decreased significantly since 2006 (RP-122). THE following chart depicts the decreases:

Exhibit RP-122	Net Valuation Taxable (Assessed Valuations)		
Year	Net Valuation Taxable	Increase/ Decrease	Percentage Change
2006	\$291,140,164	-----	-----
2007	\$290,832,123	\$308,041	-0.11%
2008	\$290,171,089	\$661,034	-0.23%
2009	\$289,431,586	\$739,503	-0.26%
2010	\$288,153,250	\$1,278,336	-0.44%
2011	\$287,805,187	\$348,063	-0.12%
2012	\$286,524,148	\$1,281,039	-0.45%

The Borough contends that the salaries and wages of the police department PBA and SOA members exceed any department in the Borough of Roselle Park. Moreover, the average base salary for the police officer is \$78,060 in 2009 and \$80,593 in 2010 (RP-129).

Overtime Costs

In the pasts three years the Borough has been able to contain overtime costs (RP-129). The following chart (RP-33) shows overtime costs for 2009-2012:

Year	Overtime Amount
2009	\$112,133
2010	\$71,355
2011	\$56,510
2012 (Projected)	\$75,332

The PBA contends that since January 1, 2011, seven (7) members of the Police Force have separated from the force, either through retirement or resignation (PBA-M). The estimated savings produced through the breakage over the proposed contract period ending December 31, 2013 is \$1,306,938.44. It contends that this breakage will provide the Borough with savings that can help fund the requested salary and wage proposals for PBA Local No.27 and the SOA (PBA-M). The PBA also provided information on two new members hired since the expiration date of the contract. It has included the projected cost of the new hires in their cost proposal analysis (PBA-M).

The PBA states that the Borough has continually spent less than budgeted (PBA-M). The unexpended appropriation and encumbrance reserves indicated in the chart below allow the Borough to apply these unexpended appropriation reserves to future budget periods. Any encumbrance cancelled and appropriation reserves that lapse after one year generate surplus (PBA-M). It goes on to further illustrate that unexpended balances of appropriation reserves lapse to budget operations in the second budget year after the budget year in which they are generated. Cancelled encumbrances lapse to surplus in the budget year cancelled. The 2011 Audited Annual Financial Statement indicates that \$403,659 of prior year appropriation/encumbrance reserves had lapsed into budget

operations for the 2011 budget year. 2011 unexpended appropriation reserve balances of \$395,406 will lapse to budget operations in the 2013 budget year. 2010 unexpended appropriation reserve balances of \$469,295 will lapse to budget operations in the 2012 budget year (PBA-M).

The chart below reflects the prior years' appropriation reserve balances that have lapsed to surplus (PBA-M, M9). An analysis of the lapsed balances for the period 2005 through 2011 indicates that, on average 58.45% of the appropriation reserve balance has lapsed to surplus. Utilizing that historical average the PBA states that the Borough could recognize \$274,285 (\$780,835 X 58.45%) of surplus in 2012 (PBA-M, M9).

	Unexpended Balance of Appropriation Reserves				
Year	Appropriation Reserves Unexpended	Encumbrance Reserves to be Expended	Total Reserves	Surplus Generated from Lapsed	Percentage Recognized as Surplus
2012 CY	-----	-----	-----	\$274,285	58.45%
2011 CY	\$395,406	\$385,429	\$780,835	\$403,659	77.08%
2010 CY	\$469,295	\$463,626	\$932,921	\$370,077	69.14%
2009 CY	\$523,694	\$439,258	\$962,952	\$320,816	55.13%
2008 CY	\$535,289	\$489,696	\$1,024,985	\$297,506	63.47%
2007 CY	\$581,892	\$429,790	\$1,011,682	\$122,143	27.42%
2006 CY	\$468,751	\$430,127	\$898,878	\$337,891	-----
2005 CY	\$445,531	\$475,390	\$920,921	\$289,790	-----
77.08% + 69.14% + 55.13% + 63.47% + 27.42% = 292.23/5 = 58.45% Average; Documentation Supports: 2006 - 2010 Audited Financial Statements					

The Borough has conditionally had additional revenues it did not anticipate and per the Unaudited Annual Financial Statement as of December 31, 2011, the Borough had additional revenue of \$169,512 (PBA-M10). This indicates that the Borough has consistently received additional revenue from sources not anticipated in the budget or raised by taxation. According to the PBA, this revenue is available for budget appropriations in future years.

The chart below indicates that the Borough could have anticipated an additional \$403,367 in municipal revenues from local sources in the 2012 proposed budget based on the actual collections from the 2011 budget cycle (PBA-M). The PBA states that it is common governmental practice to utilize the amount realized in the prior year. They state that this is additional revenue that is not limited by the 2% cap and may be available to hold down taxes and fund the PBA Local No. 27 and SOA Unit Members' proposals (PBA-M11).

Miscellaneous Revenues - Local Revenues			
Source	Anticipated 2012	Realized in Cash 2011	Difference
Licenses - Alcoholic Beverages	\$12,000	\$17,372	\$5,372
Licenses - Other	\$7,000	\$21,125	\$14,125
Fees And Permits	\$25,000	\$57,576	\$32,576

Fines and Costs - Municipal Court	\$450,000	\$795,733	\$345,733
Parking Meters	\$15,000	\$24,561	\$9,561
Totals	\$509,000	\$916,367	\$407,367

The PBA maintains that the Borough has significant remaining borrowing ability due to its low outstanding net debt (PBA-M, M13). The amount of statutory debt limit utilized as of December 31, 2011 was 36.91% or \$15,861,402 leaving remaining borrowing power of the Borough at \$27,112,526 (PBA-M, M13).

The PBA performed a fiscal analysis of the Borough's budget and has highlighted the following additional items as evidence to support their conclusion that the Borough of Roselle Park has the financial ability to pay for the PBA Local 27 and the SOA's final Offers:

PBA's Fiscal Analysis of Borough's Budget		
Fiscal Analysis	Amount	PBA Exhibit
Police Salaries & Wages & Other Expenses (Reserved Amount) - 2011	\$79,834	M, M1
Actual Revenue Collected from Taxation (Excess) - 2011	\$82,228	M, M3
Excess Results from Operations - 2011*	\$1,349,409	M, M3
Receipts from Delinquent Taxes & Tax Title Liens - 2011	\$683,680	M, M12
Regenerated Surplus (Cash Balances) - 2011	\$1,757,300	M, M14
Police Offsetting Grants - 2011	\$88,963	M, M15
Police Dept. Generated Miscellaneous Anticipated & Non-budgeted Revenues	\$65,223	M, M16
Increase in Tax Base (New Ratable) - 2011	\$20,399	M, M18
Increase in Tax Base (New Ratable) - 2012	\$8,716	M, M17

Maximum Available 2011 Tax Levy Cap (Borough's Remaining Utilization Amount Not Used)	\$495,578	M, M18
Maximum Available 2011 Spending Cap (Available Spending Not Utilized - Cap Banking)	\$651,432	M, M18
Maximum Available 2012 Tax Levy Cap (Available Amount to be Raised by Taxation, Not Used)	\$481,981	M, M17
Maximum Available 2012 Spending Cap (Available Spending Not Utilized - Cap Banking)	\$834,444	M, M17
Available Cap Bank Spending - 2013	\$164,913	M, M17
* \$1,300,000 was verified.		

Appropriations Cap

Chapter 68, Public Laws of 1976, as amended, place limits on certain municipal expenditures. The limit for 2011 is 2%; however the Borough of Roselle Park adopted an index rate ordinance increasing their allowable spending limitation to 3.5% (RP-11). This limit, generally referred to as a "CAP", is calculated by methods established by law. The following schedule shows the computation of the maximum amount of increase allowable in the Budget for 2012 over that of the 2011 Adopted Budget for the Appropriations subject to the "CAP Law" (RP-11).

Summary Appropriations Cap Calculation 2012	
	Amount
TOTAL GENERAL APPROPRIATIONS FOR 2011	\$14,800,167
Modifications:	
Total Other Operations	\$644,514
Total Public and Private Programs	\$375,465
Total Capital Improvements	\$50,000
Total Debt Service	\$1,582,758
Total Deferred Charges	\$58,000
Reserve for Uncollected Taxes	\$825,251
	\$3,535,988

Amount on Which 3.5% CAP is applied	\$11,264,179
3.5% CAP	\$394,246
Allowable Operating Appropriations before Additional Exceptions per N.J.S.A. 40A:4-45.3)	\$11,658,425
New Construction \$235,960 X 3.694	\$8,716
CAP Bank Calculations for Budget 2011:	
2010 Bank:	\$380,648
2011 Bank:	\$164,913
ALLOWABLE APPROPRIATIONS for 2012	\$12,212,702

2% Tax Levy Cap

For 2012, the Borough of Roselle Park identified its Prior Year and Net Year Amount to be Raised by Taxation for Municipal Purposes as \$10,628,926 (RP-116). After applying the 2% Cap Increase of \$212,579, its Adjusted Tax Levy Prior to Exclusions was \$10,841,505 (RP-116). No Assumption of Service/Function was reported. Additional Exclusions were identified as \$5,800 for an Allowable Health Insurance Cost Increase; \$6,638 for Allowable Pension Obligations Increase; \$25,690 for Allowable Debt Service, Capital Leases and Debt Service Share of Cost Increases; \$1,500 for Recycling Tax Appropriation; for an overall Exclusion Total of \$39,628. The Adjusted Tax Levy after Exclusions was \$10,881,133. A New Ratables Adjustment to Levy in the amount of \$8,716 and the CY2011 Cap Bank Utilized in CY2012 of \$495,578 were added to the Adjusted Tax Levy after Exclusions for a Maximum Allowable Amount to be Raised by

Taxation of \$11,385,428 (RP-116). The Amount to be Raised by Taxation for Municipal Purposes is \$10,903,447 (PBA-4; RP-116).

The chart below provides a Summary Levy Cap Calculation for the Borough of Roselle Park as identified above:

<u>Summary Levy Cap Calculation (2012)</u>	<u>Amount</u>
Prior Year Amount to be Raised by Taxation for Municipal Purposes	\$10,628,926
Plus 2% Cap Increase	\$212,579
Adjusted Tax Levy	\$10,841,505
Adjusted Tax Levy Prior To Exclusions	\$10,841,505
Allowable Health Insurance Cost Increase	\$5,800
Allowable Pension Obligations Increase	\$6,638
Allowable Debt Service, Capital Leases & Debt Service Share of Cost Increases	\$25,690
Recycling Tax Appropriation	\$1,500
Total Exclusions	\$39,628
Adjusted Tax Levy After Exclusions	\$10,881,133
New Ratables - Increase in Valuations (New Construction & Additions)	\$235,960
Prior Year's Local Municipal Purpose Tax Rate (per \$100)	\$3.694
New Ratable Adjustment to Levy	\$8,716
CY2011 Cap Bank Utilized in CY2012	\$495,578
Maximum Allowable Amount to be Raised by Taxation	\$11,385,427
Allowable Amount to be Raised by Taxation for Municipal Purposes	\$10,903,447

Cost of Living

The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services (PBA-C1).

According to the Bureau of Labor Statistics February 2012 report, the Consumer Price Index (CPI) for All Urban Consumers (CPI-U) increased 0.4% in February 2012 on a seasonally adjusted basis. Over the last 12 months, the all items index increased 2.9% before seasonal adjustment (PBA-C2). The All Urban Group represents about 87% of the total U.S. population (PBA-C1). It is based on the expenditures of almost all residents of urban or metropolitan areas, including professionals, the self-employed, and the poor, the unemployed and retired people, as well as urban wage earners and clerical workers (PBA-C1).

The Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) increased 3.1% over the past 12 months. For the month of February 2012, the index increased 0.5% prior to seasonal adjustment (PBA-C2).

Organization of the Police Department: (Ex. PBA E-1)

The Borough's police department consists of 34 sworn officers. The Department is headed by Chief of Police Paul Morrison, who has been the chief since 2007.

The police department consists of a traffic bureau, a detective bureau, a community policing unit which includes a bicycle squad, and the D.A.R.E. Program. The Traffic Bureau is supervised by Patrolman Antonucci. He is responsible for school crossing guards, the school safety program, the investigation of serious traffic accidents, and handicapped parking permits.

The Community Policing Unit includes officers equipped with mountain bikes, which enables them to patrol the Borough's parks and playgrounds and better interact with citizens.

The detective bureau, at least as of 2011, consists of a sergeant, detectives and a juvenile detective. It is responsible for investigating crimes, preparing cases for the grand jury and juvenile courts, and attempting resolution of juvenile cases. It also processes gun application permits.

The D.A.R.E. program is run in collaboration with the schools, parents, community and government agencies to provide a drug resistance and violence prevention program. The program begins with 5th grade students and is a 10-week program. It teaches kids responsible decision-making skills, provides ways to resist peer pressure, and consequences of behavior.

In the beginning of 2011, there were 2 lieutenants, 6 sergeants and 26 patrolmen. However, during 2011, 1 lieutenant retired, 1 sergeant retired, and 1 patrolman was promoted to sergeant. In addition, 1 patrolman separated from service, and 2 new patrolmen were hired. Thus, by the end of 2011, there was 1 lieutenant, 6 sergeants and 26 patrolmen. In addition, 3 patrolmen have or will leave the department in 2012. (Ex RP 19-20)

Existing Compensation Package

Work Hours:

The expired contract does not specify what the existing work schedule actually is. The PBA notes that most employees are on a 4/3 schedule or a 3/4 schedule. It is apparent from the Borough's proposal that some employees are on a 10-hour or 12-hour shift.

Salaries:

The PBA contract for 2008-2010 includes a five-step salary guide for officers hired before December 1, 2003, and a separate, six-step guide for officers hired after that date. Both guides have a maximum step of \$83,366. As all of employees on the "grandfathered" guide have now reached maximum, I replicate only the newer salary guide, as follows:

Steps	2010
Academy	\$39,157
Probation	\$48,119
1	\$53,989
2	\$59,859
3	\$65,728
4	\$71,597
5	\$77,466
6	\$83,336

Newly hired officers are in the "academy" step for the first six months. They then move to the "probation" step until they reach their one-year anniversary, and move to Patrol Level I (hereinafter referred to as simply "step 1"). Thereafter, on their anniversary, they move to the next step. The dollar value

of these step increments, after movement from the academy to probation step, is \$ 5,870.

Pursuant to Article 8 of the expired PBA contract, employees move on the step guide on their anniversary date. As of the end of 2010, there were 9 patrolmen still moving through the step guide and 16 patrolmen at the maximum step. The parties stipulated that the Borough has paid officers their increments for 2011 and is paying increments in 2012 as they become due.

Superior officers in the SOA unit include only sergeants and lieutenants. There is only a flat-rate salary for each (no steps and no 2-tier salary plan). The sergeant salary is \$95,515 and the lieutenant salary is \$100,814.

While the SOA contract recognition clause includes captains, there are presently no captain positions in Roselle Park, and no salary specified for one. However, unlike rank-and-file patrolmen, superior officers do have a 2-tier benefits plan. Officers hired after July 1, 2000 have a reduced level of vacation, sick leave, personal leave.

Merit Incentive

Both superior officers and rank-and-file police have a contractually based "merit incentive" plan, which provides financial incentives for advanced education and specialized training once an officer reaches five years of service with the

department. Officers obtain points based on levels of credit or training obtained; each "point" is worth \$11 of stipend money added to salary each year (but not cumulative). The merit incentive pay is capped at \$1760 annual stipend.

Miscellaneous Stipends

In addition, officers and superiors each receive an annual clothing allowance of \$725, payable by separate check. Neither contract provides for a separate longevity payment. In addition, officers and superiors assigned to the detective division or assigned as the traffic safety officer receive an annual stipend of \$1,500. The following chart provides a snapshot, as of December 31, 2010, of all unit employees' compensation:

Employees' Compensation as of 12/31/10:

Empl Name	Step as of 12/31/2010	Det/Traf/ Safety Stipends	2010 Base Pay	2010 Merit Pay	Holiday Pay	Total Base Salary
Hernandez	1		\$53,989		\$2,077	\$56,066
Florczak	1		\$53,989		\$2,077	\$56,066
Lanza	1		\$53,989		\$2,077	\$56,066
Polakoski	2		\$59,859		\$2,302	\$62,161
Vaughn	2		\$59,859		\$2,302	\$62,161
Nortrup	2		\$59,859		\$2,302	\$62,161
Deegan III	4		\$71,597		\$2,754	\$74,351
Medrano	5		\$77,466	\$1,760	\$2,979	\$82,205
Gaylord	5		\$77,466		\$2,979	\$80,445

Kompany	6		\$83,336	\$1,760	\$3,205	\$88,301
Harms	6		\$83,336	\$1,760	\$3,205	\$88,301
Cocca	5	\$1,500	\$83,336	\$495	\$3,263	\$88,594
Disano	5		\$83,336		\$3,205	\$86,541
Wintermute	5	\$1,500	\$83,336	\$1,760	\$3,263	\$89,859
Frino	5	\$1,500	\$83,336	\$498	\$3,263	\$88,597
Wielgus	5		\$83,336	\$1,320	\$3,205	\$87,861
Breuninger	5		\$83,336	\$1,320	\$3,205	\$87,861
Ahmad Assad	5	\$1,500	\$83,336	\$1,210	\$3,263	\$89,309
Cantrell	5		\$83,336	\$1,760	\$3,205	\$88,301
Smith	5		\$83,336	\$990	\$3,205	\$87,531
Antonucci	5	\$1,500	\$83,336	\$1,320	\$3,263	\$89,419
Bell	5		\$83,336		\$3,205	\$86,541
Adamski	5		\$83,336	\$330	\$3,205	\$86,871
Skebeck	5		\$83,336	\$1,320	\$3,205	\$87,861
Mascaro	5		\$83,336	\$330	\$3,205	\$86,871
Pitts	7		\$95,515	\$1,760	\$3,674	\$100,949
Dima	7		\$95,515	\$1,760	\$3,674	\$100,948
Jimenez	7	\$1,500	\$95,515	\$1,320	\$3,731	\$102,066
Picarelli	7		\$95,515	\$495	\$3,674	\$99,684
Iungerman	7		\$95,515	\$1,760	\$3,674	\$100,949
Cosentino	7		\$95,515	\$990	\$3,674	\$100,179
McCaffery	8		\$100,814	\$1,320	\$3,877	\$106,012
Scalea	8	—	\$100,814	\$1,320	\$3,877	\$106,012
TOTALS		\$9,000	\$2,676,167	\$28,658	\$103,276	\$2,817,100

Note: I have consolidated the rank-and-file together with superiors for the purpose of this chart for ease of reading.

In addition to compensation and leave benefits, employees in both negotiations units are covered by the hospital and major medical insurance. Employees hired after September 1, 2007 are limited to HMO health insurance but have the option of "buying up" to a better plan. Employees contribute to the cost of medical benefits pursuant to Chapter 78 at a rate of either 1.5%

of salary or a percentage of premium costs, whichever is greater.

Medical coverage continues into the employee's retirement, provided he or she meets the years' service criteria, at the Borough's expense.

Internal Comparables:

In early April, 2012, the Borough signed settlement agreements with UAW Local 2326, which represents a negotiations unit of the town's clerical employees and a separate unit of the town's public works employees (Ex. RP-102, RP-103). Each agreement provides for a four-year contract covering 2011 through 2014, with across-the-board salary increases of 0% in 2011, 2.0% in 2012, 1.75% in 2013, and 1.75% in 2014. In addition, the memoranda of agreement provide for all unit employees to change health care plans to the New Jersey State Health Benefits program (no effective date specified), and to discontinue payment for unused sick leave upon retirement for new hires after January 1, 2012.

Comparables - External

The following chart reflects the minimum/maximum step salary for patrolmen for years 2009 through 2013 for numerous neighboring municipalities (PBA-I-1-4).

Minimum/Maximum Step Salary Guide

<u>Town</u>	<u>2,009</u>	<u>2,010</u>	<u>2,011</u>	<u>2,012</u>	<u>2,013</u>	<u>#Steps to Max</u>
Berkley Heights	48,109 83,522	48,109 83,522	49,319 84,775	50,799 88,191	52,322 90,837	8
Clark	32,532 85,258					9
Cranford	39,750 80,729	41,340 83,958	41,340 82,958	42,167 85,638	43,010 87,350	8
Elizabeth	45,915 84,002	47,407 83,015	48,948 85,713	50,539 88,499	52,181 91,375	7
Fanwood	44,436 89,508					8
Garwood	37,090 75,985	37,832 78,949	38,589 82,028			6
Linden	43,283 84,003	43,283 85,503	44,690 88,282	46,254 91,372	43,081 94,980	9
Mountainside	35,909 89,352	37,256 92,702				8
New Providence	56,012 91,612	58,532 95,734				7
Plainfield	39,005 87,672					7
Rahway	35,995 86,529	37,435 89,990	38,933 93,590	40,490 97,333		6
Roselle	44,549 79,939	45,739 81,896	46,961 84,113	48,330 87,013	49,741 89,850	5
Roselle Park	46,092 79,824	39,157 83,336				8
Scotch Plains						9
Springfield	34,936 91,636	32,378 95,301				7
Summit	47,728 94,699	48,460 98,298				8
Union Township	41,706 88,016	42,957 90,656	44,139 93,149	45,132 95,245		9
Union County Police		36,260 81,301	37,075 83,130	38,002 85,209		11
Union County Prosecutor's Detectives	44,692 83,204					11
Union County Sheriff's Officers	34,753 82,009					13
Westfield	37,034 82,297	40,052 89,652				7
Winfield		34,257 66,770	35,285 68,773	36,344 70,836		5
AVERAGE			2011	2012		
AVERAGE MINIMUM SALARY			42,528	44,229		
AVERAGE MAXIMUM SALARY			84,651	87,705		
AVERAGE NUMBER OF STEPS						8.0

*Does not include corporal, detective or superior officer steps.

Minimum/Maximum Step Salary Guide for Superior Officers:

Town	Rank	2009	2010	2011 *	2012	2013 *
Berkeley Heights	Sergeant	\$95,215	\$95,215	\$97,610	\$100,538	\$103,554

	Lt.	\$104,737	\$104,737	\$107,371	\$110,592	\$113,910
Clark	Sergeant	\$93,505				
	Lt.	\$99,810				
Cranford	Sergeant	\$94,007	\$97,768			
	Lt.	\$103,326	\$107,459			
Elizabeth	Sergeant					
	Lt.					
Fanwood	Sergeant	\$98,461				
	Lt.	\$107,322				
Garwood	Sergeant					
	Lt.					
Linden	Sergeant					
	Lt.					
Mountainside	Sergeant	\$102,683	\$106,533			
	Lt.	\$108,219	\$112,277			
New Providence	Sergeant	\$101,504	\$106,071			
	Lt.	\$107,744	\$112,585			
Plainfield	Sergeant	\$69,661 \$94,209				
	Lt.	\$82,243 \$108,409				
Rahway	Sergeant	\$97,918	\$101,835	\$105,908	\$110,144	
	Lt.	\$110,628	\$115,053	\$119,655	\$124,441	
Roselle	Sergeant	\$85,008 \$88,872	\$88,656 \$92,686	\$91,094 \$95,235	\$93,642 \$98,569	\$96,642 \$101,526
	Lt.	\$99,226 \$103,736	\$102,202 \$106,848	\$105,268 \$110,053	\$108,427 \$113,356	\$111,680 \$116,756
Scotch Plains	Sergeant					
	Lt.					

Summit	Sergeant	\$103,124 \$108,692	\$106,724 \$112,292			
	Lt.	\$109,303 \$113,633	\$120,703 \$125,033			
Westfield	Sergeant	\$93,083	\$101,402			
	Lt.	\$100,244	\$109,203			
County of Union	Sergeant	\$97,470	\$99,663	\$102,155		
	Lt.	\$108,867	\$111,316	\$114,099		
Average Salary	Sergeant	\$95,719	\$100,963	\$99,110	\$102,263	\$101,274
	Lt.	\$104,931	\$111,114	\$112,197	\$115,308	\$114,064

* Averages decreased in 2011 and 2013 because fewer towns reported.

The PBA's exhibit PBA-I-1 shows the following settlement percentages in Union County municipalities to date:

Average Annual Base Salary Increases

Municipality	2011	2012	2013
Berkeley Heights			
Cranford	0.0%	2.0%	2.0%
Clark			
Elizabeth	3.25%	3.25%	3.25%
Fanwood			
Garwood			
Linden	3.25%	3.5%	3.95%
Mountainside *	2.00%	2.0%	2.00%
New Providence			
Plainfield			
Rahway	4.0%	4.0%	
Roselle	2.75%	3.0%	3.0%
Scotch Plains			
Springfield			
Summit			
Union Township			
Union Co			

Union Co Prosecutor			
Union County Sheriff			
Westfield			
Winfield			
Average	2.54%	2.96%	2.8%
* Settled January 2012			

Vacation Allotment

The rank-and-file unit has the following vacation allotments, depending upon length of service:

After completion of (Academy/Probation Time Included)

1 year of employment	10 working days
2 and 3 years of employment	14 working days
4 and 5 years of employment	15 working days
6 through 10 years of employment	18 working days
11 through 15 years of employment	22 working days
16 through 19 years of employment	24 working days
20 years of employment and over 25	working days

Superior officers have the same allotment of vacation as set forth in the PBA contract above, except that employees hired after 7/1/00 have the following vacation schedule:

At the completion of 1 year	10 working days
At the completion of 2 years	12 working days
At the completion of 10 years	14 working days
At the completion of 15 years	15 working days
At the completion of 20 years	16 working days

The following chart, (taken from PBA Ex. I-1, 2) shows what other Union County municipalities offer their police:

Vacation Allotment

Town	Vacation Minimum- Length of Service		Vacation Maximum- Length of Service	
Berkley Heights	5 days	6 months	28 days	20 years
Clark	12 days	post academy	25 days	21 years
Cranford	15 days	1 year	30 days	25 years
Elizabeth	1 day per month	0	25 days	16 years
Fanwood	15 days	0	35 days	20 years
Garwood	48 hours	post probation	240 hours	25 years
Linden	1 day per month	0	24 days	26 years
Mountainside	8 hours per month	0	236 hours	16 years
New Providence	8 hours per month	0	200 hours	20 years
Plainfield	13 days	1 year	26 days	21 years
Rahway	1 day per month	0	25 days	25 years
Roselle	6 days	0	24 days	20 years
Roselle Park	10 days	1 year	25 days	20 years
Scotch Plains	14 days	1 year	26 days	21 years
Springfield	16 days	1 year	32 days	15 years
Summit	1 day per month	0	24-33 days*	24 years
Union Township	1 day per month	0	40 days	25 years
Union County Police	1 day per month	0	256 hours	30 years
Union County Prosecutor's Detectives	1 day per month	0	32 days	30 years
Union County Sheriff's Officers	1 day per month	0	32 days	30 years
Westfield	40 hours	0	253 hours	21 years
Winfield	2 weeks	1 year	5 weeks	21 years

*Depending upon work schedule

The Borough's exhibits RP-87 and RP-88 show that the vacation allotments in Union County municipalities are as

follows:

	5 Years	10 Years	15 Years	20 Years
Average	14.2 days (113.6 hrs)	18.3 days (144.6 hrs)	21.1 days (168.8 hrs)	25 days (200 hrs)
High	20 days (160 hrs)	25 days (200 hrs)	28 days (224 hrs)	35 days (280 hrs)
Low	9 days (72 hrs)	10 days (80 hrs)	14 days (112 hrs)	17 days (136 hrs)
Roselle Pk Tier 1	15 days (120 hrs)	18 days (144 hrs)	22 days (176 hrs)	25 days (200 hrs)
Roselle Pk Tier 2	12 days (96 hrs)	14 days (112 hrs)	15 days (120 hrs)	16 days (128 hrs)

Personal Days:

Pursuant to Article 14 of the PBA expired contract, employees may take three personal days a year.³ The SOA expired contract, however, provides a two-tier scheme for personal days allotment. Superiors hired before July 1, 2000 received 3 personal days; employees hired after July 1, 2000, receive:

After completion of one year to completion of five years - 1 day
 After completion of five years to completion of ten years - 2 days
 After completion of ten years forward - 3 days

Both contracts require 24-hour advance notice, except in the case of an emergency, and may only be taken if there is sufficient manning to cover the employee's shift. Both contracts provide that unused personal days left at the end

³ The contracts provide: "Employees shall receive three (3) eight hour personal days a year. (12 hour days for 12 hour personnel and 10 hour days for 10 hour personnel)."

of the calendar year may be cashed out at the daily rate for an 8-hour day.

Holidays:

Both expired contracts provide at Article 12:

A. Each employee shall receive fifteen (15) holidays per year in the following manner: Ten (10) paid holidays at the regular rate of pay compensated at eight (8) hours.

The additional holiday for 2006 and 2007 shall be provided as compensatory time. Five (5) holidays to be given as days off.

C. All paid holidays shall be included as part of the annual salary for pension calculation and shall not be added to base salary for payment of overtime. Payment of holiday compensation will be made in the regular pay periods.

In comparing the number of holidays in Roselle Park to other communities in Union County, the Borough's exhibits RP-85 and RP-86 show that the average holiday benefit is 13.2 days. It ranges from a low of nine days (Linden) to a high of sixteen days (Berkley Heights and Elizabeth).

Merit Pay (Educational Incentives):

The current contracts for the PBA and the SOA provide,

A. In addition to the annual salary, a merit incentive step payment program is hereby instituted for all fourth (4th) grade patrolmen. Such merit incentive step payment shall be determined according to the following schedule.

Incentive	Points Required	Dollar Value	Additional
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Required		Per Point	Compensation
1 st	30	\$11	\$ 330
2 nd	45	11	495
3 rd	70	11	770
4 th	90	11	990
5 th	110	11	1,210
6 th	120	11	1,320
7 th	140*	11	1,540*
8 th	160*	11	1,760*

* Must have obtained a minimum of an associate's degree to qualify for this additional compensation

B. The merit incentive points are to be awarded as follows:

1. After January 1, 1980, each class hour at approved courses of more than eight (8) hours conducted by State, Federal or other training agencies outside of departmental in-service programs and initial recruit academy training- 1/15 point.
2. Each full year of service in the department - 1 point. This cannot be counted twice. If credit given under longevity, cannot be applied here.
3. Each approved semester hour credit obtained in a college, technical institute, or other institution of higher learning in courses prescribed by the Chief of Police with approval of the Borough Council - 1 point.
4. Qualifying average mark of eighty (80.0%) percent or above average in annual in-service training examinations — 1 point.
5. Recognized hours obtained in correspondence courses prescribed by the Chief of Police with approval of the Borough Council. Points to be assigned each course prior to the commencement of said course. Range from 2 to 6 points.
6. Associates Degree - 15 points.
7. Associates Degree in Police Science - 25 points.
8. Baccalaureate Degree - 35 points.
9. Baccalaureate Degree with Police Field Major - 50 points.

However, the maximum number of points that can be amassed for any degree or combination of degrees in 50

points.

C. Points shall accumulate from date of appointment. Points earned during the period January 1, through December 31 are added and applied to the accumulated point total in the succeeding year for any additional compensation due. However, the additional compensation shall not commence until completion of service as a fourth grade patrolman.

D. Payment of merit incentive compensation shall be included as part of the annual salary for pension calculation and shall not be added to the base salary for payment of overtime. Payment of merit incentive compensation will be made in the regular pay periods.

The merit incentive program in this town is really a composite of educational and training incentives, plus a longevity program. Roselle Park does not offer a separate stipend for longevity of any kind.

Sick Leave:

The current PBA and SOA contracts provides for fifteen days of sick leave per year and an unlimited number of days for long-term illness or disability. However, the SOA contract further provides that, "Employees hired after 7/1/00 shall be eligible for eighty hours per year."

Overtime:

Article 6 of the expired PBA and SOA contracts contain the following provisions concerning overtime:

B. Overtime shall be defined as all work beyond regular tour of duty or all departmental time worked during an employee's regular days off or time off. Further, employees shall not be permitted to preserve overtime worked (Article 6, Section B-1), by utilizing

the Sick Leave conversion policy on either the first day or the last day of their four (4) day tour of duty.

DISCUSSION

I am required to make a reasonable determination of the above issues giving due weight to those factors set forth in N.J.S.A. 34:13A-16g(1) through (9) that 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).

In arriving at the terms of this award, I conclude that all of the statutory factors are relevant, but not all are entitled to equal weight. It is widely acknowledged that in most interest arbitration proceedings, no single factor can be determinative when fashioning the terms of an award. This observation is present here as judgments are required as to which criteria are more significant and as to how the relevant evidence is to be weighed.

In addition, I note that N.J.S.A. 34:13A-16g(8) requires consideration of those factors ordinarily or traditionally considered in the determination of wages, benefits, and employment conditions. One such consideration is that the party proposing a change in an employment condition bears the burden of justifying the proposed change. Another consideration is that any decision to award or deny any individual issue in dispute, especially those having economic

impact, will include consideration as to the reasonableness of that individual issue in relation to the terms of the entire award. I am also required by statute to determine the total net annual economic cost of the terms required by the Award.

In this matter, the interests and welfare of the public must be given the most weight. It is a criterion that embraces many other factors and recognizes the interrelationships among all of the statutory criteria. Among the other factors that interrelate and require the greatest scrutiny in this proceeding are the financial impact of the award, the restrictions on the employer by the appropriations cap and the tax levy cap, the comparison of wages, other compensation and benefits of Roselle Park's police to other similar jurisdictions, the cost of living and the internal pattern of settlements within Roselle Park's workforce.

The Employer's Lawful Authority
and Statutory Restrictions, and
Financial Impact on Taxpayers:
g(5), g(6) and g(9).

Chapter 62, N.J.S.A. 40A:4-45 et seq, provides that a municipality shall limit any increase in its annual budget to 2.5% over the previous year's final appropriations unless authorized by ordinance to increase it to 3.5%, with certain exceptions. This is commonly referred to as the "Appropriations Cap." Chapter 68, N.J.S.A. 40A:4-45.45 prevents a municipality

from increasing the tax levy by more than 2% absent a public referendum. This is commonly called the "tax levy cap."

With regard to appropriations, the PBA and SOA note that for 2010, the Borough spent \$123,279.15 less than budgeted for the Police salaries and wages and other expenses line items. For 2011, the Borough's police budget totaled \$3,003,366 for salaries and \$247,850 for other police expenses representing a decrease from the prior year of \$63,280; or 2.06%. For 2012, the Borough reduced these budgeted amounts to \$2,995,000 for salaries/wages but increased other police expenses by \$50,000 to \$297,850. This resulted in an overall net decrease of \$8,366 or .28%.

The PBA also points to the fact the Borough has continually spent less than budgeted. The 2011 Audited Annual Financial Statement indicates that \$403,659.29 of prior year appropriation/encumbrance reserves had lapsed into budget operations for the 2011 budget year. 2010 unexpended appropriation reserve balances of \$469,294 will lapse to budget operations in the 2012 budget year. In 2011, the Borough had \$395,406 in unexpended appropriate reserves which will lapse to budget operations in the 2013 budget year.

In the 2012 budget the Borough utilized the full 3.5% COLA rate ordinance to maximize the allowable spending cap limit at \$12,212,702.50 (including the 2010 Cap bank of \$380,647.54 and 2011 Cap bank of \$164,913.33). The Borough appropriated

\$11,378,259.00 leaving \$834,443.50 (\$12,212,702.50 less \$11,378,259.00) of available spending in its cap bank for future years spending.

The actual spending appropriation utilized would be limited by the total anticipated revenues for the budget year which include the amount to be raised by taxation for municipal purposes as determined by the tax levy cap calculation. Since the Borough had additional available tax levy of \$481,981, the Borough had the ability to appropriate \$481,981 of additional spending and still remain below the maximum allowable appropriations for 2012. The PBA argues therefore, that the Borough does not have any spending Cap issues. The Borough has available cap bank spending for the 2013 budget of \$164,913 (Exh. M-17).

It also notes that the Borough had \$169,512 of unanticipated revenues, revenues, which is available for budget appropriations in future years.

The PBA argues that the Borough is fully able to afford the salary increases sought by the PBA and the SOA in that the Borough has sufficient reserve funds and a large surplus revenue balance. The PBA/SOA further argue,

In 2011, the beginning fund balance was \$1,707,890.61 of which the Borough utilized \$1,300,000.00 as surplus revenue in the 2011 budget. This left the Borough with an available fund balance of \$407,890.61 (\$1,707,890.61 less \$1,300,000.00). In 2011 the

Borough was able to regenerate \$1,349,409.35 of fund balance and the Borough ended the year with a regenerated fund balance of \$1,757,299.96 on December 31, 2010. This enabled the Borough to stabilize the tax levy while complying with the statutory tax levy cap.

The fund balance of \$1,757,299.96 is available for the 2012 budget to hold down taxes and to fund the requested PBA and SOA economic proposals. The 2012 budget plans to use \$1,300,000.00 of the surplus revenue. After using \$1,300,000.00, the Borough will still have a remaining surplus balance of \$457,299.96 (\$1,757,299.96 less \$1,300,000.00) available. (PBA brief, p.50.

The PBA and SOA argue that there are sufficient funds available, through reserves, to fund its contract without impacting the tax cap levy. While the PBA takes note that the municipal tax rate increased from 3.683 to 3.835 per \$100 of assessed valuation of residential property, or a total of \$106.28 in 2011. However, it is quick to point out that the amount of that increase attributable to the cost of police has increased by only \$47.92 per property (Ex. M-8).

	2010	2011	Increase
Total Municipal Tax Rate	3.683	3.835	0.1520
Average Residential Assessed Valuation	\$70,805.10	\$70,769.33	(\$35.77)
Total Municipal Tax Rate	x 3.683 x	3.835	
Per \$100 of Assessed Value	\$260,793.18	\$271,421.52	\$10,628.35
Amount to be Raised by Taxation for Municipal Purposes	/ 100 /	100 /	100
Percentage of Police department raised by Municipal taxation	31.64%	32.17%	0.53%
Average annual residential Municipal property tax allocated to cost of Police	\$ 825.21	\$ 873.12	<u>\$47.92</u>
Documentation Sources: 2010 Audited Financial Statements and http://www.nj.gov/dca/lgs/taxes/taxmenu.shtml			

The PBA also contends that the municipal portion of property taxes is 32%, while police services account for roughly 10.3% of the municipal tax bill or an estimated \$843.06 dollars a year based on the average tax bill. The Borough had a total of \$123,279.15 left in reserve from Police salaries and wages and other expenses for the 2010 year. At the end of 2011, the Borough had \$79,833.56 left in reserve from Police salaries and wages and \$6,533.52 left in reserve from Police other expenses totaling \$86,367.08.

The 2012 Summary Levy Cap Calculation indicates that the maximum amount to be raised by taxation (tax levy) was calculated to be \$11,385,428.00. The Borough elected to utilize

only \$10,903,447.00 to be raised by taxation for municipal purposes, thereby forgoing \$481,981.00 (\$11,385,428.00 less \$10,903,447.00) of available tax levy.

The amount of budget to be raised through taxation for 2011 was 70.4%, and 75.1% in 2012. The percentage has increased every year since 2005 except one.

The PBA also notes that the employee health care contributions resulting from the implementation of Chapter 78 will result in employee contributions of approximately \$44,634.75 in the first year, \$85,234.20 in the second year, \$128,185.97 in the third year and \$178,733.44 in the fourth year (Ex. N-4). This is assuming that health benefits premiums do not increase beyond their 2012 levels, which is unlikely.

The Borough argues that in light of increases to insurance costs, cuts in State aid, increased pension contributions and the failing economy, its offer is both fair and equitable. It maintains that the PBA's proposals would negatively impact the fiscal stability of the budget because it fails to address these concerns. Further, the Borough asserts that granting an economic benefit in excess of the Borough's proposal would negatively impact on the Borough's long-term tax stabilization plan. The Borough notes that it is confronted with a number of difficult financial

challenges. First, the Borough notes that its State aid has been reduced since 2006 by \$488,730. Further, it notes that employer pension contributions have increased from \$353,290 in 2007 to \$778,748 in 2011, \$696,229 in 2012 and \$737,645 in 2013. It asserts that salary increases also axiomatically increase employer pension contributions.

Further, the Town points to significant increases in employee health care insurance. It notes that health care costs (for all municipal employees) have increased from \$1,468,354 in 2009 to \$1,940,317 in 2012. It also observes that health care costs for retirees have roughly doubled in the same three-year period.

In addition, the Town contends that the PBA proposal fails to recognize that the Borough is facing losses in tax appeals and its net valuation has decreased by just over \$4,000,000 in the past five years. Further, it notes that tax collection receipts have slipped over the past six years by .89%. However, it acknowledges that it has been able to create a reserve which it intends to use to stabilize the tax rate and cover tax appeals and increased costs.

In summary, the Borough contends that its final offer provides a fair and equitable increase for employees while recognizing the difficult financial circumstances the Borough

faces.

* * * * *

As the Supreme Court found in Borough of Hillside, and as N.J.S.A. 34:13A-16 specifically provides, the impact on tax payers, the appropriations caps and the tax levy cap, are all important consideration in the determination of my award.

For 2011, the only financial impact will be the payment of employee increments; that is, to move five employees up to the next step on the salary guide. This money has already been appropriated and paid. Therefore, there is no impact for 2011.

For 2012, I intend to award across-the-board salary increases of 2.0% to patrolmen and superiors. However, I also intend to change the health care plan to New Jersey State Health Benefits Plan effective July 1, 2012 or as soon thereafter as practicable. This later move will save the Borough approximately \$300,000 in health care costs. Additionally, I note that the actual total expenses for the police department salaries are decreasing in 2012 through attrition. Therefore, there is no negative impact on the budget or the tax levy for 2012.

In 2013, the Borough will begin to enjoy the full effects of the savings realized from the transition to State health benefits plan. Because this savings is substantial, it will more than cover the impact of my 2.25% plus \$725 award on wage

increases for 2013.

In 2014, my award of 2.0% across-the-board increases does not exceed the 2% levy cap or the appropriations cap. Additionally, the Borough will continue to experience the savings in health care costs. Therefore, the financial impact on the budget and the taxpayers of Roselle Park will be minimal.

Stipulations of the Parties

The parties stipulated that, pursuant to the salary guide in the expired contract, the Borough has paid the rank-and-file salary increments in 2011 and are continuing to pay increments as they become due on the employees anniversary in 2012. The parties further stipulated that merit incentive payments have been made in 2011 and 2012. These stipulations have been incorporated into the factual findings above.

Terms and Conditions of Employment/Comparables

The PBA asserts that its proposed salary increases will result in salaries that are more comparable to salaries earned by officers of similar rank within Union County while the Borough's offer will create a large and growing disparity between Roselle Park Police Officers and officers throughout the County. It cites to five other municipalities where the top end pay for patrolmen is higher than the \$83,336 for Roselle Park

patrolmen. Further, it notes that several towns in Union County pay their sergeants and lieutenants better and sometimes significantly better, than those in this SOA unit are paid.

The PBA/SOA also asks that I take notice of recent arbitration awards in early 2012. In summary, those awards (where there was no 2% cap on the arbitrator's award) show an annual average increase of 1.87%).

The Borough maintains that both the PBA members and the SOA members are already highly compensated as compared with other Union County municipalities.

I find that while one could always point to another municipality whose officers are paid more, there are other towns whose officers are paid less. On average, the maximum salary for patrolmen in Union County for 2011 was \$84,651 and for 2012 is \$87,705. The current salary for Roselle Park's top step patrolmen is \$83,336.

For sergeants, the average salary in Union County for 2011 was \$99,110 and for 2012 is \$102,263. The current sergeant's base pay in Roselle Park is \$95,515.

For lieutenants, the average salary in Union County for 2011 was \$112,197 and for 2012 is \$115,308. The current lieutenant's base pay is \$100,814.

As to salary increases, the average percentage increase in Union County in 2011 was 2.54%; for 2012 was 2.96%; and for 2013

the average wage increase was 2.8%. However, it must be remembered that these averages are based upon settlements that may have occurred at any time in the past few years, and therefore do not necessarily reflect current settlement trends. More importantly, statistics issued annually by the Public Employment Relations Commission, show the following settlement rates:

Year	Number of Awards	Average Salary Increase of Awards	Voluntary Settlements	Average Salary of Increase of Settlements
1/1/2011-12/31/2011	34	2.05%	38	1.87%
1/1/2010-12/31/2010	16	2.88%	45	2.65%

Further as the PBA points out, the awards issued to date in 2012, where there was no 2% cap on the arbitrator's award, show an annual average increase of 1.87%.

Based on the foregoing statistical analysis of wages in other jurisdictions, I conclude that this factor of comparable wages, together with the total compensation and benefits package, is entitled considerable weight in reaching this award. In addition, it is in the public interest, as well as continuity of employment and the maintenance of employee morale, that employees receive a fair commensurate salary to that of their

peers in similar jurisdictions.

Comparison to the Private Sector:

I give almost no weight to the component of comparability with the private sector other than to observe that New Jersey's unemployment rate is about 9%, overall wages are virtually stagnated, and any economic recovery for everyone is slow to take root. On the one hand, police are not subject to the same concerns as both private sector or even public sector civilians in that layoffs are infrequent and furloughs are non-existent. However, there is no particular occupation, public or private, that is an equitable comparison to police officers. The police officers are unique in a variety of ways, including the potential to be called upon to uphold the law at any time, on and off duty; the ability to carry a weapon even off duty; a unique recruitment and training process; the stress and dangers of the job, and the lack of portability of police officer skills beyond a certain age and beyond a geographic region. They are frequently required to work evenings, nights and holidays. Unlike the private sector, they do not compete in a global economy, which tends to depress wages.

Internal Comparables:

The Borough argues that I must accord significant

weight to the settlement pattern among its civilian employees. In early 2012, the Borough reached an agreement with the clerical employee unit and a separate agreement with the public works unit which included a wage freeze in the first year, 2% in the second year, and 1.75% increases in the third and fourth year.

In Borough of Hillside, 263 N.J.Super at 195 (app.div.1993), reversed in part, affirmed in part, 137 N.J. 71(1994), the court found that interest arbitrators are required to give appropriate weight to internal settlement patterns as such consideration furthers the public interest. Accordingly, I intend to rely on the settlement pattern established with the civilian employees, both in terms of a wage freeze for 2011 and the migration of employee health care coverage to the State Health Benefits Plan.

Cost of Living

I am required to consider the cost of living as a factor in rendering this award. N.J.S.A. 34:13A-16 (g) (7); Borough of Hillside. Both parties recognize that the cost of living is climbing. The PBA asserts that the 2012 Social Security COLA is 3.6% (Exh. M-25). The NJ State 2012 State Fiscal Year COLA is 2.5% (LFN 2011-23 Exh. M-25) and the NJ State Length of Service Award Program (LOSAP) municipal CY

2011 COLA is 3.0% (LFN 2012-1 Exh. M-25). Moreover, the National CPI for Urban Consumers calculates that there was 2.9% increase over the last twelve months in the all items index, mostly attributable to increasing energy costs. Further, the PBA notes that as of October 2011, police will now contribute 10.0% of their pensionable base salaries to the PFRS instead of the previous rate of 8.5%. The PBA argues that this increase will diminish the disposable income of each PBA and SOA unit member by an average of \$1690 annually.

The Borough characterizes the increase in CPI as "minor". It asserts that its offer will continue to increase the disparity in purchasing power between its police officers and the average Union County consumer. It contends that the Town's police officers are already highly compensated compared to their counterparts.

It must be noted that the CPI for 2010 and 2011 was virtually flat, resulting in a zero COLA for Social Security beneficiaries. This is in part the basis for my determination to freeze wages for these employees for 2011. While the employees did begin to contribute to the cost of health care premiums in 2011, this in itself is not a factor leading to a necessary salary increase for 2011. It was surely not the intention of the legislature in passing Chapter 2 and Chapter 78 to have municipalities reimburse employees through salary

increases for the cost of their health care contributions.

While it is true that the cost of living is in fact beginning to climb in 2012, my award takes this fact into consideration and gives employees across the board increases in recognition of this fact.

Continuity and Stability of
Employment Including Seniority
Rights and Such Other Factors
Traditionally Considered in
Determining Wages and
Employment Conditions: g(8):

Nothing in this award will negatively impact upon the employee's continuity of employment or the officers' seniority rights. In fact, the raises provided herein will allow the Roselle Park police officers to maintain pace with the salary and benefits of employees in their geographic area.

Additionally, because I have standardized the benefits package between the rank and file officers and the superior officers, internal continuity will be enhanced. To the extent that "area standards" and "prevailing rate" are akin to comparability to other jurisdictions, I have considered these factors above.

The Interest and Welfare
of the Public: g(1):

In my view, the interest and welfare of the public is not only a favor to be considered, it is the factor to which the most weight must be given. The public interest, of course includes the amount of property taxes which homeowners and

businesses will be required to pay. It is for this reason that Section g(1) specifically references the tax levy cap. This award as a total package will allow the Borough to comply with the appropriations and tax levy caps and will have a minimal effect on the tax rate. This is of course in the public interest.

Moreover, it is also in the public interest that the municipal police force maintains a high degree of morale and professionalism while performing their duties. I have specifically considered this both in terms of the wage and benefit package being awarded and in the maintenance of the educational incentives program.

In the bigger picture, it is in the interest of the public that it receives the highest quality of police protection and services for the most reasonable price. This award allows the Roselle Park police department to continue to meet this goal. I will discuss the individual disputed contract terms below.

Contract Duration

The PBA and SOA propose a five-year contract for 2011-2015, while the Borough proposes a three-year contract for 2011 through 2013. There is some attractiveness to locking in terms and conditions for a longer contract period. I note that the parties have been negotiating since the end of 2010 for this

successor contract. We are now almost a year and a half into the successor contract period. A longer contract would provide stability and predictability to terms and conditions of employment, and would mean that the parties would not have to go through the negotiations process again so soon.

However, the current economic climate is full of uncertainty. No one can accurately predict whether the economic health of the State will significantly improve or whether it will deteriorate further by 2014. I find that a four year contract strikes the appropriate balance between these factors and is in the interests of the public. Therefore, I award a four-year contract for 2011-2014.

Health Benefits:

Article 11 of the current PBA and SOA contracts provides,

A. Hospital and Medical Insurance

The Borough shall provide all PBA employees and their families with coverage for hospital and major medical insurance. The Borough shall have the right to substitute a different hospital and major medical insurance carrier, providing that replacement coverage is substantially similar to that afforded by the current carrier. The Borough shall bear the cost of all premiums for PBA employees and their families. The deductible for medical insurance indemnity coverage shall be \$200.00 individual/\$400.00 family.

1. Any employee hired on or after September 1, 2007 shall receive Borough paid HMO health insurance. These employees shall have the right to a more expensive plan by paying the difference in the premium between the HMO and the Plan selected.

Retirement Coverage

1. The Borough shall pay the full cost of such hospitalization and drug prescription program insurance for a member of the PBA upon retirement after twenty-five (25) years of pensionable service that includes twenty (20) years of service with the Borough or when a member of the PBA becomes disabled in the line of duty. This coverage shall include the member's spouse and children until they attain the age of eighteen (18) and will remain in effect until the member reaches the age of sixty-five (65) years. The coverage shall be at the rate of the least expensive premium for any family plans offered by the Borough. Members who wish to participate in the family plan at retirement in a plan offered by the Borough and/or for children aged eighteen (18) to twenty-three (23) that is more expensive shall pay the difference between the least expensive premium and the premium for the family plan selected by the member. This benefit is not available to those officers employed after September 1, 2007. Members choosing not to receive insurance at retirement will be entitled to receive a Five Thousand Dollar (\$5,000) buyback per year until they reach age sixty-five (65).

2. Upon the age of sixty-five (65) the member may continue in the Borough's hospitalization and drug prescription program provided he/she agrees to make payments to the Borough Treasurer on a quarterly basis, in advance.

3. This option shall remain open to a retiree at age sixty-five (65) until the last day of the calendar month in which his/her 65th birthday occurs. Failure to exercise this option will result in the forfeiture of continuance in the Borough's insurance program.

C. Dental Plan

The Borough shall provide all PBA employees and their families with dental coverage. The Borough

shall have the right to substitute a different dental insurance carrier, provided that replacement coverage is substantially similar to that afforded by the carrier. The Borough shall bear the costs of all premiums for PBA employees and their families.

1. Newly hired employees, their wives, and children shall not be entitled to the benefits of this dental insurance program until the employee has completed twelve (12) months of service with the Borough Police Department.

D. Drug Prescription Program

The Borough shall provide all PBA officers and their families with coverage under a drug prescription program selected and determined by the Borough. The Borough shall thereafter have the right to substitute a different drug prescription carrier, provided that replacement coverage is substantially similar to that afforded by the current carrier. The Borough shall bear the costs of all premiums for PBA employees and their families.

Effective January 1, 2004 the co-pay for drug prescription insurance shall be as follows for all current employees and future retirees:

- (a) Mail Order (90 day supply generic, \$30.00 brand name)
- (b) Generic (\$10.00)
- (c) Brand Name (\$15.00)

Section 5:

Effective January 1, 2004 any bargaining unit employees who shall decline to be enrolled in the medical program shall be entitled to receive the sum of Five Thousand (\$5,000.00) Dollars for each year of the Agreement, in lieu of family coverage.

The Borough seeks to provide medical and prescription coverage through the New Jersey State Health Benefits Program. It asserts that the move will yield \$300,000 in cost savings and will also lower the employee premium sharing contribution as required by Chapter 78, P.L. 2011.

I note that the recent settlements with the Borough's white-collar unit and the public works unit included a provision for those employees to be enrolled in the State Health Benefits Plan.

The chart below depicts the New Jersey (NJ) Direct 10 monthly premium for the PBA and SOA members estimated on 2012 base salaries as the PBA proposed them. The PBA states that this will provide the Borough with significant increased savings to offset future health care costs (PBA-M).

NJ Direct 10	
Exhibit PBA-M	Monthly Premium
Single	\$621.15
Member & Spouse/Partner	\$1,242.30
Family	\$1,552.88
Parent & Child	\$919.30
	\$4,335.63
	/4
Average Monthly Cost	\$1,083.91
	X 12
Average Annual Employee Premium ⁴	\$13,006.89

The Borough's monthly costs of premiums under the AETNA plan, with prescription included are:

⁴ The result of the PBA's calculation is, of course, skewed because it assumes that employee plan choice would be spread evenly over the four types of coverage.

Coverage Type	Monthly Premium	Annual Prem
Single	\$702.	\$8424.
Member & Spouse/Partner	\$1,472.	\$17,690
Family	\$2,116.	\$25,392.
Parent/Child	\$1,267.	\$15,207.
Average Monthly Cost	\$1,389	\$16,668

A comparison to the existing Horizon Plan, with Prescription, shows:

Coverage Type	Monthly Premium	Annual Prem
Single	\$1070.55	\$12,846.
Member & Spouse/Partner	\$2735.42	\$32,825.
Family	\$2,713.85	\$32,566.
Parent/Child	\$1,950.60	\$23,407.
Average Premium Cost	\$2,117.	\$25,411.

Pursuant to Chapter 78, P.L. 2011, effective June 28, 2011 or as soon thereafter as could be locally implemented, public employees are required to contribute to the cost of their health insurance premiums at a rate of 1.5% of base (pensionable) salary, or a percentage of the premium, as set by statute - whichever is higher. This percentage of premium contribution rate is phased in over four years and reaches a maximum of 35%

of the premiums by the fourth year. Here, the PBA and SOA members began making premium-based contributions in July 2011, as the contract expired at the end of 2010. Thus, by 2014, the contribution rate for most PBA members (who are or will be at the top step of the guide) and all of the SOA members will be 34% of the premium for family coverage.

The PBA exhibit M (beginning summary) shows at p.28 what it calculates the contributions will be over for 2011-2014. The chart below, based on the current base salaries and average contribution percentages, reflects the average minimum and maximum health care contributions per PBA and SOA member for 2011, 2012, 2013 and 2014 (PBA-M).

	NJ Direct 10 Plan (2011-2014)				
Year	Current Average Base Salary	Average Contribution Percentage	Estimated Annual Premium	Calculated Contribution	1.5% Base Minimum Contribution
2011	\$87,140.49	6.50%	\$13,006.89	\$845.45	\$1,307.11
2012	\$86,778.79	13.00%	\$13,006.89	\$1,690.90	\$1,301.68
2013	\$96,782.69	21.75%	\$13,006.89	\$2,829.00	\$1,451.74
2014	\$101,725.92	32.00%	\$13,006.89	\$4,162.20	\$1,525.89

Of course, as previously stated, 15 of the patrolmen and all of the 7 superior officers are currently at a 2011 base salary that exceeds \$80,000. By 2014, all but 5 of the current patrolmen even at current salary rates, will be at the top step of the guide, and therefore will be paying between 26% and 34% of the

premium costs, depending on their coverage selection. The following chart is an excerpt of the contribution rates as set forth in Ch. 78:

Single Coverage:

Salary Range	Tier 1 (2011)	Tier 2 (2012)	Tier 3 (2013)	Tier 4 (2014)
50,000- 54,999	5.0%	10.0%	15.0%	20.0%
55,000- 59,999	5.75%	11.5%	17.25	23.0%
60,000- 64,999	6.75%	13.5%	20.25%	27.00%
65,000- 69,999	7.25%	14.5%	21.75%	29.0%
70,000- 74,999	8.0%	16.0%	24.0%	32.0%
75,000- 79,999	8.25%	16.5%	24.75%	33.0%
80,000- 94,999	8.5%	17.0%	25.5%	34.0%
95,000 up	8.75%	17.5%	26.25%	35.0%

Family Coverage:

Salary Range	Tier 1 (2011)	Tier 2 (2012)	Tier 3 (2013)	Tier 4 (2014)
50,000-54,999	3.0%	6.0%	9.0%	12.0%
55,000-59,999	3.5%	7.0%	10.5%	14.0%
60,000-64,999	4.25%	8.5%	12.75%	17.00%
65,000-69,999	4.75%	9.5%	14.25%	19.0%
70,000-74,999	5.5%	11.0%	16.5%	22.0%
75,000-79,999	5.75%	11.5%	17.25%	23.0%
80,000-84,999	6.0%	12.0%	18.0%	24.0%
85,000-89,999	6.5%	13.0%	19.5%	26.0%
90,000-94,499	7.0%	14.0%	21.0%	28.0%
95,000-99,999	7.25%	14.5%	21.75%	29.0%
100,000-	8.0%	16.0%	24.0%	32.0%
109,999	8.75%	17.5%	26.75%	35.0%

110,000up				
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Several conclusions can be drawn. First, as evidenced by the Borough's list of individual employee premium costs, most employees in the unit opt for family coverage. For the patrolmen at top step opting for family coverage, they will be contributing 12% of the premiums in 2012 and, assuming a 2% increase each year of the contract, they will contribute 26% of premiums by 2014. For sergeants, the contribution for family coverage in 2012 would be 14.5% and, in 2014, it will rise to 32%. The lieutenant contribution rate would be 16% in 2012 and 32% in 2014.

Comparing the contribution dollars based upon the existing plans to those of N.J. State Health Benefits, not only is the savings of total premiums significant, but the difference in employee contributions is also significant.

Based upon a combination of the Borough's premium costs for Aetna and the PBA/SOA's costs for Direct 10, the differences in Premiums and employee contributions for family coverage are:

Plan	Family Premium	2012 Contribution	2014 Contribution
Aetna	\$25,392	12%- \$3047	26%- \$6601
Horizon	\$32,566	12%- \$3908	26%- \$8467
NJSHB	\$18,634	12%- \$2236	26%- \$4845

The difference in premiums - and thus cost to the Borough, is very significant but cannot be precisely calculated absent a complete list of employees with their respective coverage options. Of the 23 patrolmen on the payroll for 2012, 7 are eligible for Aetna coverage (hired after 7/1/07) and the remaining 16 are eligible for Horizon. All of the current 7 superiors are eligible for Horizon coverage. Therefore, if all of them opted for family coverage, the Borough would save \$47,306 on the Aetna enrollees ($\$6758 \text{ per person} \times 7$) and \$320,436 on the Horizon enrollees ($\$13,932 \text{ per person} \times 23 \text{ employees}$), for a total savings of \$367,742. The actual savings of course, would be less because not all employees enroll in family coverage. This is comparable to the Borough's projected savings of \$300,000 in premiums by enrolling in NJ State Health Benefits (brief, p.32). It should be noted this is money saved annually.

Moreover, the direct savings to the employees in premium sharing contributions is significant, as demonstrated above. For the Horizon enrollees, it is an annual savings of more than \$1600 in 2012 and \$3622 by 2014, for family coverage. For the Aetna participants, the savings for 2012 for family coverage is \$811 and by 2014 the savings will be \$1756.

Moreover, more than half of the municipalities in New Jersey provide health care coverage through the New Jersey State

Health Benefits Plan. Based upon all of the foregoing, I conclude that it is appropriate to award the Borough's proposal to provide coverage to the police units through the New Jersey State Health Benefits Plan. While I recognize the PBA's argument that a measure of control - both the employees' control, through negotiations, and the Borough's control - will be ceded to the State Health Benefits Plan, the cost savings to the Borough and to the employees, is an overriding factor. It is in the interest of the taxpayers and in the interest of the employees. I also rely on the factor of internal comparability, which weighs in favor of the Borough's proposal, as the civilian employees have agreed to the State Health Benefits Plan.

I do not award the PBA/SOA's related language requiring the employer to maintain "equal to or better than" coverage. The existing language of "substantially similar", while providing a somewhat lower threshold for evaluating future changes, is adequate protection.

The Borough seeks to modify the language for retiree benefit eligibility by adding a requirement that the employee must have worked for the Borough for 25 years before retirement. The Borough submits that the cost of providing health care for retirees is dramatically increasing. It seeks cost containment.

The PBA and SOA point out that such a requirement would have the effect of keeping employees on the job longer, waiting

for their 25-year anniversary with the Borough. The impact of this proposal would be on employees who have 25 years in PFRS but not all of that time was served in Roselle Park. In fact, neither party provided information about the current complement of employees as to whether such a proposal would have any impact at all on the Borough's cost of retirees' benefits.

I consider that such a proposal, if any employees were impacted by the proposal, would tend to deflate employee morale because employees expecting to be able to retire with benefits would be virtually forced to put additional years of service in while marking time to their 25th anniversary. I agree with the PBA and SOA that such a proposal would trade the cost of retirement benefits for the cost of keeping a top-pay employee on the payroll for additional years - and years that he might not be particularly productive. This proposal is not awarded.

The Borough also seeks to require covered retirees to contribute towards health coverage "pursuant to statute." Pursuant to Department of Community Affairs Local Finance Notice No. 2011-20R, Chapter 78 requires retirees who retired after the effective date of the law (6/28/11) to make a health benefits contribution, which is deducted from their pension allotment. However, employees are exempt from this contribution if they had 20 or more years of service in the retirement system by 6/28/11,

and were covered by a collective negotiations agreement (M-19, p.9.)

As the benchmark for retiree health benefit contributions is set forth in the statute, there is no need for me to consider whether it needs to be incorporated in the PBA/SOA contract. This proposal is not awarded.

The PBA and SOA also seek to add to the dental plan contract language that the annual benefit shall be \$2,000 per year. Further, both units seek to add language extending retirement coverage to those retiring with a disability retirement and to extend the maximum age for dependents from 18 to 25. Insufficient information was provided to me to be able to make a reasonable assessment of the impact and the cost of these proposals. Therefore, these proposals are not awarded.

Wages

The PBA proposes across the board increases of 2.5% across-the-board in 2011; 3.0% at top of guide and 1% for employees in guide for 2012; \$725 clothing allowance rolled into base plus 3.0% at top of guide and 1% for employees in guide for 2013; 3.0% at top of guide and 1% for employees in guide for 2014; and 3.0% at top of guide and 1% for employees in guide for 2015. This would effectively advance the entire guide up by 5 percent for all employees, and would move the top step upwards by an additional 10% percent, plus \$725 in 2013. For the

superior officers' unit, the SOA proposes increases of 2.5% 2011, then a 3% increase in each year of a five-year contract plus the \$725 clothing allowance rolled into base beginning in 2013. This aggregates to a 14.5% increase over the life of the five-year proposed contract.

The Borough proposes a 3-year contract, with a wage freeze in 2011, then a 1% across the board increase in 2012 and a 1.5% increase in 2013.

The cost of the PBA's across the board increases for 2011, aside from increments, total \$43,960 in 2011 (1% increase for 11 employees still in-guide equals \$6,460; plus \$37,500 for the 15 remaining patrolmen in 2011 who were at the top of the guide). Using the same formula (1%/3%) in each year of the contract costs more each year.⁵ Of course, the cost of the Borough's proposal for 2011 would be only the cost of the increments.

The total cost of the SOA proposal for 2011 can be calculated as \$5041 for 2.5% increase for the 2 lieutenants, and \$16,715 at 2.5% for the cost of the 7 sergeants. Again, the Borough's proposal at a wage freeze totals nothing.

For the reasons that follow, I intend to award a four-year

⁵The PBA's cost-out number use a different methodology: It takes the aggregate payroll costs each year, and compares the total year to year. The result of this method, while valid, shows that the aggregate cost is decreasing in 2011 and 2012, because of retirements and separations.

contract with a wage freeze in 2011, a 2% across-the-board increase in 2012, a 2.25% across-the-board increase plus clothing allowance of \$725 rolled into base in 2013, and a 2% increase in 2014.

2011:

For 2011, the Borough's civilian employees have accepted a wage freeze. In Borough of Hillside, the Supreme Court noted that internal comparables are an important component of the public interest. Therefore, I give this factor considerable weight. In addition, the Borough has financial constraints as a result of the 2011 budget which included a 4.0% tax increase in that year. While it is true that the Borough has surplus left from 2011, a certain amount of surplus is desirable for sound financial stewardship. In addition, any retroactive increases I would award for 2011 would have to be paid in 2012 and thus would likely impact the 2012 budget.

It is noted that the Borough has already paid 2011 increments creating a fixed cost increase of roughly \$50,000 (two new employees moving from the Academy step to the Probation step at an increments of \$8963 each; nine employees receiving in guide increments of \$5869 each), after accounting for the pro-rating of increments as paid on the employee's anniversary.

Total cost to the Borough of Employee Base Salary for 2011

Empl Name	2011 Step	Det/Trf Stip	2010 Base Pay	Base Pay Paid in 2011	2011 Merit Pay	Holiday Pay	Total Salary Paid in 2011
White	P		\$0	\$30,685		1,180	\$31,865
Sobocinski	P		\$0	\$30,685		1,180	\$31,865
Hernandez	2		53,989	\$54,212		2,085	\$56,297
Florczak	2		53,989	\$55,794		2,146	\$57,940
Lanza	2		53,989	57,600		2,215	\$59,816
Polakoski	3		59,859	60,082		2,311	\$62,393
Vaughn	3		59,859	65,389		2,515	\$67,904
Nortrup	3		59,859	65,728		2,528	\$68,256
Deegan	5		71,597	74,193		2,854	\$77,046
Medrano	6		77,466	80,062	1,760	3,079	\$84,901
Gaylord	6		77,466	82,996		3,192	\$86,189
Kompany	6		83,336	83,336	1,760	3,205	\$88,301
Harms	6		83,336	83,336	1,760	3,205	\$88,301
Cocca	5	1,500	83,336	83,336	495	3,205	\$88,536
Disano****	5	1,000	83,336	83,336		3,205	\$87,541
Wintermute	5	1,500	83,336	83,336	1,760	3,205	\$89,801
Wielgus	5		83,336	83,336	498	3,205	\$87,039
Breuninger	5		83,336	83,336	1,320	3,205	\$87,861
Ahmad Assad	5	1,500	83,336	83,336	1,320	3,205	\$89,361
Cantrell	5		83,336	83,336	1,210	3,205	\$87,751
Smith	5		83,336	83,336	1,760	3,205	\$88,301
Antonucci	5	1,500	83,336	83,336	990	3,205	\$89,031
Bell	5		83,336	83,336	1,320	3,205	\$87,861
Adamski	5		83,336	83,336		3,205	\$86,541
Skebeck **	5		83,336	76,919	330	2,958	\$80,208
Mascaro *	5		83,336	0	0	0	\$0
Frino ***	7		83,336	92,470	330	3,557	\$96,357
Pitts	7		95,515	95,515	1,760	3,674	\$100,949
Dima	7		95,515	95,515	1,760	3,674	\$100,949
Jimenez	7	1,500	95,515	95,515	1,320	3,674	\$102,009
Picarelli	7		95,515	95,515	495	3,674	\$99,684
Iungerman*	7		95,515	0	0	0	\$0
Cosentino	7		95,515	95,515	990	3,674	\$100,179
McCaffery	8		100,814	100,814	1,320	3,877	\$106,012
Scalea **	8	—	100,814	93,051	1,320	3,579	\$97,950
TOTALS		8,500	2,676,167	93,051	25,578	3,579	\$2,714,996

* Iungerman & Mascaro retired

1/1/2011

** Scalea & Skebeck retired

12/1/2011

***Frino was promoted 4/1/2011-pro-rated Sgt's pay to April 1, 2011

****Disano was appointed detective 5/1/11-pro-rated from May 1, 2011

Note: White and Sobocinski pro-rated at Academy rate of \$39,157 (fr 4/11/11 to 10/11/11 = \$19,580) and Probationary rate of \$48,120 (from 10/11/11 to 12/31/11 = \$11,104) to salaries from April 11, 2011.

2012:

In balancing the factors of comparability with similar jurisdictions and internal comparables against the Borough's spending limitations, I find that a 2.0% salary increase is appropriate.⁶ This will bring the top pay for patrolmen to \$85,003 which will be more in line with Union County averages. Additionally, the sergeant base salary will increase to \$97,425 and the lieutenant will increase to \$102,830. The cost of these increases for 2012 totals \$49,802 and the cost of the 2012 increments is \$49,488. However, because of attrition, the total compensation for both bargaining units is less than that of 2011. In addition, if the Borough is logistically able to switch to the State Health Benefits Plan in 2012, then the savings will well more than cover the costs for these increases.

Total cost to the Borough of Employee Base Salary for 2012

Empl Name	2012 Step	Det Trf Stip	2011 Base Pay	2012 2% Incr	New 2012 Base	Incrmt	Pro-rated Incrm	Base Pay Paid in 2012	2012 Merit Pay	Holiday Pay	Total Salary Paid in 2012
White **	1		48,120	962	49,082	6,940	73.1%	54,153		2,083	56,236
Sobocinski **	1		48,120	962	49,082	6,940	73.1%	54,153		2,083	56,236
Hernandez *	3		59,859	1,197	61,056	0	3.0%	1,832		70	1,902
Florczak	3		59,859	1,197	61,056	5,987	30.8%	62,898		2,419	65,317

⁶ I decline to use the PBA's approach to give a disparate raise to the people at the top of the guide. The effect of this approach would be to create a bubble step at the top of the guide which would increase in dollar value every year and would destroy the integrity of the guide.

Lanza	3		59,859	1,197	61,056	5,987	61.5%	64,740		2,490	67,230
Polakoski	4		65,728	1,315	67,043	5,987	3.8%	67,270		2,587	69,857
Vaughn	4		65,728	1,315	67,043	5,987	94.2%	72,684		2,796	75,480
Nortrup	4		65,728	1,315	67,043	5,987	100%	73,030		2,809	75,838
Deegan	6		77,466	1,549	79,015	5,987	44.2%	81,663		3,141	84,804
Medrano	6		83,336	1,667	85,003			85,003	1,760	3,269	90,032
Gaylord	6		83,336	1,667	85,003			85,003		3,269	88,272
Kompany	6		83,336	1,667	85,003			85,003	1,760	3,269	90,032
Harms	6		83,336	1,667	85,003			85,003	1,760	3,269	90,032
Cocca	6	1,500	83,336	1,667	85,003			85,003	450	3,269	90,222
Disano	6	1,500	83,336	1,667	85,003			85,003	330	3,269	90,102
Wintermute	6	1,500	83,336	1,667	85,003			85,003	1,760	3,269	91,532
Wielgus	6		83,336	1,667	85,003			85,003	1,320	3,269	89,592
Breuninger	6		83,336	1,667	85,003			85,003	1,320	3,269	89,592
Ahmad Assad	6	1,500	83,336	1,667	85,003			85,003	1,210	3,269	90,982
Cantrell	6		83,336	1,667	85,003			85,003	1,760	3,269	90,032
Smith	6		83,336	1,667	85,003			85,003	990	3,269	89,262
Antonucci	6	1,500	83,336	1,667	85,003			85,003	1,320	3,269	91,092
Bell	6		83,336	1,667	85,003			85,003		3,269	88,272
Adamski	6		83,336	1,667	85,003			85,003	330	3,269	88,602
Frino	7		95,515	1,910	97,425			97,425	495	3,747	101,667
Pitts	7		95,515	1,910	97,425			97,425	1,760	3,747	102,932
Dima	7		95,515	1,910	97,425			97,425	1,760	3,747	102,933
Jimenez	7	1,500	95,515	1,910	97,425			97,425	1,320	3,747	103,992
Picarelli	7		95,515	1,910	97,425			97,425	495	3,747	101,668
Cosentino	7		95,515	1,910	97,425			97,425	1,210	3,747	102,383
McCaffery	8		100,814	2,016	102,830			102,830	1,320	3,955	108,105
TOTALS		9,000	2,474,411	49,488	2,523,899	49,802		2,494,846	24,430	95,956	2,624,232

* Hernandez resigned 1/11/12

** White & Sobocinski were pro-rated at the Probationary rate of \$49,082 (from 1/1/12 to 4/11 to 4/11/12) and the Step 1 rate of \$55,069 (from 4/11/12 - 12/31/12)

2013

For 2013, I award a 2.25% across-the-board increase to employees in both units. In addition, I add \$725 to the base pay of each employee in recognition of the elimination of clothing

allowance effective January 1, 2013. The fixed cost of paying the increments to eligible unit employees during 2013 is \$55,290 and the cost of the across-the-board increase is \$55,414, for a total of \$110,704. In 2012, the Borough will realize the full cost saving effects of transitioning to New Jersey State Health Benefits which again, will more than cover the cost of these increases. These increases will move the maximum step for patrolmen up to \$87,641. Additionally, the sergeant base salary will increase to \$100,342 and the lieutenant will increase to \$105,869. This provides a reasonable increase to the employees and at the same time does not over extend the Borough's budget and thus, serves the interests of the public.

Total cost to the Borough of Employee Base Salary for 2013

Empl Name	2013 Step	Det Trf Stip	2012 Base Pay	2013 2.25% Incr	New 2013 Base	Incr	Pro-rated Incr	Base Pay Paid in 2013	2013 Merit Pay	Holiday Pay	Total Salary Paid in 2013
White **	2		49,082	1,104	50,911	9,324	73.1%	57,724		2,220	59,945
Sobocinski **	2		49,082	1,104	50,911	9,324	73.1%	57,724		2,220	59,945
Florczak	4		61,056	1,374	63,155	6,107	30.8%	65,033		2,501	67,535
Lanza	4		61,056	1,374	63,155	6,107	61.5%	66,912		2,574	69,486
Polakoski	5		67,043	1,508	69,276	6,107	3.8%	69,509		2,673	72,182
Vaughn	5		67,043	1,508	69,276	6,107	94.2%	75,031		2,886	77,917

Nortrup	5		67,043	1,508	69,276	6,107	100.0%	75,383		2,899	78,283
Deegan	6		79,015	1,778	81,518	6,107	100.0%	87,625		3,370	90,995
Medrano	6		85,003	1,913	87,641			87,641	1,760	3,371	92,771
Gaylord	6		85,003	1,913	87,641			87,641		3,371	91,011
Kompany	6		85,003	1,913	87,641			87,641	1,760	3,371	92,771
Harms	6		85,003	1,913	87,641			87,641	1,760	3,371	92,771
Cocca	6	1,500	85,003	1,913	87,641			87,641	450	3,371	92,961
Disano	6	1,500	85,003	1,913	87,641			87,641	330	3,371	92,841
Wintermute	6	1,500	85,003	1,913	87,641			87,641	1,760	3,371	94,271
Wielgus	6		85,003	1,913	87,641			87,641	1,320	3,371	92,331
Breuninger	6		85,003	1,913	87,641			87,641	1,320	3,371	92,331
Ahmad Assad	6	1,500	85,003	1,913	87,641			87,641	1,210	3,371	93,721
Cantrell	6		85,003	1,913	87,641			87,641	1,760	3,371	92,771
Smith	6		85,003	1,913	87,641			87,641	990	3,371	92,001
Antonucci	6	1,500	85,003	1,913	87,641			87,641	1,320	3,371	93,831
Bell	6		85,003	1,913	87,641			87,641		3,371	91,011
Adamski	6		85,003	1,913	87,641			87,641	330	3,371	91,341
Frino	7		97,425	2,192	100,342			100,342	495	3,859	104,696
Pitts	7		97,425	2,192	100,342			100,342	1,760	3,859	105,961
Dima	7		97,425	2,192	100,342			100,342	1,760	3,859	105,961
Jimenez	7	1,500	97,425	2,192	100,342			100,342	1,320	3,859	107,021
Picarelli	7		97,425	2,192	100,342			100,342	495	3,859	104,696
Cosentino	7		97,425	2,192	100,342			100,342	1,210	3,859	105,411
McCaffery	8		102,830	2,314	105,869			105,869	1,320	4,072	111,261
TOTALS		9,000	2,462,845	55,414	2,540,009	55,290		2,577,472	24,430	99,134	2,710,035

2014

For 2014, I award a 2.0% across-the-board increase. The fixed

cost of paying the increments to eligible unit employees during 2014 is \$43,603 and the cost of the across-the-board increase is \$51,496, for a total of \$95,099. These increases will move the maximum step for patrolmen up to \$89,210. Additionally, the sergeant base salary will increase to \$102,349 and the lieutenant will increase to \$107,986. This provides a reasonable increase to the employees and at the same time stays within the 2.0% tax levy cap and the appropriations cap.

Total cost to the Borough of Employee Base Salary for 2014

Empl Name	2014 Step	Det Trf Stip	2013 Base Pay	2014 2% Incr	New 2014 Base	Incr	Pro-rated Incr	Base Pay Paid in 2014	2014 Merit Pay	Holiday Pay	Total Salary Paid in 2014
White	3		57,724	1,154	58,878	6,229	73.1%	63,430		2,440	65,870
Sobocinski	3		57,724	1,154	58,878	6,229	73.1%	63,430		2,440	65,870
Florczak	5		65,033	1,301	66,334	6,229	30.8%	68,250		2,625	70,875
Lanza	5		66,912	1,338	68,250	6,229	61.5%	72,083		2,772	74,855
Polakoski	6		69,509	1,390	70,899	6,229	3.8%	71,136		2,736	73,872
Vaughn	6		75,031	1,501	76,532	6,229	94.2%	82,401		3,169	85,570
Nortrup	6		75,383	1,508	76,891	6,229	100.0%	83,120		3,197	86,317
Deegan	6		87,625	1,753	89,378			89,378		3,438	92,815
Medrano	6		87,461	1,749	89,210			89,210	1,760	3,431	94,401
Gaylord	6		87,461	1,749	89,210			89,210		3,431	92,641
Kompany	6		87,461	1,749	89,210			89,210	1,760	3,431	94,401
Harms	6		87,461	1,749	89,210			89,210	1,760	3,431	94,401
Cocca	6	1,500	87,461	1,749	89,210			89,210	450	3,431	94,591
Disano	6	1,500	87,461	1,749	89,210			89,210	330	3,431	94,471

Wintermut e	6	1,500	87,461	1,749	89,210			89,210	1,760	3,431	95,901
Wielgus	6		87,461	1,749	89,210			89,210	1,320	3,431	93,961
Breuninger	6		87,461	1,749	89,210			89,210	1,320	3,431	93,961
Ahmad Assad	6	1,500	87,461	1,749	89,210			89,210	1,210	3,431	95,351
Cantrell	6		87,461	1,749	89,210			89,210	1,760	3,431	94,401
Smith	6		87,461	1,749	89,210			89,210	990	3,431	93,631
Antonucci	6	1,500	87,461	1,749	89,210			89,210	1,320	3,431	95,461
Bell	6		87,461	1,749	89,210			89,210		3,431	92,641
Adamski	6		87,461	1,749	89,210			89,210	330	3,431	92,971
Frino	7		100,342	2,007	102,349			102,349	495	3,936	106,780
Pitts	7		100,342	2,007	102,349			102,349	1,760	3,936	108,045
Dima	7		100,342	2,007	102,349			102,349	1,760	3,936	108,045
Jimenez	7	1,500	100,342	2,007	102,349			102,349	1,320	3,936	109,105
Picarelli	7		100,342	2,007	102,349			102,349	495	3,936	106,780
Cosentino	7		100,342	2,007	102,349			102,349	1,210	3,936	107,495
McCaffery	8		105,869	2,117	107,986			107,986	1,320	4,153	113,460
TOTALS		9,000	2,574,777	51,496	2,626,273	43,603		2,626,273	24,430	102,056	2,788,946

The Borough proposes to add additional steps to the salary guide and to decrease the starting salary for entry level recruits. I decline to award this proposal. Adding extra steps to the salary guide decreases the dollar amount of each step increase but extends the period of time it takes a patrolman to reach the top step. In Union County, the average step guide

contains eight steps. The Roselle Park guide is therefore in line with current trends in similar jurisdictions. Further, maintaining the existing guide will retain the equity between each step.

OTHER ECONOMIC ISSUES

Superiors' Leave Allotments

The evidence concerning comparable vacation allotments shows that rank-and-file police as well as superior officers in the "grandfathered" tier are on par with other Union County law enforcement groups. In fact, 14 of the other police departments surveyed have a vacation plan which, at the top end, is equal to or in excess of that found in Roselle Park's rank and file unit and tier 1 superiors group. However, the chart also reveals that for superiors hired after July 1, 2000 the vacation allotment is well below the county average at every benchmark for years of service. This is particularly true for superiors with 20 years of service who only receive 16 days of vacation, an allotment which is well below the County average of 25 days. It is also less than any vacation allotment for superior officers in the County.

Pursuant to Article 14 of the PBA expired contract, employees may take three personal days a year.⁷ Neither party proposes to change the provisions of this article. The SOA

⁷The contracts provide: "Employees shall receive three (3) eight hour personal days a year. (12 hour days for 12 hour personnel and 10 hour days for 10 hour personnel)."

expired contract, however, provides a two-tier scheme for personal days allotment. Superiors hired before July 1, 2000 received 3 personal days; employees hired after July 1, 2000, receive:

After completion of one year to completion of five years - 1 day
After completion of five years to completion of ten years - 2 days
After completion of ten years forward - 3 days

Both contracts require 24-hour advance notice, except in the case of an emergency, and may only be taken if there is sufficient manning to cover the employee's shift. Both contracts provide that unused personal days left at the end of the calendar year may be cashed out at the daily rate for an 8-hour day.

The Borough's exhibits Ex RP-83 and RP-84 show that employees in fifteen other Union County municipalities have an average of 3.13 personal days annually. Only two communities (Clark and Linden) provide its employees with two personal days and only two communities (Hillside and New Providence) provide its employees with five personal days.⁸

The current SOA contract provides for fifteen days of sick leave per year and an unlimited number of days for long-term illness or disability. However, it further provides that,

⁸ In New Providence, only officers hired before 1998 receive five personal days. Employees hired after that year have only three days.

"Employees hired after 7/1/00 shall be eligible for eighty hours per year." The SOA seeks to eliminate this last sentence from the contract; in effect, it seeks to eliminate the two-tier benefit and provide all employees with the fifteen days annually.

The SOA seeks to eliminate all of the two-tier leave benefits in the SOA contract and put all officers in the higher tier. It argues that such a two-tier scheme results in some superiors having fewer leave benefits than rank and file, thus reducing the incentive for patrolmen to seek promotions. I agree. As time goes by, more and more superiors are or will be in the Tier 2 for benefit eligibility. This disparity between the rank and file and superiors provides a disincentive for patrolmen to seek promotional opportunities, and is neither in the interests of employee morale nor in the public interest. A professional and highly effective police force is one where the best and most skilled seek opportunities to become leaders in the department. Therefore, I award the elimination of the two-tier vacation leave, personal leave and sick leave benefits. All superior officers will be advanced to the higher tier effective January 1, 2012.

Credit for Unused Sick Leave

Additionally, both the PBA and the SOA propose new language as follows:

If an officer does not use a sick day in a calendar quarter, he shall receive one compensatory day for each such quarter. The compensatory day shall be credited to the officer within one week of the end of the applicable quarter and shall be equal to the number of hours in the officer's regular workday.

Article 16C of the PBA contract provides,

C. Upon retirement, an employee may elect to receive a cash payment equaling one (1) day's regular base pay for each three (3) days of unused sick leave time, up to a maximum of two hundred (200) days and payout not to exceed \$4,500.00.

Article 16A of the SOA contract provides,

C. However, upon retirement, an employee may elect to receive a cash payment equaling one (1) day's regular base pay for each three (3) days of unused sick leave time, up to a maximum of two hundred (200) days and payout not to exceed \$6,000.00 even though the employee may accrue unused sick leave beyond the maximum of two hundred (200) days.

The Borough seeks to modify the provisions in each contract to cap the payment of unused sick leave upon retirement at \$1,500 except that, to the extent employees have already accrued balances above this amount, those employees shall be grandfathered and frozen at their existing balances. In addition, the Borough seeks to eliminate this benefit for officers hired after January 1, 2011. The employer offers no rationale for this proposal except as an obvious cost-saving measure.

The PBA argues that this benefit has long been counted on as part of the employee's package going into retirement. It also

notes that this payment upon retirement encourages employees to conserve their sick leave time and use it only when absolutely necessary so that it will be there upon their retirement. It also notes that the legislature passed a bill which would cap such payments upon retirement at \$15,000 - a far higher cap than the ones in place here.

The cost for this program is not significant. At most, the two retirements from the force in 2011 cost the town \$10,500. Again, I consider this as but one of the pieces of the total compensation package officers in Roselle Park enjoy. By comparison with many towns, where the dollar cap is either much greater or non-existent, this town has kept the cap on this benefit low.

Based on the above, I decline to change the existing benefit of payment for sick leave upon retirement. Similarly, I do not feel it necessary to enrich the sick leave benefit by giving officers a quarterly award of 1 compensatory day for not taking a sick day. In light of the existing cash out of sick time upon retirement, there is no need for an additional inducement for employees to refrain from taking sick leave. Accordingly, both of these proposals are denied.

Holidays

In comparing the number of holidays in Roselle Park to other communities in Union County, the Borough's exhibits RP-85

and RP-86 show that the average holiday benefit is 13.2 days. It ranges from a low of nine days (Linden) to a high of sixteen days (Berkley Heights and Elizabeth).

The Borough proposes to reduce the number of paid holidays from 15 to 13. The Borough has not provided sufficient justification for granting this proposal.

I find that paid holidays is part of the overall compensation package for police. The number of holidays enjoyed by these officers is not excessive compared with other towns. In fact it is right in the middle of the range. In addition, only 10 of the holidays are paid in monetary compensation; the rest are given as days off. Unlike civilian workers, police officers do not usually have the luxury of spending holidays with family and friends, as police work is a 24/7 operation. In balance with rest of the unit members' compensation package, I decline to reduce the holiday pay benefit.

Merit Incentive:

The merit incentive program in this town is really a composite of educational and training incentives, plus a longevity program. In comparing the educational incentives offered in Roselle Park to those offered in other Union County communities, as shown in the Borough's exhibits RP-100 and RP-101, it appears that Roselle Park's maximum incentive pay of \$1,760 is above the county average of \$1,377 for a bachelor's

degree, but is between the low of \$1,000 and the high of \$1,900. It is noted that unlike many other towns, there is no educational incentive pay in Roselle Park for the achievement of a master's degree, which averages \$2,900.

In Roselle Park, there are 21 employees -- patrolmen and sergeants combined -- who are receiving at least some compensation annually from this program. Their combined point totals for 2012 incentives had a minimum of 40-5/15 points up to a maximum of 226-11/15 points (PBA-2). Actual cash value of the incentive pay for 2012 ranged from \$330 (for the lowest number of points) to a maximum of \$1,760 (maximum possible incentive allowance). In 2012 the Borough's cost for the incentive program was \$25,420, for an average per employee benefit of \$1,210.

The PBA and SOA merely seek to maintain the status quo concerning the merit pay incentive program. The Borough seeks to suspend the program entirely for the successor contract period and to eliminate it altogether for employees hired after January 1, 2013. Other than cost savings, the Borough has not advanced a rationale or documentary evidence to demonstrate why this benefit must be eliminated.

I note that, unlike most municipal police units, there is no separate longevity program in Roselle Park. A typical longevity payment in New Jersey law enforcement ranges from 1%

to 4% of base salary, depending on the town and employee's length of service. Thus, a longevity benefit in most towns costs the town more than the total merit incentive benefit here, which combines longevity and educational incentives. I must consider the merit incentive benefit in conjunction with the overall compensation package employees currently receive, as well as the package awarded herein.

It appears to me that, as many other towns have recognized, well-educated, well-trained officers contribute an added value to the professionalism and skills of the police force as a whole, and cannot be undervalued. This inures to the public interest. Moreover, the officers in the existing Roselle Park Police force worked long and hard for the educational credits and training they attained, with an expectation, pursuant to the contract, that their efforts would be recognized and monetarily rewarded. It would be unfair and detrimental to morale to now suspend that financial reward - even for the period of one contract-without a significant basis to do so. Therefore, the Borough's proposal must be rejected.

Hours of Work and Overtime

Article 6 of the expired PBA and SOA contracts contain the following provisions concerning overtime:

B. Overtime shall be defined as all work beyond regular tour of duty or all departmental time worked during an employee's regular days off or time off.

Further, employees shall not be permitted to preserve overtime worked (Article 6, Section B-1), by utilizing the Sick Leave conversion policy on either the first day or the last day of their four (4) day tour of duty.

1. Only vacation days, holidays, compensatory days, personal days, and bereavement days can be utilized to preserve overtime that has been worked within a given forty (40) hour work week. Only in this instance will the advance notification and approval of the use of vacation days, holidays, compensatory days, personal days, and bereavement days be waived in order to preserve overtime within a given forty (40) hour work week.

The PBA and SOA both seek to eliminate the last sentence of Section B above concerning the sick leave conversion policy. In effect, it argues that an officer who works overtime on any day of the workweek should not forfeit payment for that overtime because he took a sick day the same week. The Borough seeks to base overtime on only work hours actually worked excluding all sick time.

Neither party has provided documentary evidence concerning the costs of overtime to backfill for absences or the extent to which sick time is used for either bargaining unit. Therefore, I cannot adequately evaluate the respective proposals. Further, while I can see some merit to the positions of both parties, I believe the existing language is a reasonable compromise between excluding all sick time from the overtime computation and excluding none of it. Therefore, I decline to award either of

these proposals.

Further, the Borough seeks to exempt lieutenants from overtime eligibility altogether contending that they are management executives. This argument requires an application of the Fair Labor Standards Act and is not an issue properly before me. And, even assuming that the FLSA does not require overtime for these positions, the history of this bargaining unit requires the continuation of overtime pay, absent compelling evidence supporting that proposal. The Borough's proposal is not so supported. The proposal is denied.

Travel Reimbursement

Articles 13 of the expired contracts provide that employees required to use their personal vehicles for police business will be reimbursed \$.22 per mile for such travel. The PBA and SOA seek to increase the travel rate to the IRS rate, which is currently \$.55 per mile. The PBA and SOA argue that the existing rate is woefully inadequate to compensate employees for the use of their personal vehicles. It asserts that employees should not have to pay for gas and vehicle maintenance when the travel is for Borough business. I agree. The existing contractual rate is less than half of the federally set rate for auto expenses. Employees should not have to pay auto expenses to the Borough's benefit. I award this change.

Work Schedules:

The Borough seeks to standardize the workday for all employees at 12 hours. The PBA contends in its brief that most employees either work a 4/3 or a 3/4 schedule of 10- or 12-hour days, while some officers are on 8-hour schedule, 5 days a week. No information has been provided as to how many employees are on which schedule. Further, no rationale has been advanced concerning continuity of supervision, training, accountability, overtime cost savings, or weekend availability of the detective squad which might support such a proposition. Further no financial impact analysis have been put forth to support such a proposal. The proposal is denied.

Side Jobs

The PBA and SOA propose to include the contents of the Borough's ordinance concerning side jobs into the contract, and to increase the rate by \$2 per hour. They also seek to require payment of a time and one half overtime rate for work beyond 8 hours, on an overnight shift, on major holidays or on jobs with less than 4 hours' notice. Further, they seek to increase the Board of Education rate to \$45 per hour.

The supporting documentation for this proposal, proposed Exhibit N, was not submitted until after the hearing, and therefore, was not considered. This proposal is denied.

NON-ECONOMIC ISSUES**Grievance Arbitration Procedure**

The PBA and SOA seek to modify the Grievance Arbitration Procedure, at Article 5. Each seeks to include a specific list of agreed-upon arbitrators directly in the arbitration provisions rather than, as currently the case, selecting an arbitrator from a list supplied by the Public Employment Relations Commission. The expired contracts provide,

ARTICLE 5: ARBITRATION PROCEDURE

A. Either party, the Borough or the PBA, may apply to the New Jersey Public Employment Relations Commission for the appointment of an arbitrator.

B. Following notice of intent to arbitrate has been forwarded to the Borough, the PBA or its representative shall file with the New Jersey Public Employment Relations Commission (PERC) requesting a list of arbitrators be forwarded to the parties. This shall not preclude the parties from mutually agreeing to utilize the services of a specific arbitrator; however, should the parties so desire, the name of the arbitrator shall be forwarded to PERC for appointment pursuant to its rules. Should the parties choose not to agree upon a specific arbitrator, then appointment shall be made by PERC and in accordance with its rules.

The PBA and SOA argue that this revision to the arbitration clause would streamline the arbitrator selection process and permit a core group of arbitrators to become familiar with the issues and nuances of the parties' relationship. The Borough has advanced no contrary argument concerning this issue. The

PBA's and SOA's position has merit: First, it would accelerate the selection of an arbitrator; the parties would not have to solicit a list from PERC, rank their preferences, and potentially obtain a second list of arbitrators and do the same. Second, the PBA and SOA are correct that a small group of arbitrators dealing with the same employer-employee relationship would become familiar with the contract and the local issues. Greater continuity and predictability would result. I observe that the parties have already used this procedure on a more limited basis by inserting the name of one particular arbitrator into their hours of work clause to resolve disputes concerning the potential reversion to a prior work schedule. Third, the provision, as the Union proposes, provides an escape provision in that, if the parties fail to agree on a standing list of arbitrators, they will revert to the PERC panel method of arbitrator selection. I award this proposal.

AWARD

PBA AGREEMENT

Article 27 - Duration of Agreement:

January 1, 2011 through December 31, 2014.

Article 8 - Salary:

2011 - Increment Payments Only.

2012 - Effective January 1, 2012, across the board salary increases of 2.0% for all unit employees.

2013 - Effective January 1, 2013, add \$725 to the base pay of all unit employees, plus 2.25% across the board salary increases.

2014 - Effective January 1, 2014, across the board salary increases of 2.0% for all unit employees.

Article 10 - Clothing Allowance:

Clothing allowance eliminated effective January 1, 2013.

Article 11 - Medical Insurance:

Effective July 1, 2012, or as soon thereafter as practicable, all unit employees will be covered by health and medical insurance provided through New Jersey State Health Benefits Plan.

Article 13 - Travel Reimbursement:

Effective July 1, 2012, mileage reimbursement for employees' use of their personal vehicle for Borough business will increase to the rate set by the U.S. Treasury, Internal Revenue Division (IRS rate).

Article 5 - Grievance Procedure:

Amend the grievance procedure to provide for a standing list of grievance arbitrators pursuant to the Proposal of the PBA.

* * *

All proposals by the Borough and the PBA not awarded herein are denied and dismissed. All provisions of the existing agreement shall be carried forward except for those which have been modified by the terms of this Award.

SOA Agreement

Article 27 - Duration of Agreement:

January 1, 2011 through December 31, 2014.

Article 8 - Salary

2011 - Increment Payments Only.

2012 - Effective January 1, 2012, across the board salary increases of 2.0% for all unit employees.

2013 - Effective January 1, 2013, add \$725 to the base pay of all unit employees, plus 2.25% across the board salary increases.

2014 - Effective January 1, 2014, across the board salary increases of 2.0% for all unit employees.

Article 10 - Clothing Allowance:

Clothing allowance eliminated effective January 1, 2013.

Article 11 - Medical Insurance:

Effective July 1, 2012, or as soon thereafter as practicable, all unit employees will be covered by health and medical insurance provided through New Jersey State Health Benefits Plan.

Article 14 - Personal Leave

Effective January 1, 2012 eliminate the second tier benefit for employees hired after 7/1/2000 and standardize leave time for all employees at the higher allotments.

Article 16 - Sick Leave

Effective January 1, 2012 eliminate the second tier benefit for employees hired after 7/1/2000 and standardize leave time for all employees at the higher allotments.

Article 15 - Vacations

Effective January 1, 2012 eliminate the second tier benefit for employees hired after 7/1/2000 and standardize leave time for all employees at the higher allotments.

Article 13 - Travel Reimbursement:

Effective July 1, 2012, mileage reimbursement for employees' use of their personal vehicle for Borough business will increase to the rate set by the U.S. Treasury, Internal Revenue Division (IRS rate).

Article 5 - Grievance Procedure:

Amend the grievance procedure to provide for a standing list of grievance arbitrators pursuant to the Proposal of the PBA.

All proposals by the Borough, the PBA and the SOA not awarded herein are denied and dismissed. All provisions of the existing agreements shall be carried forward except for those which have been modified by the terms of this Award.

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.

Susan W Osborn
 Susan Wood Osborn
 Interest Arbitrator

Dated: May 3, 2012 _____
 Trenton, New Jersey

On this 3rd day of May, 2012, before me personally came and appeared Susan W. Osborn 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.

Bharat P. Patel
 BHARAT P. PATEL
 Commission # 2333509
 Notary Public, State of New Jersey
 My Commission Expires
 September 01, 2015