

**NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION**

In the Matter of Arbitration Between:

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**THE TOWNSHIP OF FRANKLIN**

"Employer,"

- and -

**PBA LOCAL 122**

"Union."

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Docket No. IA-2003-089

**INTEREST ARBITRATION  
DECISION AND  
AWARD**

**Before  
James W. Mastriani  
Interest Arbitrator**

Appearances:

**For the Township:**  
Gerald L. Dorf, Esq.  
Dorf & Dorf

**For the PBA:**  
James Katz, Esq.  
Jennings Sigmond

The Township of Franklin [the "Township"] and the PBA Local 122 [the "PBA"] are parties to a collective negotiations agreement which extended through December 31, 2002. An impasse developed between the Township and the PBA resulting in the submission of the dispute to interest arbitration by the PBA on May 2, 2003 pursuant to the rules of the New Jersey Public Relations Employment Commission. In accordance with the rules of PERC, I was designated to serve as interest arbitrator.

A pre-interest arbitration mediation session was held on September 8, 2003 in an attempt to narrow the issues in dispute and to explore settlement of those issues. These efforts did not produce a voluntary agreement leading to the convening of a formal hearing held on December 11, 2003 in the Township's municipal offices. Testimony, documentary evidence and certifications were offered by all parties. Testimony was received from Vincent DiPietro, Police Officer, Frances Carder, Chief Financial Officer and Purchasing Agent, and Frank Gaetano, Police Officer. Post-hearing briefs were filed by each party, the last of which was received on February 9, 2004. At that time, the hearing was deemed closed.

As required by statute, the Township and the PBA submitted the following last offers on the issues in dispute.

### **PBA LOCAL 122 FINAL OFFER**

1. **Duration** - Four year contract from January 1, 2003 through December 31, 2006.
2. **Health Insurance Co-payments** - Increase co-payment for doctor's visits from \$5.00 to \$10.00 and prescription drugs from \$5.00 to \$10.00 for brand name drugs and from \$5.00 to \$7.50 for generic drugs.
3. **Vacation** - Amend Article XVIII to add two steps to annual vacation leave, providing as follows: After 15 years of service, employees are entitled to 200 hours of annual vacation leave and after 20 years of service, employees are entitled to 224 hours of annual vacation leave. These provisions correspond to the vacation provisions available under the Sergeants and Lieutenants contract. Presently, an employee after ten years of service until retirement, is entitled to 184 hours of annual vacation leave.
4. **Longevity** - Amend Article XV to add longevity payments into the base salary for all calculation purposes for all officers and to be paid in accordance with the Township's regular payroll practices.
5. **Sick Time Buy-Back** - Amend Article XIV to provide for an unused sick time buyback at retirement with Franklin Township Police. For all officers upon retirement with the final ten (10) years or more of employment by the Franklin Township Police Department, after payment in full of the first 60 days of remaining unused sick leave, as allowed under the current contract, in 2003, employees would be paid 35% of the value of all of their remaining unused sick leave; in 2004, employees shall be paid 40% of the value of all of their remaining unused sick leave; and in 2005 and thereafter, employees shall be paid 45% of the value of all of their remaining unused sick leave at time of retirement.
6. **Detective Clothing Allowance** - Amend Article XI to increase clothing allowance for detectives \$50 each year for the life of the contract.
7. **Salary Increase** - Proposed salary increase for 2003, 4.25%; for 2004, 4.25%; for 2005, 4.25%; and for 2006, 4.25%.

8. Retiree Health Insurance - The Township will provide a retired officer who has a minimum of twenty-five (25) years of credited service with the Police and Fire Retirement System (PFRS) with continued health insurance at the Township's expense, unless that officer obtains comparable coverage from a subsequent employer. This provision will cover the employee only at the single person rate. However, the employee may upgrade the health benefit insurance to a family plan and the cost difference between a single person rate and family plan shall be paid by the retired employee at the group rate. When that officer reaches age 65, Medicare shall become primary and the Township's coverage secondary. The Township will provide an officer who retires as a result of an in the-line-of-duty injury, with continued health benefits for the officer and his or her family, at the Township's expense, as received while the officer was employed with the Township.
9. Negotiations Procedures – Change Article XXIII, Section A to read as follows:

The parties agree to enter into good faith contract negotiations over a successor collective bargaining agreement in accordance with the New Jersey Employer-Employee Relations Act. These negotiations shall begin no later than September 15 of the calendar year in which the Agreement expires. Any Agreement so negotiated shall apply to all employees included in Article, shall be reduced to writing, and shall be signed by the authorized representatives on behalf of the Township of Franklin and PBA Local 122.

#### **THE TOWNSHIP OF FRANKLIN'S FINAL OFFER**

1. Article VI. Salaries

The Township proposes the following wage increases:

January 1, 2003	0%
July 1, 2003	4.0%
January 1, 2004	4.0%
January 1, 2005	3.75%

1.5% in the event of PBA agreement to co-pay health insurance premiums in or about 10% in equivalent dollars of monthly premiums for each type of coverage.

2. Article IX. Overtime, Extra Duty and Court Time.

The Township proposes, based in part on the FLSA and implementing regulations, that the following be added under Paragraph D:

3. The Chief of Police may substitute cash, in whole or in part, for compensatory time in any workweek or work period. Additionally, the Chief of Police may require employees to use accumulated compensatory time and may accordingly schedule time off for employees in his sole discretion.

3. Article XI. Maintenance of Uniforms.

The Township rejects the PBA's proposal in its entirety.

4. Article XIII. Medical Benefits.

The Township proposes that Article XIII be deleted in its entirety and replaced with the following:

- A. 1. The Township will provide medical insurance coverage, including pharmaceutical coverage, to full-time employees and eligible dependents in accordance with the following premium cost sharing provisions:
- a. Family coverage: Each employee shall pay ten (10%) percent of the monthly premium charged to the Township;
  - b. Husband/Wife: Each employee shall pay ten (10%) percent of the monthly premium charged to the Township;
  - c. Parent/Child: Each employee shall pay ten (10%) percent of the monthly premium charged to the Township; and
  - d. Single: Each employee shall pay ten (10%) percent of the monthly premium charged to the Township.

- e. The same percentage of premium cost sharing shall be due from employees in the event the Township self-insures. In such event, the Township will calculate a premium equivalent for each of the coverage categories (family, husband/wife, parent/child, and single).
2. The employee share of premiums, set forth above in Section A(1) of this Article, shall be reimbursed to the Township by way of payroll deduction. Said payroll deductions shall commence in the first pay period in the month after the month in which the Agreement is ratified by both parties. Union hereby releases employer from any and all claims, concerning payroll deductions made prior to that date under previous premium contribution schedule(s).

**B. Employee Co-Payments**

1. Commencing on the first day of the month after the month in which the Agreement is ratified by both parties, the prescription drug co-payment schedule shall be: \$10 for generic prescriptions; \$16 for formulary name brand prescriptions; and \$28 for non-formulary prescriptions. Union hereby releases employer from any and all claims concerning prescription drug co-payments made prior to that date under previous prescription drug co-payment schedule(s).
2. Commencing on the first day of the month after the month in which the Agreement is ratified by both parties, the medical insurance co-payment schedule shall be: \$10 for each office visit. Other co-payments shall be as provided for in the plan document. Union hereby releases employer from any and all claims concerning medical/hospitalization co-payments made prior to that date under previous medical/hospitalization co-payment schedule(s).

**C. Dental Plan Benefit**

The Township will continue to provide a dental plan benefit.

#### **D. Eye Glass Plan**

The Township will pay up to a maximum of one hundred (\$100) dollars per family member each twenty-four (24) months to cover costs that are not covered by medical insurance for prescription eyewear. [Note: This language is already contained in the existing Agreement. The Township does not propose to modify it in any way.]

#### **E. Miscellaneous Provisions**

1. The Township reserves the right to change plans or carriers or to self-insure as long as substantially similar benefits are provided. Whenever a change is anticipated, the PBA shall be so informed and shall have the right to state its view on behalf of the employees covered under this Agreement. [Note: This language is already contained in the existing Agreement. The Township does not propose to modify it in any way.]
2. An employee must average thirty (30) hours per week in a calendar quarter to be entitled to health benefits and health benefits become effective 90 days after start date (except for recalled union employees in which case they become effective 30 days after start)."

Note: The Township rejects the PBA's medical insurance opt-out proposal on the grounds that state law specifically bars same as the subject of collective negotiations. The Township will however provide an opt-out provision under terms determined by the Township by ordinance as set forth in the statute (attached hereto).

#### **5. Article XIV. Sick Leave.**

The Township rejects the PBA's proposal in its entirety.

#### **6. Article XV. Longevity.**

The Township rejects the PBA's proposal in its entirety.

#### **7. Article XVIII. Vacations.**

The Township rejects the PBA's proposal in its entirety.

8. Article XIX. Incentive Pay for College Degree.

The Township proposes:

Change title of this Article to "Incentive Pay for College Degree and Tuition Reimbursement."

Organize the existing language under a subheading "A. Incentive Pay for College Degree" and modify the existing incentive pay schedule as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Associate Degree	\$450	\$475	\$500
Bachelor Degree	\$700	\$725	\$750
Masters Degree	\$930	\$975	\$1,000

"B. Tuition Reimbursement.

- (1.) An employee who is matriculated in a degree program in police science or criminal justice will be reimbursed for tuition costs for successfully completing credit college courses during employment with the Township up to a maximum of \$1,000 annually. The employee shall be reimbursed for tuition costs, up to a maximum of \$1,000 annually, according to the following requirements: 100% of tuition costs provided the employee receives a grade of "A;" 75% of tuition costs provided the employee receives a grade of "B;" 50% of tuition costs provided the employee receives a grade of "C;" and 0% of tuition costs for any grade below a "C." Where a college uses a numerical grading system in lieu of a letter grading system, the letter grades contained herein shall have the following numerical values: A=90 or above; B=80-89; and C=70- 79.
- (2.) Tuition will be reimbursed after the employee completes the course and submits a copy of the tuition invoice and grade report to the Chief of Police.
- (3.) The employee will responsible for all other educational costs including, but not limited to, registration fees, lab fees, and books or other course materials.



(4.) All courses for which an employee will seek reimbursement from the Township must be approved in advance by the Chief of Police.

(5.) An employee shall attend classes on the employee's non-duty time and shall not register for courses that conflict with the employee's regular tour of duty."

9. Article XXIV. Line of Duty Death.

The Township proposes that the word "not" be deleted from the last line.

10. Article XXI. Retention of Benefits.

The Township proposes that Article XXI be deleted in its entirety.

11. Article XXVII. Savings Clause.

The Township proposes the deletion of Paragraph B.

12. Article XXIX Duration.

The Township proposes a three-year agreement commencing January 1, 2003 and ending December 31, 2005.

### **BACKGROUND**

Franklin Township is located in the southeast corner of Gloucester County. The Township borders Atlantic, Cumberland and Salem Counties and is surrounded by Clayton Borough, Monroe Township and Elk Township. It is centrally located, equidistant to Atlantic City to the east and Philadelphia to the west. The Township's boundaries encompass 56.47 miles making it the largest municipality in the County. The Township has a population of approximately 15,466 residents as of the 2000 census making it the sixth most populated

municipality in the County. There has been a 72% population increase since 1970.

The Township is rural in character. Property ownership is primarily residential in nature. As of 2000, 95.7% of occupied housing units were single family and 88.7% were owner occupied. Assessed valuation comes primarily from residential property taxes. Commercial value is 8.4%, industrial value is 0.0%, apartment value is 0.4%, farmland value is 5.2% and vacant land value is 5.8%. The Township houses 668 farm homesteads, the fourth largest in New Jersey.

The Franklin Township Police Department is composed of a Chief of Police, two (2) Lieutenants, six (6) Sergeants (including one (1) Detective) and seventeen (17) Patrolmen (including two (2) Detectives). The PBA bargaining unit represents all seventeen (17) Patrolmen. At time of hearing, one of the seventeen left for a different law enforcement position and one was called up to active duty by the reserves. The superior officers are represented in a separate bargaining unit and are not part of this proceeding.

The police department is busy and has high productivity. In 2002, there were 35 violent and 394 non-violent crimes. Many highways pass through the Township as was stated in the Township's 2002 bond prospectus;

An outstanding highway system connects the Township to the region. US Route 40 and NJ Routes 47 and 55 connect the Township with the New Jersey Turnpike, I-95, I-295 and the Atlantic City Expressway. The Township is ideally located for businesses that need to capture large volumes of "pass by" traffic. US Route 40 carries traffic traveling from the Delaware Memorial Bridge to Atlantic City and other shore resorts in New Jersey. Routes 47 and 55 run parallel through the Township with both intersecting Route 40 in the Malaga section of the Township. Route 47 is the "historic" route connecting Camden County and Lower Cape May County. There are two full interchanges with Route 55 (at Little Mill Road and Route 40), a limited access highway connecting the Philadelphia area with shore resorts in Cape May County. [P-IV-96 at p. A-1]

The activity of the department is reflected in the data showing annual increases in calls for service, traffic accidents, vehicle summonses, and municipal court revenue.

As reflected in the parties' final offers and positions on those issues, the primary emphasis in this proceeding is on the resolution of salary, salary related issues and many individual issues concerning health insurance and employee contributions.

Against this general backdrop, the Township and the PBA offer the following arguments in support of their respective positions.

## **POSITIONS OF THE PARTIES**

### **PBA LOCAL 122**

Addressing the interest and welfare of the public criterion, the PBA describes the Department as "extremely active" due to the intersection of State Highways 40, 47 and 55, and a large patrol area of over 56 square miles. The PBA maintains that the number of service calls increased from 2002 to 2003. Comparing November 2002 to November 2003, the monthly service calls increased from 15,925 to 18,255 (an increase of 2,330 calls). The PBA also described the Department as "extremely busy". Comparing October 2002 to October 2003, the Department increased the monthly amount of municipal court revenue it generated from \$237,834 to \$319,166. According to the PBA, the increase in the annual municipal court revenue alone would fund its entire package for the first contract year.

The PBA indicates that patrolmen have maintained a high level of professionalism and productivity despite the deplorable physical condition of the police station, the lack of substantial capital and technological improvements, and the fact that the Department is understaffed. The PBA refers to the 2002 edition of the Uniform Crime Statistics which lists the Township as having one (1) officer for every 644 persons – the worst ratio in the County. In comparison, neighboring municipalities Clayton (419 persons per officer) and Monroe (467 persons per officer) have much better ratios. The PBA maintains that the increase in service calls has exacerbated the problems caused by understaffing.

According to PBA witness Sergeant DiGiorgio, who conducted an analysis of the Department in 2001, the Department requires at least 26 officers.

The PBA maintains the Department lacks the ability to retain experienced officers. The PBA points out the following: seven (7) officers have left the Department in the past six (6) years; nine (9) of the sixteen (16) officers have less than five (5) years of experience and eleven (11) have less than six (6) years of experience; and, the most experienced officer has less than fifteen (15) years of experience.

Turning to the comparability criteria, the PBA contends that the comparable group consists of the fourteen (14) most populated jurisdictions in the County: Clayton Borough, Deptford Township, East Greenwich Township, Glassboro Borough, Greenwich Township, Harrison Township, Logan Township, Mantua Township, Monroe Township, Paulsboro Borough, Pitman Borough, Washington Township, West Deptford Township, and Woodbury City. According to the PBA, patrolmen are ranked well below the average wage and benefits not only in its comparable group but in the Township's as well. The PBA presents the following chart comparing maximum base salary in its comparable group, including the County prosecutors:

**Table 1**  
**Maximum Base Salary**  
**Comparable Jurisdictions**  
**Gloucester County 2002**

<b>Municipality</b>	<b>Maximum Base Salary – 2002</b>
Prosecutor, Gloucester County	\$64,975.69
Washington Township	\$62,856.00
Greenwich Township	\$59,427.00
Monroe Township	\$58,972.21
Logan Township	\$58,767.91
West Deptford Township	\$57,619.00
Woodbury City	\$57,002.00
Deptford Township	\$56,350.73
East Greenwich Township	\$56,252.07
Clayton Borough	\$55,845.00
Glassboro	\$55,414.00
<b>Franklin Township</b>	<b>\$54,507.61</b>
Harrison Township	\$52,740.78
Paulsboro	\$52,594.00
Mantua Township	\$51,743.98
Pitman Borough	\$48,682.46
<i>Average Salary</i>	<b>\$56,484.44</b>

The PBA contends that the chart shows that the patrolmen are in the bottom third and receive \$1,976.83 less than the average. The PBA points out that when longevity is included the disparity widens:

**Table 2**  
**Maximum Base Salary with Longevity**  
**Comparable Jurisdictions**  
**Gloucester County 2002**

<b>Municipality</b>	<b>2002 Maximum Base Salary with Longevity</b>
Washington Township	\$68,513.04
Prosecutor, Gloucester County	\$68,224.47
Monroe Township	\$63,689.99
Greenwich Township	\$62,249.78
West Deptford Township	\$62,228.52
Deptford Township	\$60,858.79
Logan Township	\$60,825.00
Glassboro Borough	\$59,970.05
Woodbury City	\$58,854.57
<b>Franklin Township</b>	<b>\$57,213.23</b>
East Greenwich Township	\$56,252.07
Clayton Borough	\$55,845.00
Harrison Township	\$55,114.12
Paulsboro	\$54,031.65
Mantua Township	\$54,591.89
Pitman Borough	\$51,603.41
<i>Average Salary</i>	<i>\$59,379.10</i>

The PBA states that the chart indicates that the patrolmen remain in the bottom half and receive \$2,165.87 less than the average. The PBA notes that while its patrolmen move ahead of East Greenwich and Clayton when longevity is included, this fact is not significant because those municipalities provide greater fringe benefits than does the Township of Franklin.

The PBA maintains that the Township's police officers are underpaid when comparing them with their superior officers. According to the PBA, the Township has the greatest salary disparity between Patrol Officer maximum and Sergeant pay among comparable jurisdictions:

**Table 3**  
**Dollar and Percentage Disparity Between**  
**Patrol Officers and Sergeants**  
**Maximum Base Salary**  
**Comparable Jurisdictions**  
**Gloucester County 2002**

<b>Municipality</b>	<b>Dollar Disparity Between Patrol Officers and Sergeants Maximum Base Salary</b>	<b>Percentage Disparity Between Patrol Officers and Sergeants Maximum Base Salary</b>
<b>Franklin Township</b>	<b>\$7,685.60</b>	<b>14.1%</b>
<b>West Deptford Twp</b>	<b>\$6,238.00</b>	<b>10.8%</b>
<b>Pitman Borough</b>	<b>\$4,398.07</b>	<b>9.0%</b>
<b>East Greenwich Twp</b>	<b>\$3,863.01</b>	<b>6.9%</b>
<b>Greenwich Twp</b>	<b>\$3,796.00</b>	<b>6.4%</b>
<b>Logan Twp</b>	<b>\$3,729.28</b>	<b>6.3%</b>
<b>Paulsboro Boro</b>	<b>\$3,258.09</b>	<b>6.2%</b>
<b>Mantua Twp</b>	<b>\$2,923.42</b>	<b>5.6%</b>
<b>Harrison Twp</b>	<b>\$2,918.24</b>	<b>5.5%</b>
<b>Monroe Twp</b>	<b>\$3,014.48</b>	<b>5.1%</b>
<b>Average*</b>	<b>\$3,793.18</b>	<b>6.9%</b>

\*Includes all of the comparable jurisdictions but excludes Franklin Township. Clayton Boro, Deptford Township, Glassboro Boro, Washington Township, and Woodbury City are excluded, as there is no data in the record concerning sergeants' salaries for those jurisdictions. This Table is based upon PBA Exhibits which can be found at P-I-1; P-I-2, P-III-80, 82-86; P-IV-87-88, 91.



Based upon the above, the gap in Franklin (\$7,685.60) is more than twice the average found in the comparables (\$3,793.18).

The PBA contends, with respect to fringe benefits that the "Township trails comparable jurisdictions not only in salary, but in virtually every other benefit imaginable." In support of these arguments, the PBA presents comparison charts for holidays, vacation days after 20 years and 24 years, and maximum longevity percentages. These charts reflect the following:

**Table 4**  
**Paid Holidays for Police Officers**  
**All Gloucester County Jurisdictions**  
**2002**

<b>Municipality</b>	<b>Number of Holidays</b>
Clayton Boro	14
Corrections, Gloucester County	14
Deptford Township	13
East Greenwich Township	12
Elk Township	13
<b>Franklin Township</b>	<b>10</b>
Glassboro Borough	14
Greenwich Township	12
Harrison Township	13
Logan Township	13
Mantua Township	13
Monroe Township	13
National Park Borough	12
Newfield Borough	13
Paulsboro Borough	13
Prosecutor, Gloucester County	14

Sheriff, Gloucester County	14
South Harrison Township	12
Swedesboro Borough	13
Washington Township	13
Wenonah Borough	12
West Deptford Township	13
Westville Borough	13
Woodbury City	13
Woodbury Heights Borough	13
Woolwich Township	13
<i>Average</i>	<i>12.8</i>

**Table 5**  
**Vacation Days**  
**Comparable Jurisdictions**  
**Gloucester County After 20 Years**

<b>Municipality</b>	<b>Vacation Days</b>
Clayton Boro	30
Deptford Township	30
Monroe Township	30
Paulsboro Borough	28.6
East Greenwich Township	27
Pitman Borough	25.5
Glassboro Borough	25
West Deptford Township	25
Woodbury City	25
Prosecutor, Gloucester County	25
Harrison Township	24.5
Washington Township	24
<b>Franklin Township</b>	<b>23</b>
Logan Township	23
Greenwich Township	22
Mantua Township	20
<i>Average</i>	<i>25.5</i>

**Table 6**  
**Vacation Days**  
**Comparable Jurisdictions**  
**Gloucester County**  
**After 24 Years**

<b>Municipality</b>	<b>Vacation Days</b>
Clayton Boro	35
East Greenwich Township	32
Paulsboro Borough	32
Deptford Township	30
Glassboro Borough	30
Monroe Township	30
Prosecutor, Gloucester County	30
Harrison Township	26.25
Greenwich Township	26
Pitman Borough	25.5
Mantua Township	25
Washington Township	25
West Deptford Township	25
Woodbury City	25
Franklin Township	23
Logan Township	23
<i>Average</i>	<i>27.67</i>

**Table 7**  
**Maximum Longevity Percentages**  
**Comparable Jurisdictions**  
**Gloucester County**

<b>Municipality</b>	<b>Percentage</b>
Washington Township	9%
West Deptford Township	8%
Deptford Township	8%
Monroe Township	8%
Glassboro Borough	7.5%

Pitman Borough	6%
Mantua Township	5.5%
East Greenwich Township	5%
Prosecutor, Gloucester County	5%
Greenwich Township	4.75%
<b>Franklin Township</b>	<b>4.5%</b>
Harrison Township	4.5%
Woodbury City	3.25%
Paulsboro Borough	\$1,437.65
<i>Average of Percentages</i>	<i>5.93%</i>

The PBA further contends that its other benefits do not compare favorably:

The stipend offered detectives in Franklin Township is 35% less than the average stipend offered in comparable Gloucester County municipalities (P-I-18; Table 34). The Township does not offer a clothing allowance (P-I-16), and pays a smaller sick leave buy-back at retirement than most other jurisdictions (Table 31). Franklin Township is virtually the only jurisdiction amongst these comparable municipalities which does not offer its police officers retiree medical benefits for the officer and family (P-I-19; Table 42), or fold longevity into their base salary (P-I-24). Regardless of the benefit, officers in Franklin Township are in a worst position than the officers employed in most of the other comparable jurisdictions in Gloucester County.

The PBA also presents comparisons between the Township and municipalities believes that the Township has argued are comparable to the Township of Franklin. The PBA asserts that its police officers compare unfavorably when compared with the Township's set of comparables as reflected in the following charts:

**Table 8**  
**Maximum Base Salary Without Longevity**  
**Township's Comparable Jurisdictions**  
**2002**

<b>Municipality</b>	<b>Max Base Salary 2002</b>
Pennsville Township	\$68,823.00
Delran Township	\$59,019.00
Monroe Township	\$58,972.21
West Deptford Township	\$57,619.00
Clayton Borough	\$55,845.00
Glassboro Borough	\$55,414.00
<b>Franklin Township</b>	<b>\$54,507.61</b>
Mantua Township	\$51,743.98
<i>Average*</i>	<i>\$58,205.17</i>

\*Includes all of Township's comparable jurisdictions but excludes Franklin Township.

**Table 9**  
**Maximum Base Salary with Longevity**  
**Township's Comparable Jurisdictions**  
**2002**

<b>Municipality</b>	<b>Max Base Salary with Longevity – 2002</b>
Pennsville Township	\$73,623.00
Monroe Township	\$63,689.99
West Deptford Township	\$62,228.52
Delran Township	\$61,969.95
Glassboro Borough	\$59,970.05
<b>Franklin Township</b>	<b>\$57,213.25</b>
Clayton Borough	\$55,845.00
Mantua Township	\$54,591.89
<i>Average*</i>	<i>\$61,702.63</i>

\*Includes all of Township's comparable jurisdictions but excludes Franklin Township.

**Table 10**  
**Dollar and Percentage Disparity between**  
**Patrol Officers and Sergeants in**  
**Township's Comparable Jurisdictions**  
**Maximum Base Salary 2002**

<b>Municipality</b>	<b>Dollar Disparity Between Patrol Officers and Sergeants</b>	<b>Percentage Disparity Between Patrol Officers and Sergeants</b>
<b>Franklin Township</b>	<b>\$7,685.60</b>	<b>14.1%</b>
<b>West Deptford Twp</b>	<b>\$6,238.00</b>	<b>10.8%</b>
<b>Delran Township</b>	<b>\$5,933.00</b>	<b>10.1%</b>
<b>Pennsville Twp</b>	<b>\$4,000.00</b>	<b>5.8%</b>
<b>Mantua Township</b>	<b>\$2,923.42</b>	<b>5.6%</b>
<b>Monroe Township</b>	<b>\$3,014.48</b>	<b>5.1%</b>
<b>Average*</b>	<b>\$4,561.78</b>	<b>7.48%</b>

\*Includes all of Township's comparable jurisdictions but excludes Franklin Township.

**Table 11**  
**Paid Holidays for Police Officers**  
**Township's Comparable Jurisdictions**  
**2002**

<b>Municipality</b>	<b>Number of Holidays</b>
<b>Clayton Borough</b>	<b>14</b>
<b>Glassboro Borough</b>	<b>14</b>
<b>Delran Township</b>	<b>13</b>
<b>Mantua Township</b>	<b>13</b>
<b>Monroe Township</b>	<b>13</b>
<b>West Deptford Township</b>	<b>13</b>
<b>Franklin Township</b>	<b>10</b>
<b>Pennsville Township</b>	<b>Folded into base salary</b>
<b>Average*</b>	<b>13.333</b>

\*Average excludes Franklin Township and Pennsville which has already folded holiday pay into the officer's base, but includes all of the Township's comparable jurisdictions. This Table is based upon Township's Exhibits 2 and 46 through 52.

Based upon all of the above, the PBA contends that the current salary and benefit levels will adversely impact the Department and will likely result in continued employee turnover unless its offer is adopted in its entirety.

Turning to private sector considerations, the PBA asserts that limited weight should be placed upon private sector comparisons based upon the distinctions between police officers and private sector employees described in the Borough of River Edge, IA-97-20 by Interest Arbitrator Carl Kurtzman. The PBA points to the hazards and risks associated with police work and their obligations to engage in law enforcement activity whether on or off duty. According to the PBA, "the Township has never felt constrained by raises in the private sector when it has granted increases to other public sector employees." The PBA also refers to a number of the Township's non-union employees who received annual salary increases in 2002 and 2003 ranging from 7.7% to 24.6%.

Addressing the lawful authority of the employer, the PBA maintains that the Township "is financially healthy and extremely well run" and can easily afford the PBA's wage proposal. The PBA points out that the Township will not have difficulty staying within the limitations of the Cap Law. The PBA indicates that the Township did not utilize its available Cap in prior years as it had \$56,875.40 available from the 2001 budget and \$158,850.22 available from the 2002 budget. The PBA also points out that the 2003 budget increased 16.5% from the 2002 budget but also included a surplus of \$831,196.36. Citing budget documents, the

PBA asserts that the Township has anticipated a 6%, or \$98,768 increase in departmental salaries.

The PBA maintains that the cost associated with increasing the bargaining unit's salaries by one (1) percentage point is \$8,721 as reflected in the following chart representing the base pay of unit members:

**Table 12**  
**Bargaining Unit Base Wage**

A	B	C	D
Classification	Census	Base Rate	Column (B) X Column (C)
Rank and File	16	\$54,507	\$872,112

Addressing the financial impact on the Township, its residents and taxpayers, the PBA asserts that its proposals "will have no appreciable impact."

The PBA presents a cost comparison of the parties' wage proposals:

**Table 13**  
**Cost of Union and Township Wage Proposals**

	2003	2004	2005
Union's Wage Proposal	\$37,065.00	\$38,640.00	\$40,282.00
Township's Wage Proposal	\$17,442.00	\$43,083.00	\$35,903.00
Difference	\$19,623.00	\$(4,442.00)	\$(4,379.00)

The PBA emphasizes that any increase in medical co-payment must be accounted for in the cost analysis.



In support of its contention that the Township is financially sound, the PBA notes that the Township had one of the County's lowest property tax rates in 2003. The PBA indicates the Township's rate of 3.143 was the 6<sup>th</sup> lowest out of the 23 municipalities, was below the average of 3.499, and actually declined relative to the other municipalities since 2000. The PBA broke down the Township's tax rate for 2000-2003 as follows:

**BREAKDOWN OF FRANKLIN TOWNSHIP'S  
TAX RATES**

<b>Year</b>	<b>Municipal</b>	<b>County</b>	<b>School</b>	<b>Total</b>
2003	0.708	0.667	1.745	3.143
2002	0.674	0.671	1.648	2.993
2001	0.637	0.643	1.573	2.853
2000	0.632	0.618	1.443	2.693

The PBA points out that the Township's average residential property tax bill of \$3,375.00 in 2003 was the 7<sup>th</sup> lowest in the County, well below the County municipality average of \$3,983.46.

Citing the low voter turnout to vote on the most recent approved school budget, the PBA contends the Township's taxpayers are not expressing difficulty over current levels of taxation.

The PBA relies upon the following information as additional support for its claim as to the Township's financial viability: the value of total building permits of

\$7.04 million in 2002 is above the County average of \$5.96; the Township's total increase in assessed valuation has increased from \$625.71 million in 2000 to \$663.24 million in 2003; non-residential taxpayers includes New Jersey Bell Telephone and Wawa; and, the Township's tax collection rate has remained over 98% from 1997 to 2002. Equally important, the Township "has a proven ability to generate surplus", produce revenues over anticipated levels, and expend less than budgeted:

**Table 20**  
**Fund Balance (Current Fund)**  
**Franklin Township**  
**1999-2002**

<b>Year</b>	<b>Fund Balance 12/31</b>	<b>Utilized Budget in Succeeding Year</b>	<b>Percentage</b>
2002	\$1,693,755	\$831,196	49%
2001	\$1,118,829	\$713,800	64%
2000	\$1,163,440	\$670,500	58%
1999	\$937,872	\$537,000	57%

**Table 21**  
**Results of Operations Budget Revenue and Expenditures**  
**Franklin Township**

<b>Year</b>	<b>Anticipated Revenue</b>	<b>Realized Revenue</b>	<b>Unexpended Excess</b>
2002	\$8,049,879	\$5,913,265	\$863,389
2001	\$8,073,729	\$8,565,908	\$492,179

<b>Year</b>	<b>Appropriations After Modifications</b>	<b>Unexpended Balance Cancelled</b>
2002	\$8,150,876.18	\$234,583.05
2001	\$8,073,729.28	\$130,489.75

The Township's cash balance increased from \$2.72 million at the end of 2002 to a current balance of \$4.45 million. The PBA also points out that while the Township budgeted \$135,878.00 for police pension contributions in 2003 that no contribution was due, and only \$32,715.40 is due in 2004. The PBA maintains that all of these factors, including an "AAA" Moody's rating and the Township's use of only one-third of its statutory debt level, prove that the Township has financial strength.

Addressing N.J.S.A. 34:13A-16g (7), the cost of living, the PBA contends that the Township has consistently provided wage increases in excess of the Consumer Price Index. The PBA contends that the settlements and awards it introduced into evidence in its comparable group are more instructive than the cost of living and should be given greater weight.

Addressing the continuity and stability of employment, the PBA refers to its discussion regarding the loss of officers over the past six (6) years and the current lack of experienced officers in the unit. The PBA contends that the current level of salaries and benefits will result in the continued loss of officers and the inability to attract qualified replacements.

The PBA's addresses its economic and non-economic proposals. The PBA proposes a four (4) year contract set to expire on December 31, 2006. The PBA points out that a three (3) year contract would result in "an almost

immediate resumption" of negotiations for a successor agreement. The PBA maintains that a longer contract will provide labor stability and enable the Township to conduct long range budget planning.

The PBA agrees with the Township to increase the co-payment for doctor's visits from \$5 to \$10 but disagrees with the Township over the Township's proposed increase in the co-payment for prescription drugs. The PBA contends it has presented a "measured approach" to the escalating costs for health insurance while the Township presents a proposal that is unsupported by the evidence. The PBA points out that no jurisdiction in either party's comparable group pays more than a \$10 co-payment for brand name drugs. Further, not a single municipality in the County provides a cost distinction between formulary and non-formulary brand name drugs. According to the PBA, the Township's proposal would cost officers 1%-2% of their base salaries thus widening the disparity with the pay of officers in comparable municipalities. The PBA indicates that Township employees with individual employment contracts have co-payments for medical insurance and prescription drugs limited to \$10 for 2003 and 2004.

The PBA seeks to add two (2) steps to annual vacation leave – 200 hours after 15 years of service and 224 hours after 20 years of service. The PBA indicates that its proposal is consistent with the benefits the Township provides to Sergeants and Lieutenants. According to the PBA, there is no justification for the

current benefit disparity, particularly given the gap in salary between the top step patrolman and Sergeant. The PBA compares its current benefits to those its comparable group:

A review of vacation benefits in comparable Gloucester County jurisdictions underscores the unfairness of the Township's current vacation policy. It graphically shows that the longer officers are employed in Franklin Township, the fewer vacation days they have relative to other jurisdictions in the County. Of the 16 jurisdictions considered, including Franklin, which represents the most populous municipalities, after 8 and 12 years of service, Franklin has the second and fourth most vacation days available (P-I-22). However, as a result of Franklin's vacation cap, the relative position of the Township's rank and file officers worsens significantly over time. after 16 years of service, 8 other jurisdictions have a greater number of vacation days, placing Franklin in the middle; after 20 years of service, 12 other jurisdictions that have more vacation days, and after 24 years of service, officers in Franklin Township have less vacation than any of the other comparable jurisdictions in Gloucester County (Id.; Tables 5 and 6).

The PBA reaches a similar conclusion when using the Township's comparable group.

The PBA seeks a fold-in of longevity into base salary for all calculation purposes. The PBA indicates that 12 of the 16 jurisdictions in its comparable group and all the jurisdictions in the Township's group already have this benefit. The PBA points out that the Township currently includes longevity pay in its overtime cost calculations. According to the PBA, the fold-in will "slightly increase" the Township's pension contributions and calculates the Township's

additional cost in 2005 to be \$2,289.31 (a 0.026% salary increase or \$143.08 per officer).

The PBA proposes to increase the current cap of payment for 60 days of accumulated sick leave time at retirement. For those officers who spend at least their last 10 years of service with the Department, the PBA seeks to include payment for sick days beyond the 60 day cap as follows: 35% of their value in 2003; 40% in 2004, and 45% thereafter. According to the PBA, "there is very little incentive for officers to accumulate these days, thereby seriously undermining the purpose of the Township's buy-back program." The PBA compares its current benefit to those jurisdictions in each party's comparable group that offer a terminal leave benefit:

**Table 31**  
**Terminal Leave or Sick Leave Buy-Back**  
**Maximum Dollar Amount Paid at Retirement**  
**Comparable Jurisdictions**  
**Gloucester County**

<b>Municipality</b>	<b>Maximum Dollar Paid Based Upon 2002 Base Salary</b>
Monroe Township	\$63,281.66
Deptford Township	\$60,956.32
Mantua Township	\$54,480.44
Washington Township	\$39,889.38
Greenwich Township	\$29,999.00
East Greenwich Township	\$24,339.84
West Deptford Township	\$15,512.00
Franklin Township	\$12,576.68
Glassboro Borough	\$5,328.27
<b>Average</b>	<b>\$36,735.86</b>

**Table 32**  
**Terminal Leave or Sick Leave Buy-Back**  
**Maximum Dollar Amount Paid at Retirement**  
**Township's Comparable Jurisdictions**

<b>Municipality</b>	<b>Maximum Dollar Paid Based Upon 2002 Base Salary</b>
Monroe Township	\$63,281.66
Mantua Township	\$54,480.44
Delran Township	\$25,000.00
West Deptford Township	\$15,512.00
Pennsville Township	\$15,000.00
<b>Franklin Township</b>	<b>\$12,576.68</b>
Glassboro Borough	\$5,328.27
<b>Average</b>	<b>\$29,771.23</b>

The PBA seeks an increase in the clothing allowance for detectives. The PBA proposes to increase the current benefit of \$900 by \$50 for each year of the Agreement. The PBA indicates that the current benefit is below its comparable group average of \$1,395.93 as well as the Township's comparable group average of \$1,903.05. The PBA points out that its proposal would only cost the Township an additional \$400 over a four (4) year contract for two (2) detectives.

Turning to salaries, the PBA proposes an annual salary increase of 4.25% for the life of the successor agreement. The Township, on the other hand, proposes a delayed increase of 4% on July 1, 2003, 4% on January 1, 2004, an additional 1.5% if and when PBA members commence 10% cost contribution to health insurance, and 3.75% on January 1, 2005. The PBA opposes the Township's proposal:

The Township's wage proposal contains unmistakable "land mines." Although it appears to offer a 13.5% increase over three years, the actual increase is 2.5% less than that and the effective increase is approximately 7.5% less. The Township has proposed, without any justification, that its initial raise not go into effect until July 1, 2003, thus converting a 4% increase into a 2% increase. Further, the Township's 1.5% raise in the second year does not go into effect until the officers begin paying 10% of their monthly health insurance premiums, which means if that increase does not commence until July 1, it is ultimately an increase of half of what Franklin is touting.

According to the PBA, the actual increases the Township proposes in real dollars are 2% in 2003, 2.5% in 2004, and 1.29% in 2005:

**Table 44**  
**Effect of Township's Proposal to Require**  
**Police Officers to Pay Percentage of Health Care Premiums**  
**Upon Township's Salary Proposal**

Year and Proposed Raise	New Max Base Salary	\$ Increase due to Township Raise	Increase Employee Costs Due to Township's Proposed Changes in Health Insurance	Net Increase in Salary	Net % Increase or Decrease in Salary
2003 (0% as of 1/1/03 and 4% as of 7/1/03)	\$56,687.91	\$1,090.15	\$0	\$1,090.15	2.0%
2004 (4% as of 1/1/04 and 1.5% as of 7/1/04 upon agreement to 10% premium payment)	\$59,938.76	\$2,709.68	\$1,420.00	\$1,289.68	2.5%
2005 (3.75%)	\$62,083.75	\$2,243.99	\$1,473.50	\$770.49	1.29%
Totals		\$6,063.82	\$2,893.50	\$3,150.32	5.8%

The PBA presents a comparison of salary increases in percentages for its comparables as well as the Township's:



**Table 37**  
**Percentage Increase in Police Office Salaries**  
**Gloucester County Municipalities**  
**2003**

<b>Municipality</b>	<b>2003 Percentage Increase</b>
Clayton Borough	4.5%
Corrections, Gloucester County	4.25%
Deptford Township	3.75%
Elk Township	4.0%
Glassboro Borough	3.85%
Greenwich Township	4.0%
Harrison Township	4.0%
Logan Township	3.5%
Mantua Township	3.5%
Paulsboro Borough	4.5%
Pitman Borough	5.0%
Prosecutor, Gloucester County	4.0%
Swedesboro	5.0%
Washington Township	3.9%
West Deptford Township	3.25%
Woodbury City	4.0%
Woolwich Township	4.0%
<i>Average Increase</i>	<i>4.088%</i>

**Table 38**  
**Percentage Increase in Police Office Salaries**  
**Gloucester County Municipalities**  
**2004 and 2005**

<b>Municipality</b>	<b>Percentage Increase - 2004</b>	<b>Percentage Increase - 2005</b>
Corrections, Gloucester County	4.25%	
Deptford Township	4.0%	
Greenwich Township	4.0%	

Harrison Township	4.0%	
Logan Township	3.75%	
Mantua Township	5.0%	
Paulsboro	4.0%	4.0%
Pitman Borough	5.5%	
Prosecutor, Gloucester County	4.0%	
Swedesboro	5.0%	5.0%
Washington Township	4.0%	
West Deptford	4.0%	4.25%
Woodbury City	4.0%	
Glassboro	3.90%	
Woolwich Township	4.0%	4.0%
<i>Average Increase</i>	<i>4.23%</i>	<i>4.31%</i>

**Table 39**  
**Percentage Increase in Police Offices' Salaries**  
**TOWNSHIP'S COMPARABLE JURISDICTIONS**  
**2003 – 2004**

<b>Municipality</b>	<b>2003 Percentage Increase</b>	<b>2004 Percentage Increase</b>
Clayton Borough	4.5%	
Delran Township	4.0%	4.0%
Glassboro Borough	3.85%	3.90%
Mantua Township	4.50%	5.0%
Monroe Township		
Pennsville Township		
West Deptford Township	3.25%	4.0%
Woodbury City	4.0%	4.0%
<i>Average Increase</i>	<i>4.02%</i>	<i>4.225%</i>

The PBA maintains that its wage proposal is consistent with the increases received by the Township's civilian employees. The PBA asserts that non-union employees received increases that exceed the PBA's proposals. In addition, the

clerical and blue collar unit was given 5.75% in 2003 (3.75% as of January 1 and 2% upon ratification) and 3.5% for 2004. The PBA emphasizes that its own proposal to increase co-payments for prescription and doctor visits already reduces any salary increases between 0.05% and 1.5%.

The PBA seeks single coverage health insurance for officers who retire with 25 credited years of service in the PFRS. The PBA points out that 20 jurisdictions within the County provide some type of retiree coverage – most of them complete family coverage. The PBA indicates that all of the Township's comparables provide family coverage for retirees.

As for its proposal to modify Article XXIII, Section A – Negotiations Procedures, the PBA indicates that it simply seeks to clarify the language without making substantive changes.

The PBA addresses the Township's economic and non-economic proposals. The PBA opposes the Township's proposed modification to the use of compensatory time. The PBA contends the Township's proposal is unsupported by the evidence and would result in arbitrary decisions over which officers would be permitted to bank their time.

The PBA maintains the Township's proposal for an employee cost contribution of 10% towards health care premiums has no evidentiary support.

As discussed above, the Township's proposal effectively reduces the annual wage increase. Moreover, none of the jurisdictions in either party's comparable group, with the exception of Pennsville – a municipality outside of the County, requires employees to contribute towards the cost of health care premiums. [See Tp. Brief, Tables 44 & 45]. The PBA indicates that the increase in the Township's medical expenses - 2.1% (\$18.79 per month) for 2003 and 2.2% (\$19.80 per month) for 2004 – do not justify the Township's proposals. Similarly, other factors such as the Township's strong financial condition and relatively low, stable municipal tax rate favor the PBA's proposal. As for the Township's internal comparison with the civilian AFSCME unit, the PBA points out that it has never shared similar benefits. To the contrary, the AFSCME unit has been responsible for paying a portion of their premiums since 1992.

Addressing the Township's proposal for a health insurance opt-out provision, the PBA acknowledges the issue is not subject to the bargaining process but simply contends that "uniformity principles militate against continuing the Township's practice of affording this benefit to all other employees except members of the bargaining unit."

The PBA does not object to the Township's proposal for incentive pay for college degrees. It objects, however, to the Township's tuition reimbursement proposal only for degrees in political science or criminal justice. The PBA also objects over a level of reimbursement which is tied to the grade received. The

PBA contends that tuition should be reimbursed for all college credit taken regardless of the course, the degree or the grade. In addition, the PBA maintains that the vast majority of comparable jurisdictions simply require a passing grade or "C" to be eligible for reimbursement.

The PBA supports the Township's proposal that the word "not" be deleted from the last line of Article XXIV – Line of Duty Death.

With respect to the Township's proposal to eliminate Article XXI – Retention of Benefits, and Article XXVII.B of the savings clause, the PBA maintains there is no supportive evidence on the record.

Based upon all of the above, the PBA urges that its final offer be adopted in its totality.

#### **TOWNSHIP OF FRANKLIN**

The Township submits that its wage proposal increase of 11.75% over the life of a three (3) year contract with an annual average increase of 3.92% is fair and reasonable. The Township points out that the total increase will rise to 13.25% overall and 4.42% annually in the event that its health insurance premium cost sharing proposal is awarded. In comparison, the PBA's proposal over the same three (3) years would be 12.75% with an annual average increase

of 4.25%. According to the Township, the PBA's proposal is unreasonable and exceeds the reported average of salary increases for all interest arbitration awards by 0.30% and reported voluntary settlements by 0.27%. The Township submits that its salary proposal is consistent with the salary increases for the first three (3) years of the contract it reached with its civilian unit. The Township indicates that its salary proposal outpaces local inflation figures as well as the municipal budget cap index rate for 2000 (2.5%), 2002 (2.5%), 2003 (1.0%) and 2004 (2.5%). Citing the wage increases that it has provided to the PBA since 1994, the Township concludes that it has given generous wage increases far exceeding the CPI as evidenced by the following chart:

#### **INFLATION VS. WAGE INCREASES (1994-2002)**

	<b>CPI-U* %</b>	<b>CPI-W** %</b>	<b>Wage Increase%</b>
<b>1994</b>	2.90	2.70	4.50
<b>1995</b>	2.70	2.70	5.00
<b>1996</b>	2.60	2.50	5.50
<b>1997</b>	2.30	2.20	5.34
<b>1998</b>	1.00	1.10	3.90
<b>1999</b>	2.20	2.40	3.75
<b>2000</b>	2.70	2.70	3.90
<b>2001</b>	2.70	2.60	3.80
<b>2002</b>	2.00	1.80	3.80
<b>Total</b>	21.10	20.70	39.49

\* All Urban Consumers, Not Seasonally Adjusted, Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD. All Items, 1982-84=100 (12 months percent change), Series ID: CUURA102SA0, CUUSA102SA0.

\*\* Urban Wage Earners and Clerical Workers, Not Seasonally Adjusted, Philadelphia-Wilmington-Atlantic City, PA-NJ-DE-MD, All Items, 1982-84=100 (12 Months Percent Change, Series ID: CWURA102SA0, SWUSA102SA0.

Pointing to the specifics of the respective wage proposals, the Township calculates its wage proposal as averaging 3.92% compared to the PBA's proposal of averaging 4.25%. The Township notes that an additional 1.5% wage increase it has proposed as part of its health insurance premium cost sharing proposal, its wage proposal will equal 13.25% over three years or 4.42% per year on average. When these proposals are compared, the Township calculates its average yearly wage increase as 0.17% more than the PBA's, assuming that its health insurance proposal is granted.

The Township acknowledges that it has not raised an inability to pay defense in connection with the issues in dispute. Nevertheless, the Township submits that the mere ability to pay cannot be translated to a conclusion that it must or should pay any additional money in connection with a union proposal. The Township contends that its ability to maintain the cost-effective management of its funds has become increasingly difficult. The Township cites the governing body's implementation of the "accelerated tax sale" collection tool which results in the receipt of tax sale proceeds in the current budget year. In the initial year of the use of this tool, the receipt of both the accelerated tax sale funds and the prior years traditional tax sale funds creates one time revenue which becomes surplus. This surplus was used as revenue in the 1997 and 1998 budgets. Because the accelerated tax sale replaced the traditional sale, the 1998 budget reflected much lower revenue from interest costs on taxes and from receipts from

delinquent taxes. The Township points to a Local Government Budget Review Report submitted to the Township in 2001 concluding that the mechanism used by the Township was a sign of financial stress rather than financial health.

The Township committee has obviously worked to maintain a modest, local purpose tax rate in the Township. However, we view the combination of the increasing use of surplus (as a percent of surplus available), the aggressive estimation of tax collections, the aggressive estimates of other revenues, and the use of the accelerated tax sale as a signal of financial stress. While it is not uncommon for municipalities to use any one of these mechanisms to solve a problem in the short term, the use of all these mechanisms over several years indicates increasing financial stress.

The Township seeks to modify the compensatory time provision in Article IX so that the Chief of Police can require officers to use their accumulated time and can schedule when the time would be used. The Township contends that its proposal is consistent with prevailing law and would enable the Township to reduce cash payment to officers at retirement for their banked time. The Township maintains that banked compensatory time creates an unnecessary budgetary problem. Citing various court decisions, the Township contends that public policy factors support its proposal by controlling the accrual of compensatory time which otherwise can be abused for the purpose of accruing a different form of a retirement benefit. In the Township's view, in pertinent sections of the compensatory time provisions of the F.L.S.A. as interpreted by the United States Supreme Court [See Christensen v. Harris County, 529 N.J. 576 (2000)], provide a basis for implementing its position which it contends is authorized by law. Citing applicable statutes and regulations, the Township



asserts that it is authorized to eliminate as much of an employee's accrued compensatory time as it wishes by making a cash payment to the employee. According to the Township, the PBA seeks to merely bank the maximum amount of compensatory time (480 hours) in return for a future large payment in cash at retirement and then receive overtime pay instead of compensatory time. The Township asserts that it is merely seeking to avoid significant budgetary problems in the future.

The Township opposes the PBA's proposal to increase the detective clothing allowance. The Township points out that the current annual stipend of \$900 is better than 14 of the 16 comparable jurisdictions cited by the PBA. The Township contends that the PBA has failed to support its proposal with evidence that the current stipend is insufficient.

The Township proposes a premium cost sharing initiative for health insurance. The Township supports its position with an extensive amount of survey results and statistics showing the continuing trend of substantially increased premiums as well as employment contributions. By way of example, a 2003 study by the Kaiser Family Foundation states in pertinent part:

Private health insurance premiums increased 13.9% in 2003, a larger increase than last year and the third consecutive year of double-digit increases, according to the 2003 Annual Employer Health Benefits Survey released by the Kaiser Family Foundation and Health Research and Educational Trust (HRET). This was also the largest increase since 1990. While employers are not dropping

coverage, most are passing on higher costs to employees. Over the past three years, the amount of the premium employees pay for family coverage has increased almost 50% from \$1,619 to \$2,412. The typical family health insurance policy now costs \$9,068 with employers on average paying 73% and employees paying 27%.

The Township points out that its premiums have increased 45% from 2000 through 2003. The Township asserts that its own experience with respect to increased premiums mirror the national trend and have clearly outpaced the cost of living of 9.30% over the same time period. Based upon all of the above, the Township proposes that officers pay 10% of the monthly health insurance premium. In exchange, the Township will increase salaries by 1.5% when the premium cost sharing goes into effect.

The Township proposes that the monthly contribution rates for police officers in 2004 would be as follows:

<b>2004 MONTHLY RATE</b>	
Single	\$30.93
Parent/Child	\$54.71
Husband/Wife	\$64.94
Family	\$91.38

The Township anticipates a premium increase in 2005 of 14%. The Township estimates the following proposed contribution amounts for police officers for 2005:

	2005 MONTHLY RATE	MONTHLY INCREASE
Single	\$35.26	\$4.33
Parent/Child	\$62.37	\$7.66
Husband/Wife	\$74.03	\$9.09
Family	\$104.17	\$12.79

The Township contends that the additional 1.5% salary increase it has proposed in conjunction with its health insurance proposal will essentially offset an officer's 2004 contribution amount after calculating that the 1.5% increase is worth approximately \$900 in 2004. The Township points out that this additional salary increase will benefit the police officers in many significant ways because it will "directly increase overtime payments, future raises, and the Township's pension contribution liability."

The Township also contends that premium cost sharing exists for all Township employees, including those covered by collective negotiations agreements and also its non-unionized employees. This includes a blue and white collar unit of 35 employees represented by AFSCME. These employees have been required to pay a portion of their monthly insurance premium in order to obtain family medical benefits since 1992, the date of the initial collective bargaining with AFSCME, as well as prior to that agreement. The Township asserts that a denial of its proposal would be discriminatory because the police officers would remain as the only Township employees who do not share in the costs of their health insurance benefit despite the fact that they are among the highest paid employees in the Township.

The Township references a formal recommendation for settlement issued in a fact-finder's report dated July 1, 2004 recommending that premium cost sharing be extended for all health insurance benefits. The fact-finder recommended [T. Ex. #7]:

In an attempt to treat employees with some degree of relative equality I believe each should pay a portion of the benefits cost in proportion to the value of the plan in which they are enrolled. Thus as the family plan is approximately three times the cost of the single plan employees enrolled in the family plan should pay approximately three times the amount required of the single plan subscriber. Likewise the husband/wife coverage should be approximately 70% of the family plan and the parent/child should be set at 60% according to the published costs for 2003. The next problem is to determine a reasonable amount of savings which should satisfy the Township. Using the Employer's computed target of \$22838 there only remains a computation which approximates that figure to justify the extra 2% income and the compromise of all employees participation in health premium payments. Therefore I am recommending a simplistic plan wherein Family coverage cost to the employee is \$1000 per year, which becomes the basis for computing the other three categories; Husband/Wife would become \$700, Parent/Child \$600 and Single \$350. This will produce a return to the Employer of \$21940. In this plan the Single person is still making more on the added income than the plan cost but as this person is likely to be on a lower hourly rate I can justify that based on a concept which seems more equitable.

In addition to the basic plan change there should be a prescription drug co-payment of \$10 for generic prescriptions; \$16 for formulary name brand prescriptions and \$28 for non-formulary prescriptions. A \$10 employee co-pay for each office visit with the primary care physician is also recommended to be included. I think these employee costs are reasonable especially given the general need for some controls and they are consistent with many commonly experienced plan co-payments. The higher co-payments suggested by the Township are not supported by facts and as these employees are not in the highest level of wages it seems this compromise is justified and reasonable. In particular there remains

an incentive for the employee to seek generic drugs when available while providing a fair cost situation when such are not.

The Township submits into evidence a collective negotiations agreement 2001-2004 between the Township and AFSCME reflecting the adoption of recommended change to expand the scope of health insurance co-payments for blue and white collar employees:

- A. 1. The Township will provide medical insurance coverage, including pharmaceutical coverage, basic dental coverage and a vision rider, to full-time employees and eligible dependents in accordance with the following premium cost sharing provisions:
  - a. Family coverage: Employees shall pay \$2,596.80 per year to the cost of the premiums charged to the Township;
  - b. Husband/Wife: Employees shall pay \$700 per year to the cost of the premiums charged to the Township;
  - c. Parent/Child: Employees shall pay \$600 per year to the cost of the premiums charged to the Township; and
  - d. Single: Employees shall pay \$350 per year to the cost of the premiums charged to the Township.

The Township also references the AFSCME agreement with respect to prescription co-pays which far exceed those paid by the PBA:

**B. Employee Co-Payments**

- 1. Commencing on or after September 27, 2003, the prescription drug co-payment shall be: \$10 for

generic prescriptions; \$16 for formulary name brand prescriptions; and \$28 for non-formulary prescriptions.

2. Commencing on or after September 27, 2003, the medical insurance co-payment schedule shall be: \$10 for each office visit. Other co-payments shall be as provided for in the plan document.

The Township contends that the PBA's proposal for a new retiree health insurance benefit is costly, unreasonable and unnecessary. The Township points out retirees are eligible for benefits through the State Health Benefits Plan and can receive up to 80% of the cost paid by the State.

The Township opposes the PBA's proposal to provide a payment percentage for unused sick day values presently allotted to a catastrophic sick leave bank. The Township maintains the current benefit of payment for 480 hours of sick leave time and the program to enable officers to accumulate additional time for serious or extended illnesses is sufficient. The Township seeks to avoid increasing what it terms a controversial taxpayer liability. According to the Township, "the PBA's proposal calls for the potential payment of an additional 864 hours of unused sick leave."

The Township seeks the status quo on longevity payments. The Township points out that a fold-in of longevity payments would result in an increase in the Township's obligation for wages, pension contributions, and benefits such as overtime. The Township indicates that those employees in the

civilian unit hired after January 1, 1998 do not receive a longevity benefit and the Township cannot justify increasing the benefit the PBA now enjoys.

The Township opposes the PBA's proposal to add two (2) steps to increase vacation benefits after 15 and 20 years of service. The Township believes the PBA's emphasis on the fact that the superior officers now have the steps it seeks is misguided due to the rewards which must accrue on promotion. The Township maintains that the PBA's current benefit is sufficient and reasonable and should not be altered.

With respect to its proposal to reimburse officers for tuition based upon the grade received, the Township indicates that it seeks to encourage outstanding academic performance while providing its officers higher pay upon the attainment of a qualified degree.

The Township proposes to eliminate the retention of benefits clause. According to the Township, "the lack of continuity and stability within the typical municipal management structure leads to an unfair advantage whereby the union and employees are usually the only persons who have any knowledge concerning unwritten privileges and benefits."

Turning to the term of the Agreement, the Township believes a three (3) year term will provide the parties' sufficient time "administer the new contract and

prepare for successor negotiations." The Township contends the PBA's argument that a four (4) year Agreement is needed to provide harmonious labor relations is unsupported by the evidence.

Based upon all of the above, the Township urges that its final offer be adopted in its totality.

### **DISCUSSION**

The Township and the PBA have offered testimony, substantial documentary evidence and argument in support of their final offers. The issues in dispute are numerous and broad in scope. The Township and the PBA have submitted many exhibits into evidence concerning the statutory criteria. All have been reviewed and considered. 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 (8) which I find relevant to the resolution of these negotiations. These factors, commonly called the statutory criteria, are as follows:

- (1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by (P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.).
- (2) Comparison of the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the



same or similar services and with other employees generally:

- (a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
  - (b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
  - (c) In public employment in the same or similar comparable jurisdictions, as determined in accordance with section 5 of P.L. 1995. c. 425 (C.34:13A-16.2) provided, however, each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.
- (3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.
- (4) Stipulations of the parties.
- (5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976 c. 68 (C.40A:4-45 et seq ).
- (6) The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element, or in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the

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

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

All of the enumerated criteria are relevant although not all are entitled to equal weight. Put another way, some are entitled to more substantial weight than others.

### **STIPULATIONS**

I first incorporate into the award the agreements entered into by the Township and the PBA during their negotiations and mediation/interest arbitration process. Pursuant to the understanding of the parties, I accept these agreements as stipulations as contemplated by N.J.S.A. 34:13A-16(g)(4). These include the following:

## **Preamble**

(Amend the date as appropriate)

## **Article III - Law Enforcement Officers Rights**

6. (In the first sentence amend "he" to be "he/she".)

## **Article V - Grievance Procedure**

E. (In the second line amend "himself" to be "himself or herself".)

## **Article IX - Overtime, Extra Duty and Court Time**

A.3. (Amend the last sentence as follows:)

"Up to a maximum of eleven (11) such hours during a twenty eight (28) day work cycle may be utilized for training purposes at the regular straight time rate of pay."

## **Article X – Holidays and Personal Days**

B. (Delete the present language and replace with the following:)

"1. Police Officers covered under this Agreement will be eligible for personal days during their first calendar year of employment as follows:

After three (3) months of active employment – 1 personal day.

After six (6) months of active employment – 2 personal days.

After nine (9) months of active employment – 3 personal days.

Thereafter, Police Officers covered under this Agreement will be eligible for four (4) personal days annually as of January 1 following the calendar year in which they were hired.

2. Personal days to be granted upon notification of one (1) hour in advance of shift if request is for a proven emergency.

3. In all other circumstances application to be made five (5) days in advance. Granting request to be at the discretion of the Chief of Police or his/her designee."

## **Article XIII – Medical Benefits**

B. (Amend the last sentence as follows:)

"The Delta Dental Plan may be utilized by employees who are presently covered by such plan."

**Article XVI – PBA Management Committee**

(Delete)

**Article XVIII – Vacations**

B. and C.

(Remove the last sentence of Section B and include this as the new last sentence of Section C.)

**Article XX – Manual Skill Incentive**

(Amend the first sentence as follows:)

"The Township will pay the above incentives per qualification providing (with the exception of Firearms Expert and Driving/Vehicle Care) they are earned on officer's off duty time. the Firearms Expert and Driving/Vehicle Care incentive may be earned during the officer's duty time."

**Article XXII – Discrimination or Coercion**

(Amend the last sentence as follows:)

"Neither the employer nor the PBA shall discriminate against any employee because of race, creed, color, age, sex, national origin, sexual orientation or physical challenge."

**Article VIII – Stand-By Time**

C. The Township shall provide a \$260 annual stipend to members assigned to pager/cell phone duty by the Chief of Police. The \$260 stipend shall be paid at the end of the year with Holiday Pay upon a duly executed voucher signed by the Chief of Police. If an officer is assigned or relieved of pager/cell phone duty mid year then the amount will be prorated at \$22 per month.

**Article IX – Overtime, Extra Duty and Court Time**

E. If any employee is called in on a day off or regular time off, he/she shall receive three (3) hours of pay at the overtime rate of

pay, provided such work is not contiguous with the employee's work day.

I next turn to the issues in dispute. There are many economic issues in dispute including duration of agreement, salary, health insurance co-payments, health insurance opt-out, vacation, longevity fold-in, sick time buyback, detective clothing allowance, retiree health insurance, compensatory time/overtime, incentive pay for college degree and many non-economic issues such as provisions involving retention of benefits, savings clause and miscellaneous language items. These issues in dispute will be assessed on their merits individually but, while doing so, I will consider the merits of inclusion or rejection of any individual item in the context of the overall or total modifications that are made to the existing agreement. Thus, any decision herein to award or to deny any individual issue in dispute will include consideration as to the reasonableness of that individual decision in relation to the reasonableness of the totality of the terms of the entire award.

### **DURATION**

The Township proposes a three year agreement while the PBA proposes a four year agreement. There is a strong basis for an agreement extending through December 31, 2006 rather than December 31, 2005. Negotiations for this agreement have been contentious and protracted despite the good faith efforts of the Township and the PBA. There are a large number of disputed

issues and many are of a substantial nature. An expiration of December 31, 2005 will not allow the Township and the PBA to have a reasonable period of stability prior to a return to bargaining. Due to the broad scope of the issues, the parties have expended effort and expense which should be invested in an agreement of longer duration. The record developed by the Township and the PBA is comprehensive containing sufficient credible relevant evidence allowing for a determination through December 31, 2006. An additional consideration is that some of the issues that have been denied are worthy of revisiting by the Township and the PBA. An additional year will allow time for discussion of those and other items thereby increasing the possibility of voluntary resolution. All of these reasons serve the interests and welfare of the public. Accordingly, I award a contract duration of January 1, 2003 through December 31, 2006.

### **VACATION**

The PBA proposes to add two new vacation steps to the existing vacation schedule. The Township urges denial of this proposal. The current schedule, at Article XVIII, provides:

#### **Article XVIII – Vacations**

##### **A. Vacation shall be as follows:**

After one (1) year of service – fifty-six (56) hours.

After two (2) to five (5) years of service – one hundred and twelve (112) hours

After five (5) years of service – one hundred and sixty-eight (168) hours.

After ten (10) years of service – one hundred and eighty-four (184) hours.

- B. No officer shall have more than two (2) years worth of vacation accrued by the end of their anniversary year. Any days above the two year limit, not used by the end of the employee's anniversary year will be lost. However, the maximum number of days eligible for reimbursement is forty-two (42) days – equaling but not exceeding three hundred thirty-six (336) hours.
- C. Any vacation time accrued in excess of the current year's worth will be paid only upon retirement as defined in Article XIV, Section B.
- D. Payment of vacation leave will be made to the employee prior to the taking of such leave provided the leave is taken in increments of five (5) or more working days and has been approved in advance.

The PBA proposes to add a new step after fifteen (15) years of service adding sixteen (16) more hours than the 184 hours now being provided at max which is now reached after 10 years of service. A second new step would be added after twenty (20) years of service by adding twenty-four (24) more hours above the proposed fifteen (15) year step. The new schedule, as proposed, would read:

After one (1) year of service – fifty-six (56) hours.

After two (2) to five (5) years of service – one hundred and twelve (112) hours

After five (5) years of service – one hundred and sixty-eight (168) hours.

After ten (10) years of service – one hundred and eighty-four (184) hours.

After fifteen (15) years of service – two hundred (200) hours.

After twenty (20) years of service – two hundred and twenty-four (224) hours.

The PBA's main argument is that its proposal is justified because it mirrors the same 15 and 20 years steps that now exist in the agreement between the Township and its superior officers, a theory that the Township believes is misplaced because it disrupts the relationship between rank and entitlement. On this point, the Township asserts that there is logic to the enhanced benefit for superiors because a reward in vacation benefit entitlement is a desirable result that comes with the achievement of a promotion. The PBA counters with data reflecting that superior officer salaries, when compared with salaries for rank and file, exceeds the County average with respect to dollar and/or percentage differential thereby providing sufficient incentive without the need for vacation disparities. The PBA rejects the Township's position that this differential be maintained between the two units. The PBA concedes that, when a police officer reaches 8 and 12 years of service, the existing vacation schedule is above average, but points out that after 15, 20 and 25 years of service, it is well below average as reflected in the following chart:



**Table 26**  
**Vacation Days**  
**Township's Comparable Jurisdictions**  
**At 16 Years of Service**

<b>Municipality</b>	<b>Vacation Days</b>
Clayton Boro	30
Pennsville Township	30
Glassboro Boro	25
Monroe Township	25
<b>Franklin Township</b>	<b>23</b>
West Deptford Township	21
Mantua Township	20
Delran Township	20
<b>Average<sup>1</sup></b>	<b>24.43</b>

<sup>1</sup> Includes all of the Township's comparable jurisdictions but excludes Franklin Township. This Table is based upon Township's Exhibits 2 and 46 through 52.

**Table 27**  
**Vacation Days**  
**Township's Comparable Jurisdictions**  
**At 21 Years of Service**

<b>Municipality</b>	<b>Vacation Days</b>
Clayton Boro	30
Pennsville Township	30
Glassboro Boro <sup>1</sup>	30
Monroe Township <sup>2</sup>	30
West Deptford Township	25
Mantua Township	25
Delran Township	24
<b>Franklin Township</b>	<b>23</b>
<b>Average<sup>3</sup></b>	<b>27.71</b>

<sup>1</sup> Applies to officers hired prior to January 1, 1998. Those hired after that date receive 25 days.

<sup>2</sup> Applies to officers hired prior to January 1, 1996. Those hired after that date receive 25 days.

<sup>3</sup> Includes all of the Township's comparable jurisdictions but excludes Franklin Township. This Table is based upon Township's Exhibits 2 and 46 through 52.

I conclude that the PBA has sustained its burden to prove that the existing vacation schedule should be modified. There is little, if any, justification for the existing disparity between length of service and vacation time as presently exists between the police officer and the superior officer units. None of the many agreements within Gloucester County in evidence reflect similar disparity. I find no merit to the Township's argument that the existing disparity allows for a promotional incentive given the financial rewards in base salary for superiors that accompany a promotion. Further, the existing schedule capping at ten (10) years is inconsistent with the vacation schedule existing among comparable units in the County. There will be some economic impact as a result but it will not be substantial and the continuity and stability of employment of police officers will be furthered. The record reflects that 9 of the 15 or 16 police officers have less than 5 years of service and only one officer (T. Creamer) has more than 15 years of service. Two additional officers (K. Crescitelli and F. Gaetano) will have more than 15 years of service during the 2006 contract year. These officers will receive an additional two days of vacation upon completing 15 years of service. No officer is approaching more than twenty years of service. Accordingly, I award the adjustment to the vacation schedule as proposed by the PBA.

## **LONGEVITY**

The PBA has proposed to amend Article XV of the Agreement to fold longevity payments into base pay for all calculation purposes. The Township opposes this proposal. Article XV presently states:

### **Article XV – Longevity**

Longevity benefits will be paid at the rate of two and one-half percent (2 ½%) at five (5) years of service and increased to four point five percent (4.5%) at ten (10) years of service for the duration of the Agreement to be paid at the end of the year with holiday pay.

The PBA supports its proposal for several reasons. The first is comparability. The PBA points to the fact that all of the comparable municipalities proposed by the Township consider longevity as a part of base pay. This includes Clayton, Delran, Glassboro, Mantua, Monroe, Pennsville and West Deptford. Twelve of the sixteen comparables offered by the PBA do the same. The second is that the longevity payments presently received are lower than all of the comparables proposed by the Township. When all are averaged, including Franklin's, the difference is 6.83% vs. 4.5% at maximum. The third point alleged by the PBA is that unit members have a below average overall compensation package that would be enhanced by the inclusion of longevity pay into base salary for all calculation purposes. The fourth argument is that the proposal can be granted with minimal cost. In support of this point, the PBA submits that its proposal does not duplicate longevity payment nor is longevity a

new benefit and that as of January 1, 2005, one-third of the unit is not yet eligible for longevity. The PBA further points out that the cost of the proposal is minimal because the pension contributions paid by the Township in 2005 would only be \$2,289.31 or \$143.08 per officer, an annual cost of 0.02% in total salaries paid. The PBA cites evidence that the Township has benefited from substantial savings realized by not having to pay pension contributions for the last several years including 2003 when it included \$135,878 for pension contributions in its budget but paid zero. A final point the PBA makes is that the Township is already folding longevity into base pay for overtime calculations.

The Township rejects this proposal and proposes that the existing lump sum payment be maintained arguing that this seemingly "financially inconsequential" proposal can produce a "tangibly negative impact" on the Township's financial obligations. The Township further believes that the adoption of this proposal would widen the salary disparities between police (who are paid more) and non-police (who are paid less) especially in light of the fact that longevity has been eliminated in the AFSCME unit for employees hired after January 1, 1998.

After reviewing this proposal on its merits I conclude that the PBA has sustained its burden to have this proposal awarded. A cost benefit analysis supports this conclusion when applying the data on comparability, continuity and stability of employment and financial impact on the governing body, its residents

and taxpayers. The comparability data reflects that base pay inclusion is the norm among comparables proposed by the Township and the PBA and that when base salary plus longevity is compared among these communities, the Township's police officers suffer a disparity in pensionable income not justified by any reasonable indicator. Its inclusion would enhance a police officer's pensionable income and could also benefit the Township by helping to reduce turnover among its less senior personnel. Because longevity is now factored into overtime calculations, the financial impact of the proposal is minimal while the benefit to the police officer is substantial. For these reasons, I award this proposal effective January 1, 2005.

#### **DETECTIVE CLOTHING ALLOWANCE**

The PBA has proposed to amend Article XI – Maintenance of Uniforms to increase clothing allowance for detectives \$50 each year for the life of the contract. There are presently two (2) detectives. The cost of this proposal, if awarded, would be \$400 over the life of the four year agreement. Detectives in Franklin now receive “\$900 clothing allowance for plain clothes duty.” There is no other payment such as a detective stipend. The PBA uses the terms clothing allowance and detective stipend interchangeably due to the contract language. The Township opposes any increase in the allowance as not being supported by the evidence. When comparisons are made among comparable jurisdictions, they reveal a strong basis for granting the PBA's proposal. Regardless of whether the term clothing allowance or detective stipend is used, either

independently or in combination, the payment for detectives in Franklin compares unfavorably, especially in light of the evidence that these payments have typically been adjusted in the comparable jurisdictions. The PBA charts summarize the clothing allowance and detective stipends received in comparable jurisdictions.

**Table 35**  
**Clothing Allowance**  
**Township's Comparable Jurisdictions**

<b>Municipality</b>	<b>Clothing Allowance</b>
West Deptford Township <sup>1</sup>	\$1,141.00
Clayton Boro <sup>2</sup>	\$950.00
Glassboro Boro <sup>3</sup>	\$930.00
Mantua PBA <sup>4</sup>	\$795.00
Delran PBA <sup>5</sup>	\$600.00
Pennsville PBA <sup>6</sup>	Folded into base salary
Monroe Township	\$0.00
<b>Franklin Township</b>	<b>\$0.00</b>
<i>Average<sup>7</sup></i>	<i>\$671.71</i>

1. For clothing and cleaning for detectives only.
2. Includes \$350 uniform reimbursement on a voucher system and \$600.00 for cleaning (\$50.00 per month) until the Borough obtains an approved vendor.
3. Includes \$750.00 for clothing and \$180.00 for shoes annually. In 2003, will be added to the base.
4. Includes \$675.00 for purchase of uniforms and \$120 for shoes for 2002. Detectives in 2002 received \$1,025 for clothing and uniforms.
5. This covers shoes and maintenance, with uniforms replaced by the Township. Detectives are provided an \$800.00 clothing allowance.
6. Pennsville's clothing allowance is part of the officer's base salary.
7. Includes all comparable jurisdictions, even those with no separate clothing allowance except Franklin Township. This Table is based upon Township's Exhibits 2 and 46 through 52.

**Table 36**  
**Detective Stipend**  
**Township's Comparable Jurisdictions**

<b>Municipality</b>	<b>Amount of Stipend</b>
Glassboro Boro	\$5,262.00
West Deptford Township	\$3,113.00
Monroe Township	\$2,033.35
Mantua Township	\$1,300 (\$500 stipend and \$800 clothing allowance)
Franklin Township <sup>1</sup>	\$900.00
Clayton Boro	\$0.00
Pennsville Township	\$0.00
Average <sup>2</sup>	\$1,903.05

1. In the form of a clothing allowance. Neither Clayton nor Pennsville offer any additional monies to detectives.
2. Average excludes Franklin Township, but includes all of the Township's comparable jurisdictions, including those not offering a detective stipend. This Table is based upon Township's Exhibits 2 and 46 through 52.

Given the minimal cost of this proposal and the evidentiary support for an increase in this payment, I award the PBA's proposal. The detective clothing allowance shall be increased by \$50 effective January 1, 2003, an additional \$50 effective January 1, 2004, an additional \$50 effective January 1, 2005 and an additional \$50 effective January 1, 2006 causing the allowance to be \$1,100 effective January 1, 2006.

## **OPT OUT INSURANCE**

During negotiations the Township and the PBA discussed the desirability of providing an "opt out" provision, whereby employees would receive a payment for foregoing medical insurance coverage. It is commonly understood and accepted that a "win-win" results from the employer not having to pay premiums for medical insurance for an employee who is not in need of coverage and who can elect to receive a payment in lieu of the employer's premium costs which are more costly than the opt-out payment.

The Township asserts that N.J.S.A. 40A:10-17-1 places the topic beyond the reach of collective negotiations, an assertion that the PBA does not contest. Notwithstanding this, the Township has voluntarily agreed to offer a program "under terms determined by the Township by ordinance." The PBA, while pointing out that "uniformity principles mitigate against continuing the Township's practice of affording this benefit to all other employees except members of this bargaining unit," accepts the commitment offered by the Township. The PBA refers to the Township's existing program providing opt-out payments to non-represented employees either as a flat dollar or percentage amount and the terms of the AFSCME agreement which states in pertinent part:

The Township agrees to allow employees to opt out of the health insurance plan in return for cash reimbursement of \$3,400.00. The cash reimbursement will be paid out in an end of calendar year payment. Employees who wish to take advantage of this must make the request in writing along with proof of other insurance.



Health insurance opt out payment will be issued in a check separate from the employee's normal payroll check in accordance with the employee's IRS Form W-4.

Given all of the above, I award the Township's offer set forth in point #4 of its last offer to provide an opt-out provision under terms determined by the Township based on the expectation that the dollar or percentage amount will be reasonably consistent with that provided to other Township employees. Implementation shall be within sixty (60) days of this award. The Township shall forward its proposed ordinance to the PBA prior to formal consideration of the ordinance.

#### **INCENTIVE PAY FOR COLLEGE DEGREES**

The Township has proposed two modifications to the existing article concerning incentive pay for college degrees and tuition reimbursement. The existing provision now provides:

##### **Article XVIII – Incentive Pay for College Degrees**

	<u>2000</u>	<u>2001</u>	<u>2002</u>
Associate Degree	\$420	\$430	\$450
Bachelor of Arts	\$670	\$680	\$700
Master's Degree	\$900	\$910	\$930

This incentive pay to be either/or, not both, depending on the degree obtained. Incentive pay to be paid at the first pay period in December upon proper presentation of duly authorized voucher.

The Township proposes the following modifications to Article XVIII:

Change title of this Article to "Incentive Pay for College Degree and Tuition Reimbursement."

Organize the existing language under a subheading "A. Incentive Pay for College Degree" and modify the existing incentive pay schedule as follows:

	<u>2003</u>	<u>2004</u>	<u>2005</u>
Associate Degree	\$450	\$475	\$500
Bachelor Degree	\$700	\$725	\$750
Masters Degree	\$930	\$975	\$1,000

**"B. Tuition Reimbursement.**

- (1.) An employee who is matriculated in a degree program in police science or criminal justice will be reimbursed for tuition costs for successfully completing credit college courses during employment with the Township up to a maximum of \$1,000 annually. The employee shall be reimbursed for tuition costs, up to a maximum of \$1,000 annually, according to the following requirements: 100% of tuition costs provided the employee receives a grade of "A;" 75% of tuition costs provided the employee receives a grade of "B;" 50% of tuition costs provided the employee receives a grade of "C;" and 0% of tuition costs for any grade below a "C." Where a college uses a numerical grading system in lieu of a letter grading system, the letter grades contained herein shall have the following numerical values: A=90 or above; B=80-89; and C=70- 79.
- (2.) Tuition will be reimbursed after the employee completes the course and submits a copy of the tuition invoice and grade report to the Chief of Police.
- (3.) The employee will responsible for all other educational costs including, but not limited to, registration fees, lab fees, and books or other course materials.

- (4.) All courses for which an employee will seek reimbursement from the Township must be approved in advance by the Chief of Police.
- (5.) An employee shall attend classes on the employee's non-duty time and shall not register for courses that conflict with the employee's regular tour of duty."

The PBA agrees that the interests and welfare of the public are served by encouraging the educational efforts and achievement of the police officers. It supports the Township's proposal except for voicing two "serious" objections. The first is that:

First, it proposes a graduated reimbursement rate, with the amount of tuition reimbursement based upon the grade. This approach is ill-suited to encourage officers to advance themselves educationally. Moreover, it is inconsistent with the educational incentives offered in many of comparable jurisdictions in Gloucester County which offer educational incentives: Clayton (P-III-78); Deptford (P-III-79); East Greenwich (P-III-85); Harrison Township (P-III-83); Logan Township (P-III-84); Mantua Township (P-IV-90); West Deptford Township (P-IV-91); and Woodbury City (P-IV-92), the vast majority of which provide reimbursement for a passing grade of "C" or above. Similarly, the comparable jurisdictions upon which the Township relies, which provide tuition reimbursement, including the Boro of Clayton (T-46); Mantua Township (T-48); and West Deptford Township (T-50), all provide tuition reimbursement based upon either a passing grade or a grade of "C" or above. When the jurisdictions which the Township identifies as comparables do not support its approach to tuition reimbursement, it is hard to justify the Township's request.

Second, there is little justification to limit the reimbursement only to officers who matriculated in a degree program in political science or criminal justice. Rather, officers should be reimbursed for any college course that is taken, regardless of whether it is in connection with obtaining a degree. That is the approach adopted by the Boro of Clayton (T-46) and Mantua (T-48), two of the very jurisdictions which Franklin Township considers comparable. It is an approach which promotes the Township's overriding interest of improving the educational skills and training its police. Subject to those two modifications, the Union supports the Township's tuition reimbursement program.

The improvements in this benefits are proposed by the Township but are unacceptable to the PBA due to its objections to two important elements in the Township's proposal. Given these objections I am not inclined to award the Township's proposal despite the improvements the Township proposes. In the absence of a PBA proposal, I conclude that the status quo on this benefit shall be maintained for the life of the Agreement. The Township and the PBA are encouraged to resolve their differences during negotiations for the next agreement.

#### **SICK LEAVE – ARTICLE XIV (BUY BACK)**

The PBA proposes to amend Article XIV to increase the amount of unused sick leave an employee may buy back at retirement. Currently, Article XIV allows for payment in full for up to 480 hours, or 60 days of unused sick leave. Article XIV now reads:

##### **Article XIV – Sick Leave**

##### **A. Service Credit for Sick Leave**

1. A sick leave bank shall be created consisting of twelve (12) leave days totaling ninety-six (96) hours per year for each calendar year of employment with the municipality, cumulative to not more than four hundred and eighty (480) hours which bank shall only be reduced by reason of Sick Leave, used during the employee's tenure with the municipality for absences as a result of non-work connected injury or illness.

2. Employees who accumulate sick days in excess of four hundred and eighty (480) hours may be paid for one half (1/2) of the days in excess of four hundred and eighty (480) hours, not to exceed forty-eight (48) hours in one year during the first pay period in December upon presentation of a duly executed voucher. The unpaid and unused sick days in excess of four hundred and eighty (480) hours may be carried by the employee for use in a catastrophic illness.

**B. Retirement**

2. Upon retirement, said employee shall be entitled to payment for up to four hundred and eighty (480) hours accrued sick time.

"Retirement shall be defined as the permanent leaving from the Township of Franklin Police Department following twenty-five (25) years of service in law enforcement with the final ten (10) years or more, being with the Township of Franklin Police Department."

The amendment the PBA proposes is to pay employees a percentage of unused sick days above and beyond the 480 hours or 60 days that can now be used as terminal leave benefit. The proposal is for 35% of the additional value beyond 60 days in 2003, 40% in 2004 and 45% in 2005. The PBA supports its proposal by comparing the amount of its program with other similar programs in the County. It concludes that the comparisons are unfavorable. The PBA further notes that the proposal would involve minimal cost because, due to existing seniority levels, it's proposal may not cost the Township anything until 2012. The Township opposes the PBA proposal because it is potentially costly, estimating that an employee could potentially receive payment of an additional 864 hours of unused sick leave upon retirement. Secondly, the Township asserts that the

PBA is distorting the purpose of sick leave by turning it into a retirement benefit while potentially harming the interests of those who might need to use accumulated time for catastrophic or extended illness as stated in Article XIV, Paragraph A, Section 2. The PBA acknowledges that the proposal, if awarded, would affect the existing catastrophic sick leave bank program which permits officers, in case of an extended period of illness or injury, to tap into a bank containing any hours banked in excess of 480 that can be used for its stated purpose until time of retirement after which the catastrophic sick leave bank is forfeited.

I do not award the PBA proposal. The existing program is expressed in terms of 480 hours translating into 60 days. As phrased, the dollar amount of the terminal leave benefit is not capped and the amount increases in value each time an adjustment is made to base pay. Further, each party recognizes that the proposal may affect the catastrophic sick leave bank. That affect has not been established and without additional evidence on how that relationship might be impacted, I am reluctant to disturb the existing benefit which will be enhanced by the percentage increases awarded to base pay. The issue and its implications should be discussed further by the parties during their next round of negotiations.

## **NEGOTIATIONS PROCEDURES**

The language proposed by the PBA would replace the current language in Section A which the PBA believes is confusing and ambiguous as currently drafted. That language reads as follows:

- A. The parties agree to enter into collective negotiations over a successor Agreement in accordance with the New Jersey Employer-Employee Relations Act in good faith effort to reach employment of Township employees in Article I. Such negotiations shall begin not later than September 15, of the calendar year in which the Agreement expires. Any agreement so negotiated shall apply to all employees included in Article I, to be reduced in writing, be signed by authorized representatives of the Township of Franklin and the members of PBA Local 122.

The PBA proposes the following:

The parties agree to enter into good faith contract negotiations over a successor collective bargaining agreement in accordance with the New Jersey Employer-Employee Relations Act. These negotiations shall begin no later than September 15 of the calendar year in which the Agreement expires. Any Agreement so negotiated shall apply to all employees included in Article, shall be reduced to writing, and shall be signed by the authorized representatives on behalf of the Township of Franklin and PBA Local 122.

The PBA's proposal more clearly expresses the intent of the present language. It represents a clarification of language. For these reasons, I award the proposal.

## **PAYMENT FOR COMPENSATORY TIME**

Article IX provides for a system interconnecting compensatory time and overtime. The Township proposes to modify this article by adding a new section, section 3, to paragraph D. The new section 3 would read as follows:

3. The Chief of Police may substitute cash, in whole or in part, for compensatory time in any workweek period. Additionally, the Chief of Police may require employees to use accumulated compensatory time and may accordingly schedule time off for employees in his sole discretion.

The new section 3 would be added to the existing provisions contained in Article IX which state:

### **Article IX – Overtime, Extra Duty and Court Time**

#### **D. Compensatory Time**

1. Officers who work overtime that has been approved in advance by the Chief of Police, or his/her designee, will, at the discretion of the Chief of Police receive pay or compensatory time off for such overtime work. Scheduling of compensatory time off is subject to approval by the Chief of Police.
2. Pursuant to Fair Labor Standards Act, compensatory time in lieu of overtime payment in case may be accrued up to four hundred eighty (480) hours. Employees who have accrued the maximum four hundred and eighty (480) hours of compensatory time must be paid cash wages at the overtime rate for all overtime hours worked in excess of the maximum for the work period set forth in this Article.



The Township submits extensive argument as to why its proposal should be granted. The Township relies principally upon language contained in the FLSA and/or its implementing regulations as interpreted by the United States Supreme Court [See Christensen v. Harris County, 529 U.S. 576, 120 S.Ct. 1655, 146 L. Ed. 2d 621 (2000)]. The Township reads the law as allowing it to compel the use of compensatory time as well as enabling it to require accumulated compensatory time to be cashed out. The Township contends that the interests and welfare of the public strongly support its proposal because of the cost saving implications involved in removing the PBA's alleged ability to bank compensatory time to the 480-hour limit imposed by the FLSA, then return to receiving overtime pay and to then save their compensatory time bank for cashing-out at then-current rates of pay upon their retirement or resignation.

The PBA urges denial of this proposal. It disagrees with the Township's asserted legal authority in support of its ability to have this proposal adopted. The PBA further contends that the Township has not sustained its burden of proof in support of its proposal because the Township "fails to offer any evidence that there have been problems in the way compensatory time has been handled, or that such a change is necessary to enhance the Department's operational efficiency or productivity. Its presentation omits any exhibits pertaining to this issue, the amount of compensatory time currently accrued by bargaining unit members, or the actual impact of this proposal." The PBA further points to

Section 1 of the existing article which already provides discretion to the Chief to substitute cash for any officer that works approved overtime.

I deny the Township's proposal to add section 3 to the existing provision. Paragraph D, Section 1 now provides existing contractual authority to the Township with respect to the relationship between compensatory time and paid overtime. Thus, the authority provided in the first sentence of the Township's proposal is a restatement of its existing authority to prevent the accumulation of compensatory time. The second sentence of the Township's proposal would grant substantial unilateral authority to the Chief to change the existing compensatory time banks after police officers have been allowed to bank such time in lieu of paid overtime. The proposal contains no guidelines or standards for how the proposed authority would be exercised. Further, there is insufficient record evidence reflecting how the Township has been negatively impacted by the language now in sections 1 and 2 of Paragraph D. For these reasons, the Township's proposal is denied.

### **LINE OF DUTY DEATH**

Article XXIV – Line of Duty Death currently states:

In the event of an officer's death while serving on duty for the Township of Franklin Police Department, or while in the performance of his/her duties as police officer, the Township of Franklin shall pay to the beneficiary designated by the employee his/her full salary for a period of six (6) months, and accrued

holiday, sick, vacation, compensatory time and earned incentives,  
not including catastrophic sick bank time. [underline added]

The Township proposes that the word "not" be deleted from the last line of the paragraph. The Union indicates that it supports the removal of the word "not" from the paragraph. Accordingly, this proposal is granted.

### **RETENTION OF BENEFITS**

The Township proposes to delete this provision in its entirety. Article XXI states the following:

#### **Article XXI – Retention of Benefits**

Except as otherwise provided herein, all privileges and benefits which the officers have hereto enjoyed, as of December 31, 1974 and are presently enjoying and shall be maintained and continued by the employer during the term of this Agreement at no less than the highest standards in effect. The provisions of all Township ordinances and regulations in effect at the signing of this Agreement, except as specifically modified herein, shall remain in force and effect during the term of this Agreement and shall be incorporated in this Agreement as if set herein in length.

The PBA urges denial of the Township's proposal contending that the language has existed for many years and that no evidence exists supporting its elimination.

The Township contends that this provision should be eliminated because of the confusion that may result from trying to administer a contract that might be "imbedded with unknown purported privileges and benefits." Further, the

Township submits that there is a potential in municipal government for a lack of continuity and stability due to turnover in elected officials, thus allowing for unwritten privileges and benefits to go unmonitored. The PBA, in response contends that the existing provision has not caused any disruption in contract administration, the grievance procedure or in negotiations.

In the absence of evidence that this provision has led to instability or fostered an inordinate number of grievances, I conclude that there is insufficient justification to eliminate this provision based upon the theory that the PBA may, at some future time, seek to enforce some unknown past practice that is not specifically included in the agreement. Accordingly, the proposal is denied.

### **RETIREE HEALTH INSURANCE**

The PBA proposes to add a new provision to the Agreement concerning retiree health insurance. The PBA proposes:

The Township will provide a retired officer who has a minimum of twenty-five (25) years of credited service with the Police and Fire Retirement System (PFRS) with continued health insurance at the Township's expense, unless that officer obtains comparable coverage from a subsequent employer. This provision will cover the employee only at the single person rate. However, the employee may upgrade the health benefit insurance to a family plan and the cost difference between a single person rate and family plan shall be paid by the retired employee at the group rate. When that officer reaches age 65, Medicare shall become primary and the Township's coverage secondary. The Township will provide an officer who retires as a result of an in the-line-of-duty injury, with continued health benefits for the officer and his or her family, at the

Township's expense, as received while the officer was employed with the Township.

The PBA contends that virtually every jurisdiction in the County offers paid retiree medical benefits for the police officer and his or her family. The PBA refers to the absence of this benefit as "an aberration from the surrounding communities." The PBA points out that its proposal will have no cost impact in the near future because of the low seniority of the current staff. The PBA rejects the Township's argument that the State of New Jersey offers retiree medical benefit coverage because the State plan limits reimbursement to 80% of the cost of the least expensive plan offered by the State Health Benefits Program. The PBA also points out that its proposal is restricted to the retiring police officer and does not extend to dependents or family.

The Township urges rejection of this proposal claiming that it is costly and unreasonable. The Township contends that police officers are already eligible for health benefits upon retirement through the State Health Benefits Program. The Township cites Chapter 330, P.L. 1997 which provides that the State bear 80% of the cost for enrollment while prohibiting the Township from reimbursing the retiree for any of the retiree's Chapter 330 costs, that is, the employee's 20% share. In the Township's view, the PBA's proposal shifts the costs now borne by the State to the Township.

I do not award the PBA's proposal. The record does not sufficiently reflect the economic costs associated with granting retiree medical benefits. Thus, I am unable to determine the reasonableness of the proposal or how it might impact on the total net annual economic cost of the award.

### **SAVINGS CLAUSE**

The Township proposes to delete Paragraph B from Article XXVII. Article XXVII now reads:

#### **Article XXVII – Savings Clause**

- A. If any provision of this Agreement or any application of this Agreement to any employee or group of employees is held invalid by operation of law or by a Court or other tribunal of competent jurisdiction, such provision shall be inoperative but all other provisions shall not be affected thereby and shall continue in full force and effect.
- B. If any such provision is declared invalid by operation of law, parties to this Agreement will entertain renegotiations on the invalid provisions.

The PBA urges denial of this proposal.

The Township's main claim in support of this proposal is that it conflicts with Article XXVIII, the Full Bargained Provision. That provision states:

This agreement represents and incorporates the complete and final understanding by the parties that all bargainable issues which were or could have been the subject of negotiations.

I am unable to discern a conflict between these provisions which would warrant the deletion of Paragraph B in Article XXVII. The protections provided to the Township in the fully bargained provisions are not undermined by Paragraph B. Any potential for renegotiation under Paragraph B is narrowly confined to a provision that was bargained but later found to be invalid. Paragraph B is a neutral provision because it is not written to promote the interests of the Township nor the PBA inasmuch as any provision which may later found to be invalid cannot be foreseen or contemplated by either party. Accordingly, this proposal is denied.

### **SALARY**

The Township and the PBA disagree on the salary adjustments to be made during the term of the Agreement. Their respective proposals are reflected in this chart:

	<u><b>PBA</b></u>	<u><b>Township</b></u>
1/1/2003	4.25%	0.0%
7/1/2003	—	4.0%
1/1/2004	4.25%	4.0%
1/1/2005	4.25%	3.75%
1/1/2006	4.25%	—

During the common years 2003, 2004 and 2005, the PBA's total percentage increase is 12.75% compared with the Township's 11.75%. The

Township's proposal also yields a lower payout due to the six month delay in the implementation of its first year proposal for a 4.0% increase.

Two factors influence the framework for consideration of the salary issue. The first is the duration of the Agreement. The second is the Township's position that it will provide an additional 1.5% increase to base salary in the event that its total proposal is adopted requiring police officers to pay 10% of the monthly health insurance premiums that are charged to the Township. The specifics of the Township's proposal on health insurance are laid out in its final offer.

I have already determined that the record supports an Agreement of four years duration with an expiration date of December 31, 2006. Putting aside the lack of agreement on the terms of a fourth year, the parties' positions with respect to salary do not differ substantially. As a frame of reference, I set forth the existing salary schedule:

	1/1/02
Starting Salary	\$33,072.97
Graduated Academy or 6 months (whichever is later	\$36,645.41
5 <sup>th</sup> Class 2 <sup>nd</sup> Year Salary	\$40,217.85
4 <sup>th</sup> Class 3 <sup>rd</sup> Year Salary	\$43,790.29
3 <sup>rd</sup> Class 4 <sup>th</sup> Year Salary	\$47,362.24
2 <sup>nd</sup> Class 5 <sup>th</sup> Year Salary	\$50,935.18
1 <sup>st</sup> Class 6 <sup>th</sup> Year Salary	\$54,507.61
Detective	\$54,507.61



The majority of police officers are at the First Class Step of \$54,507.61. Using this salary for the purpose of calculation, the difference in the parties' positions on salary rates is \$136 in 2003, \$284 in 2004 and \$591 in 2005. Utilizing a roster of 15 police officers as existed at time of hearing, the net annual difference between these positions calculates to \$2,040 in 2003, \$4,260 in 2004, and \$8,865 in 2005. In support of their respective positions, the Township and the PBA emphasize comparability and financial impact and, to a lesser degree, the cost of living and continuity and stability of employment.

The Township and the PBA have each offered a set of law enforcement comparables. The PBA's set of proposed comparables numbers sixteen and reflects an average maximum base salary in 2002 of \$56,484 compared to a maximum base salary of \$54,507 in Franklin Township. The Township's set of proposed comparables numbers seven and reflects an average maximum base salary in 2002 of \$58,205 compared to a maximum base salary of \$54,507 in Franklin Township<sup>1</sup>. The percentage increases in police officer salaries in the PBA set of comparables reflects 4.088% in 2003, 4.23% in 2004 and 4.31% in 2005. The percentage increases in police officer salaries in the Township's set of comparables yields similar results. The PBA's proposal is above its comparables and the Township's is lower.

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<sup>1</sup> The full charts with respect to comparability have been already laid out in the "Positions of the Parties" section of this decision commencing on page 12.

Given the comparability data submitted by both parties, and the relative closeness of their positions, there is nothing in the record which would suggest or dictate a salary award which deviates substantially from the averages that exist within Gloucester County. I reach this conclusion after considering other relevant criteria, including financial impact on the governing body, residents and taxpayers, statutory spending limitations and continuity and stability of employment. These factors are all related to the interests and welfare of the public who ultimately bear the responsibility of funding a productive and efficient police department at an affordable cost. I award salary increases somewhat above those proposed by the Township and somewhat below that proposed by the PBA. The salary increases shall be 4.0% in 2003, 4.0% in 2004, 4.25% in 2005 and 4.25% in 2006. These increases average 4.125% over the life of the Agreement and fit squarely within the range of the comparables. The increases are also compatible with increases provided in the Township's non-law enforcement unit.

The terms of the Award will not compel the Township to exceed its lawful authority with respect to expenditures. The Township does reference the Cap law in its presentation as a factor which must be considered, but the Township does not contend that an award as proposed in the PBA's final offer would compel the Township to exceed its statutory spending limitations. Although the Township has objected to the many economic proposals made by the PBA, it does not contend that it has the inability to fund the proposals, but rather objects

to the PBA's demands on many other grounds. The record reflects that the Township had \$56,875 in Cap banking available from the 2001 budget and \$158,850 available from the 2002 budget. The ability of the Township to regenerate surplus while deciding not to utilize all of its available Cap is further evidence that the terms of the award will not force the Township to exceed its statutory spending limitations.

An additional factor is the continuity and stability of employment of the Township's police officers. The record reflects that seven officers have left the Township over the last six years and were hired by other jurisdictions. As of time of hearing, approximately 50% of the bargaining unit had less than 5 years experience. The overall terms of the award will help further the continuity and stability of employment of the Township's police officers.

The terms of the award will not have adverse financial impact on the governing body, its taxpayers and residents. All of the record evidence with respect to the Township's finances reflects that the Township is in sound financial health. The Township, at 3.143, has the sixth lowest property tax rate among all of the municipalities in Gloucester County where the average tax rate is 3.499. The Township has pointed out that its residential taxpayers have a tax base of 80.1% of assessed value and thus bear the bulk of taxation. However, the residential tax bill in Franklin averages \$3,375, a figure well below the County average tax bill of \$3,983. The municipal tax rate has been stable over the last

several years. The Township's total assessed valuation has risen substantially and in 2003 was over \$16 million more than in 2000. The record also reflects that non-residential development has expanded over the last several years. Other factors which reflect the Township's ability to fund the terms of the award without adverse financial impact is its tax collection rate which has averaged 98% during the last seven years and healthy fund balances which enable the Township to utilize at least 50% of that sum in each succeeding budget year.

I have considered the evidence submitted with respect to the cost of living. This factor is not compelling in this case given the fact that the parties' positions are above the CPI as well as are the average increases in Gloucester County. The cost of living is a consideration which weighs against awarding the totality of the PBA's economic proposals but is not a factor which compels an award less than the salary increases that have been awarded.

The interests and welfare of the public is a criterion entitled to substantial weight. It is also implicit in all of the statutory criteria. As I have found, the terms of the award can be funded without adverse financial impact and without compelling the Township to exceed its statutory spending limitations. The public is receiving excellent service from its police department. The department is active and evidence of its law enforcement abilities is the increased revenues received in municipal court. The economic terms of the Award reflect consideration of the Township's financial obligations by providing cost sharing in

health insurance premiums accompanied by new and modified terms that will improve the overall terms and conditions of employment of the Township's police officers. These overall improvements will reward the productivity and efficiency of the police officers as they protect the public's health, safety and welfare and will promote their desire to remain employees of the Township. All of these considerations further the interests and welfare of the public.

### **HEALTH AND MEDICAL BENEFITS**

The Township has proposed to have its police officer's participate in premium cost sharing provisions for medical insurance coverage. This proposal is outlined in the Township's final offer at page 5. The proposal emphasizes a ten (10%) percent payment of monthly premiums charged to the Township for family, husband/wife, parent/child and single coverage. The Township also proposes a prescription co-pay at \$10 for generic, \$16 for name brand and \$28 for non-formulary prescriptions as well as a \$10 co-payment for each office visit. The PBA urges denial of the premium cost sharing provision. The PBA counters the Township's office visit proposal by proposing an increase in the office visit from \$5 to the \$10 the Township now proposes. The PBA also counters the Township's prescription proposals by proposing to increase the existing \$5 co-payments for generic and name brand drugs to \$7.50 for generic and \$10.00 for name brand drugs. Neither party seeks a change in the dental or optical provisions.

The parties' positions on these issues have already been set forth and need not be fully restated here. The Township emphasizes the increases in its costs and the projected increases in those costs. On this point, the Township submits a chart detailing its recent history of premium increases:

#### **Health Insurance Monthly Premium History**

Type	AmeriHealth 2000	AmeriHealth 2001	AmeriHealth 2002	Aetna 2003	Aetna 2004	4 Yr Change
Single	212.85	246.40	296.15	302.50	309.30	45%
Parent/Child	376.82	436.12	524.17	538.30	547.10	45%
Husband/Wife	447.08	517.43	621.91	635.40	649.40	45%
Family	628.90	728.10	875.11	849.00	913.80	45%

The Township also emphasizes the existence of premium cost sharing for all of its employees, both represented (the AFSCME unit) and unrepresented (municipal and administrators). Employees in the AFSCME unit have had a co-payment before organizing in 1992 and thereafter, and have recently agreed to an expanded co-payment in its last agreement with the Township. The PBA emphasizes the absence of any co-pay of premium provision in any Gloucester County law enforcement agreement.

The Township contends that there is no reasonable basis to exclude police officers from participation in health insurance premiums. It points to a recent agreement with AFSCME containing the following provision:

## Article XXIV – Health and Medical Benefits

- A. 1. The Township will provide medical insurance coverage, including pharmaceutical coverage, basic dental coverage and a vision rider, to full-time employees and eligible dependents in accordance with the following premium cost sharing provisions:
- a. Family coverage<sup>2</sup>: Employees shall pay \$2,596.80 per year to the cost of the premiums charged to the Township;
  - b. Husband/Wife: Employees shall pay \$700 per year to the cost of the premiums charged to the Township;
  - c. Parent/Child: Employees shall pay \$600 per year to the cost of the premiums charged to the Township; and
  - d. Single: Employees shall pay \$350 per year to the cost of the premiums charged to the Township.

### B. Employee Co-Payments

- 1. Commencing on or after September 27, 2003, the prescription drug co-payment shall be: \$10 for generic prescriptions; \$16 for formulary name brand prescriptions; and \$28 for non-formulary prescriptions.
- 2. Commencing on or after September 27, 2003, the medical insurance co-payment schedule shall be: \$10 for each office visit. Other co-payments shall be as provided for in the plan document.

With respect to employee costs, the 2004 health insurance premiums approximate \$10,700 for family coverage, \$7,500 for husband/wife, \$6,500 for parent/child and \$3,500 for single coverage. The proposed annual 10% co-payment for police officers would thus be \$1,070, \$750, \$650 and \$350, and

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<sup>2</sup> The Township has represented that it and AFSCME agreed to a new contract that included adoption of a Fact-Finder's recommendation on the health and medical benefits issues. That being the case, the figure in Article XXIV, Paragraph A, Section 1 should be \$1,000 as recommended by the Fact-Finder rather than \$2,596.80.

monthly co-payments 1/12<sup>th</sup> of the annual cost. The PBA emphasizes that the proposed costs are substantial and, for a police officer at top step with family coverage, the cost equates to approximately 1.75% of base pay and approximately 2.7% of base pay for an officer on starting salary. The PBA points out that these costs are exacerbated by increases in prescription co-pays and doctor visits. The PBA cites the absence of any similar provision in Gloucester County.

The arbitrator recognizes that this issue is controversial. As health insurance costs are rising, public employers are seeking some participation in premium sharing. The record reflects, and it is commonly acknowledged, that family coverage typically costs the employer more than \$10,000 per year. The controversy as to premium sharing is frequently viewed in philosophical or ideological terms. Health insurance is a costly fringe benefit. Its costs are not within the control of the employer or the union. It is part of the overall cost of employment and part of the overall wage and benefit package to an employee. The question as to whether there should be participation cannot be viewed in the abstract with a yes or a no answer. Rather, the totality of circumstances must be considered. The Township points to settlements and awards that have included employee participation while the Union points to their numbers as being few and not controlling since none are in this County.

In this particular case, one consideration is that all of the Township's employees share in premium cost except for the police officers. The AFSCME



agreement, as set forth above, contains terms which reflect that employees, with family coverage, pay between 3% and 4% of their annual salaries toward co-payments as reflected in the dollars paid in relation to salaries. The Township's proposal to the PBA, at 10% of premium cost, would approximate the AFSCME agreement in dollars per month to be paid for coverages offered, but is comparatively less costly for police officers due to salaries that double those in the AFSCME unit. The fact that premium sharing is Township-wide strongly suggests that cost sharing be extended to the Township's police officers as well but the resolution of that issue is not confined to that consideration standing alone.

In this instance, another consideration is that all employees would participate rather than only a portion of unit employees as would be compelled under the limitations of the NJSHBP. A unit-wide result is more equitable than having the cost sharing burden split between those who must contribute and those who cannot contribute.

An additional consideration is that health insurance is an economic item along with issues such as salary, longevity and vacation. As stated before, the merits of any individual issue must not only be considered independently, but also in the context of the overall or total modifications that are made to an existing agreement. In other words, any decision as to the reasonableness of the Township's proposal must also include consideration as to its relationship to the

totality of the terms of the Award and the reasonableness of all of its terms. Indeed, total net annual economic change is a required calculation.

When viewed in an economic context, the terms of this Award do not become unreasonable merely because of the inclusion of a proposal that places police officers in a plan that involves all of the Township's employees. All of the economic terms of this Award enhance the total wage and benefit package of the Township's police officers even when a reasonable co-payment is included. Salaries will increase by 4.0%, 4.0%, 4.25% and 4.25%. Longevity, formerly paid in lump sum, will now be part of base pay for all calculation purposes, thereby increasing pensionable income as well as roll up income. While this will not be a significant cost to the Township it is a significant new benefit to a police officer whose base pay will increase by \$2,905 above and beyond the across-the-board increases by 2006. The vacation schedule has been extended to offer improved benefits at the 15 and 20 years level to match the schedule of the police officers thereby providing an additional week of paid vacation. The Detective stipend has been increased in each year of the four year agreement. N.J.S.A. 34:13A-16g(8) allows for the consideration of factors ordinarily or traditionally considered in the determination of wages and benefits and one such factor is the totality of the changes to be made to an existing agreement. In this instance, based upon the foregoing considerations, one such change to be included is participation in premium cost sharing coupled by an additional increase of 0.75% in base pay prior to its implementation.

I next turn to the specifics of the issue. The PBA has argued that this issue is not found in any of the law enforcement agreements in the County. Given the facts unique to the Township, I do not find this argument controlling. However, the PBA's argument persuades me that the Township's proposal is overreaching in terms of the amount of co-payment sought. The fact is that this is a first time inclusion of this issue as distinct to being a longstanding existing term. This compels a conclusion that the premium sharing be set at 5% of premiums rather than 10%. At this level, in relation to base salary, the employee cost will be approximately 0.5% of salary for top step police officers for full family coverage and less than 0.5% of salary for a starting salary police officer for single coverage. As consideration for the inclusion of this issue, I award an additional salary adjustment of 0.75% effective January 1, 2005 as it is anticipated that this plan will be implemented on or after January 1, 2005 consistent with the first pay period after implementation of the award. This shall be placed into base prior to calculating the across-the-board increase. This sum is proportional to the incentive proposed by the Township in its final offer. The cost to the employee shall be eased by the Township's adoption of a Section 125 Plan to allow employee contributions to be on a pre-tax basis.

The remaining issues concern the cost of doctor visits and prescription co-pays. The PBA and the Township have agreed to set the doctor visit amount at \$10, an increase of \$5. This shall be effective on or after January 1, 2005 consistent with the first pay period after implementation of the award. With

respect to prescription co-pay, I find the PBA's proposal to increase generic from \$5.00 to \$7.50 and name brand from \$5.00 to \$10.00 to be reasonable increases in participation and I award these amounts effective January 1, 2005.

I am required by statute to calculate total net economic change. The net annual economic change caused by the Award is 4.0% in 2003, 4.0% in 2004. The change in 2005 is difficult to pinpoint due to the 4.25% increase, the 0.75% adjustment due to health insurance co-pays and the deduction for cost savings to the Township as a result. It appears that the adjustment to base pay will roughly equate to the cost savings that will accrue to the Township and the income offset to the employee. The increased cost of the longevity inclusion is 0.02%, although the benefit to the police officer far exceeds the cost to the Township. The cost of the detective stipend and vacation modification is minimal and not subject to meaningful calculation. The 4.25% increase in 2006 is without any additional modifications to the agreement.

Based upon all of the above, I respectfully issue the terms of this Award.

#### **AWARD**

1. All proposals by the Township 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 voluntarily agreed to and/or modified by the terms of this Award.

## 2. Stipulations

### Preamble

(Amend the date as appropriate)

### Article III - Law Enforcement Officers Rights

6. (In the first sentence amend "he" to be "he/she".)

### Article V - Grievance Procedure

E. (In the second line amend "himself" to be "himself or herself".)

### Article IX - Overtime, Extra Duty and Court Time

A.3. (Amend the last sentence as follows:)

"Up to a maximum of eleven (11) such hours during a twenty eight (28) day work cycle may be utilized for training purposes at the regular straight time rate of pay."

### Article X – Holidays and Personal Days

B. (Delete the present language and replace with the following:)

"1. Police Officers covered under this Agreement will be eligible for personal days during their first calendar year of employment as follows:

After three (3) months of active employment – 1 personal day.

After six (6) months of active employment – 2 personal days.

After nine (9) months of active employment – 3 personal days.

Thereafter, Police Officers covered under this Agreement will be eligible for four (4) personal days annually as of January 1 following the calendar year in which they were hired.

2. Personal days to be granted upon notification of one (1) hour in advance of shift if request is for a proven emergency.

3. In all other circumstances application to be made five (5) days in advance. Granting request to be at the discretion of the Chief of Police or his/her designee."

### Article XIII – Medical Benefits

B. (Amend the last sentence as follows:)

"The Delta Dental Plan may be utilized by employees who are presently covered by such plan."

## **Article XVI – PBA Management Committee**

(Delete)

## **Article XVIII – Vacations**

B. and C.

(Remove the last sentence of Section B and include this as the new last sentence of Section C.)

## **Article XX – Manual Skill Incentive**

(Amend the first sentence as follows:)

"The Township will pay the above incentives per qualification providing (with the exception of Firearms Expert and Driving/Vehicle Care) they are earned on officer's off duty time. the Firearms Expert and Driving/Vehicle Care incentive may be earned during the officer's duty time."

## **Article XXII – Discrimination or Coercion**

(Amend the last sentence as follows:)

"Neither the employer nor the PBA shall discriminate against any employee because of race, creed, color, age, sex, national origin, sexual orientation or physical challenge."

## **Article VIII – Stand-By Time**

C. The Township shall provide a \$260 annual stipend to members assigned to pager/cell phone duty by the Chief of Police. The \$260 stipend shall be paid at the end of the year with Holiday Pay upon a duly executed voucher signed by the Chief of Police. If an officer is assigned or relieved of pager/cell phone duty mid year then the amount will be prorated at \$22 per month.

## **Article IX – Overtime, Extra Duty and Court Time**

E. If any employee is called in on a day off or regular time off, he/she shall receive three (3) hours of pay at the overtime rate of pay, provided such work is not contiguous with the employee's work day.

### **3. Duration**

There shall be a four-year agreement effective January 1, 2003 through December 31, 2006.

**4. Vacation**

Amend Article XVIII to add two steps to annual vacation leave, providing as follows: After 15 years of service, employees are entitled to 200 hours of annual vacation leave and after 20 years of service, employees are entitled to 224 hours of annual vacation leave. This shall be effective January 1, 2005.

**5. Longevity**

Amend Article XV to add longevity payments into the base salary for all calculation purposes for all officers and to be paid in accordance with the Township's regular payroll practices, effective January 1, 2005.

**6. Detective Clothing Allowance**

The detective clothing allowance shall be increased by \$50 effective January 1, 2003, an additional \$50 effective January 1, 2004, an additional \$50 effective January 1, 2005 and an additional \$50 effective January 1, 2006 causing the allowance to be \$1,100 effective January 1, 2006.

**7. Opt-Out Insurance**

I award the Township's offer set forth in point #4 of its last offer to provide an opt-out provision under terms determined by the Township based on the expectation that the dollar or percentage amount will be reasonably consistent with that provided to other Township employees. Implementation shall be within sixty (60) days of this award. The Township shall forward its proposed ordinance to the PBA prior to formal consideration of the ordinance.

**8. Negotiations Procedures**

Article XXIII, Section A shall be modified to read as follows:

The parties agree to enter into good faith contract negotiations over a successor collective bargaining agreement in accordance with the New Jersey Employer-Employee Relations Act. These negotiations shall begin no later than September 15 of the calendar year in which the Agreement expires. Any Agreement so negotiated shall

apply to all employees included in Article, shall be reduced to writing, and shall be signed by the authorized representatives on behalf of the Township of Franklin and PBA Local 122.

**9. Line of Duty Death**

The word "not" shall be deleted from the last line of Article XXIV.

**10. Salary**

Each step of the salary schedule shall be increased by 4.0% effective and retroactive to January 1, 2003, 4.0% effective and retroactive to January 1, 2004, 4.25% effective January 1, 2005, and 4.25% effective January 1, 2006. A 0.75% adjustment to base pay shall be made in consideration for premium cost sharing prior to calculating the January 1, 2005 across-the-board increase. The salary schedule shall read:

	1/1/03 4.0%	1/1/04 4.0%	1/1/05* 4.25%	1/1/06 4.25%
Starting Salary	\$34,395.89	\$35,771.72	\$37,571.71	\$39,168.51
Graduated Academy or 6 months (whichever is later)	\$38,111.23	\$39,635.68	\$41,630.09	\$43,399.37
5 <sup>th</sup> Class 2 <sup>nd</sup> Year Salary	\$41,826.56	\$43,499.63	\$45,688.47	\$47,630.23
4 <sup>th</sup> Class 3 <sup>rd</sup> Year Salary	\$45,541.90	\$47,363.58	\$49,746.85	\$51,861.09
3 <sup>rd</sup> Class 4 <sup>th</sup> Year Salary	\$49,256.73	\$51,227.00	\$53,804.68	\$56,091.38
2 <sup>nd</sup> Class 5 <sup>th</sup> Year Salary	\$52,972.59	\$55,091.49	\$57,863.63	\$60,322.83
1 <sup>st</sup> Class 6 <sup>th</sup> Year Salary	\$56,687.91	\$58,955.43	\$61,921.99	\$64,553.68
Detective	\$56,687.91	\$58,955.43	\$61,921.99	\$64,553.68

\*Salaries calculated based upon adding 0.75% prior to the calculation of the 4.25%.

**11. Health Insurance**

- A. 1. The Township will provide medical insurance coverage, including pharmaceutical coverage, to full-time employees and eligible dependents in accordance with the following premium cost sharing provisions:



- a. Family coverage: Each employee shall pay five (5%) percent of the monthly premium charged to the Township;
  - b. Husband/Wife: Each employee shall pay five (5%) percent of the monthly premium charged to the Township;
  - c. Parent/Child: Each employee shall pay five (5%) percent of the monthly premium charged to the Township; and
  - d. Single: Each employee shall pay five (5%) percent of the monthly premium charged to the Township.
  - e. The same percentage of premium cost sharing shall be due from employees in the event the Township self-insures. In such event, the Township will calculate a premium equivalent for each of the coverage categories (family, husband/wife, parent/child, and single).
2. The employee share of premiums, set forth above in Section A(1) of this Article, shall be reimbursed to the Township by way of payroll deduction. Said payroll deductions shall commence in the first pay period in the month after the month in which the Agreement is ratified by both parties. Union hereby releases employer from any and all claims, concerning payroll deductions made prior to that date under previous premium contribution schedule(s).

**B. Employee Co-Payments**

1. Commencing on the first day of the month after the month in which the Agreement is ratified by both parties, the prescription drug co-payment schedule shall be: \$7.50 for generic prescriptions and \$10.00 for formulary name brand prescriptions. Union hereby releases employer from any and all claims concerning prescription drug co-payments made prior to that date under previous prescription drug co-payment schedule(s).
2. Commencing on the first day of the month after the month in which the Agreement is ratified by both

parties, the medical insurance co-payment schedule shall be: \$10 for each office visit. Other co-payments shall be as provided for in the plan document. Union hereby releases employer from any and all claims concerning medical/hospitalization co-payments made prior to that date under previous medical/hospitalization co-payment schedule(s).


3. The Township shall adopt a Section 125 Plan to allow employee contributions to be on a pre-tax basis.

Dated: December 20, 2004  
Sea Girt, New Jersey

  
James W. Mastriani

State of New Jersey     }  
County of Monmouth    }ss:

On this 20<sup>th</sup> day of December, 2004, before me personally came and appeared James W. Mastriani to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed same.

  
GRETCHEN L. BOONE  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires 8/13/2008