

STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION
495 WEST STATE STREET
TRENTON, NEW JERSEY 08625

Docket No. IA-94-068

In the Matter of the Interest Arbitration Between :
: CITY OF PERTH AMBOY : COMPULSORY
: - EMPLOYER - : INTEREST
: and : ARBITRATION
: PBA, LOCAL 13 : AWARD
: - UNION - :

INTEREST ARBITRATOR: William J. DiCindio, designated as
neutral Arbitrator by the Parties
pursuant to the Rules and Regulations of
the State of New Jersey Public
Employment Relations Commission

HEARING DATES: June 1, 1994; September 21, 1994;
December 9, 1994; and March 28, 1995

EXECUTIVE SESSION: April 25, 1996

APPEARANCES: For the Employer
Rodney T. Hara, Esquire

For the Union
Marc Abramson, Esquire

BACKGROUND

The City of Perth Amboy (hereinafter called the City) and
the Union, PBA, Local 13 (hereinafter called the PBA) are
signatories to an Agreement which expired on December 31, 1993.^{1/}
The Parties entered negotiations prior to said expiration date,

^{1/} Joint Exhibit No. 1

but were unsuccessful in negotiating a settlement. Subsequent thereto, the PBA made its demand for interest arbitration. Pursuant to the rules of the State of New Jersey Public Employment Relations Commission, the undersigned was designated to hear and adjudicate this dispute. This is a final offer proceeding under NJSA 34:13A-16d, in which the Arbitrator is required to select the final offer of one (1) party or the other, on all disputed economic issues.

Hearings were held on June 1, 1994; September 21, 1994; December 9, 1994; and March 28, 1995; at the Municipal Building, located in Perth Amboy, New Jersey. At such hearings, the Parties were represented as shown by the above appearances and were afforded full opportunity to present evidence, both oral and written, examine and cross-examine witnesses under oath, and otherwise to present, in full, their respective arguments and proofs. Each side produced extensive evidence relevant to the statutory criteria, and subsequent thereto, post-hearing briefs, including reply briefs, were filed by the Parties.

This Opinion and its accompanying Award are based on the record thus constituted.

FINAL OFFERS - PBA:

Economic Proposals:

1. The PBA proposes a successor agreement which will cover the period of January 1, 1994 through December 31, 1996.

2. The PBA proposes the following wage increases under Article VIII of the Agreement:

- A. January 1, 1994 through June 30, 1994 - 2%
- B. July 1, 1994 through December 31, 1994 - 2%
- C. January 1, 1995 through December 31, 1995 - 4%
- D. January 1, 1996 through December 31, 1996 - 4%

Non-Economic Proposals:

1. The PBA proposals in this area read as follows:

ARTICLE IV PERSONNEL FILE

Section A, Delete:

"departmental disciplinary charges"

Section B, Delete:

"charges leading to conviction or discipline or"

ARTICLE VI MUTUAL AID

Section A, Delete:

"at the direction of the superior officer."

ARTICLE XVIII EMPLOYER'S RIGHTS

Section A, Add:

The City further recognizes that it does not have the right to unilaterally establish or modify terms and conditions of employment.

ARTICLE XXIX MAINTENANCE OF STANDARDS

Add:

Further, the Employer recognizes and agrees that employee's terms and conditions of employment

will be maintained at the same standards existing during the previous contract.

FINAL OFFERS - THE CITY:

Economic Proposals:

1. The City proposes a successor agreement which will cover the period of January 1, 1994 through December 31, 1996.

2. The City proposes the following on economics:

ARTICLE VIII WAGES, SECTION A

Effective 1/1/94 - zero (0%) percent increase

Effective 1/1/95 - four (4%) percent increase

The increase for the period beginning 1/1/95 and ending 6/30/95 shall be paid during the first pay period in July 1995.

Effective 1/1/96 - four (4%) percent increase

ARTICLE VIII WAGES, SECTION C

Effective January 1, 1995 (Payable first pay period in July 1995):

Longevity Schedule:

After five years	2.00%
After ten years	3.75%
After fifteen years	5.50%
After twenty years	7.50%
After twenty-four years	9.25%
After twenty-nine years	14.25%

ARTICLE VIII WAGES, SECTION D

Effective July 1, 1995:

Delete references to degree in police science or criminal justice.

Increase amount for associate's degree to \$350.00.

Increase amount for bachelor's degree to \$700.00.

Same language for master's degree with amount of \$1,000.00.

Non-Economic Proposals of the City:

ARTICLE VIII HOURS OF WORK AND WORK SCHEDULE

Section D

Insert the following after the word, "chief," in the second sentence of the first paragraph:

or the police director if a chief
is not employed by the City

Section E

Insert the following after the first sentence:

The City reserves the right to schedule
the lunch and break periods, provided that
the employee is not required to take the
lunch and break periods at the beginning
or end of the shift.

ARTICLE IX OVERTIME

Section C

Insert the following after the phrase, "chief of police" on the eighth and ninth lines:

or the police director if a chief is not
employed by the City

ARTICLE X VACATION TIME, FLOATING DAY AND
PERSONAL DAY

Section B

Delete the comma after the phrase, "chief of police," on the fourth line and insert the following:

or the police director if a chief is
not employed by the City,

Insert the following after the word, "chief," on the eighth line:

, the police director if a chief is not
employed by the City

Section H

Insert the following after the phrase, "chief of police," on the second line:

or the police director if a chief is not
appointed by the City

ARTICLE XVI DEATH IN FAMILY

Section D

Delete the period at the end of the second sentence and insert the following:

or the police director if a chief is not
appointed by the City.

ARTICLE XXI GRIEVANCE PROCEDURES AND
ARBITRATION

Insert the following after the phrase, "chief of police," whenever it appears in this Article:

or the police director if a chief is not
appointed by the City

STATUTORY CRITERIA

Under the statute an arbitrator is required
to:

...decide the dispute based on a
reasonable determination of the issues,
giving due weight to those factors listed
below that are judged relevant for the
resolution of the specific dispute:

- (1) The interests and welfare of the public.
- (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 public employment in the same or
similar comparable jurisdictions.
 - (b) In comparable private employment.
 - (c) In public and private employment in
general.
- (3) The overall compensation presently
received by the employees, inclusive of
direct wages, salary, vacations,
holidays, excused leaves, insurance and
pensions, medical and hospitalization
benefits, and all other benefits
received.
- (4) Stipulations of the parties.
- (5) The lawful authority of the employer.
- (6) The financial impact on the governing
unit, its residents and taxpayers.
- (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. (NJSA 34:13A-16g)

The Parties have submitted voluminous evidence, including charts, diagrams, exhibits, and statistical data, which relate to the above-quoted statutory criteria.

POSITIONS OF THE PARTIES

Union's Final Offer

1. DURATION

It is noted that both Parties have proposed the same term of the Agreement, which is January 1, 1994 through December 31, 1996.

2. SALARIES

The PBA claims that its salary proposal of 2% on January 1, 1994 and 2% on July 1, 1994, including 4% on January 1, 1995 and 4% on January 1, 1996, is the most reasonable. In this connection, the record shows there is no dispute regarding the 1995 and 1996 percentage increases (4%-1995 and 4%-1996) as submitted by the Parties (supra). The PBA further argues that its 1994 proposal (2%-January and 2%-July) is a split guide, and in reality would only cost the City approximately 3%.

It also alleges that since the City initially proposed a 2% increment in 1994, the PBA's final proposal is only 1% over said proposal.

The PBA first submitted a description of the City's demographics in relation to the other communities within Middlesex County. It shows that Perth Amboy, which is classified as an urban center, has the sixth largest population in the County with the highest density of resident population. The PBA points out that New Brunswick's demographics almost mirror those of Perth Amboy, and when considering its size, crime, and financial statistics, it could well be a sister city, except for the salaries of its police officers.

1990 DEMOGRAPHICS

Middlesex County

<u>Municipality</u>	<u>90 POP</u>	<u>Area</u>	<u>Density</u>	<u>Character</u>
Carteret	19,025	4.30	4,424.4	Urban Suburban
Cranbury	2,500	13.38	186.8	Suburban
Dunellen	6,528	1.04	6,276.9	Urban Suburban
East Brunswick	43,548	22.20	1,961.6	Suburban
Edison	88,680	30.65	2,893.3	Suburban
Helmetta	1,211	0.80	1,513.8	Suburban
Highland Park	13,279	1.80	7,377.2	Urban Suburban
Jamesburg	5,294	0.87	6,085.1	Rural Center
Metuchen	12,804	2.75	4,656.0	Urban Suburban
Middlesex	13,055	3.45	3,784.1	Suburban
Milltown	6,968	1.60	4,355.0	Suburban
Monroe	22,255	41.80	532.4	Suburban
New Brunswick	41,711	5.50	7,583.8	Urban Center
North Brunswick	31,287	12.00	2,607.3	Suburban
Old Bridge	56,475	38.31	1,474.2	Suburban
PERTH AMBOY	41,967	4.55	9,223.5	Urban Center
Piscataway	47,089	18.90	2,491.5	Suburban
Plainsboro	14,213	11.80	1,204.5	Suburban
Sayreville	34,986	16.60	2,107.6	Suburban
South Amboy	7,863	1.45	5,422.8	Urban Suburban
South Brunswick	25,792	41.00	629.1	Suburban
South Plainfield	20,489	8.20	2,498.7	Suburban
South River	13,692	2.80	4,890.0	Urban Suburban

Spotswood	7,983	2.15	3,713.0	Suburban
Woodbridge	93,086	23.10	4,029.7	Urban Suburban
Average	26,871	12.44	3,676.9	

Source: 1992 Uniform Crime Report

1990 DEMOGRAPHICS

Similar Size Departments

<u>Municipality</u>	<u>90 POP</u>	<u>Area</u>	<u>Density</u>	<u>Character</u>
East Brunswick	43,548	22.20	1,961.6	Suburban
New Brunswick	41,711	5.50	7,583.8	Urban Center
Old Bridge	56,475	38.31	1,474.2	Suburban
PERTH AMBOY	41,967	4.55	9,223.5	URBAN CENTER
Piscataway	47,089	18.90	2,491.5	Suburban
Sayreville	34,986	16.60	2,107.6	Suburban
Average	44,296	17.68	4,140.4	

Contiguous Communities

<u>Municipality</u>	<u>90 POP</u>	<u>Area</u>	<u>Density</u>	<u>Character</u>
Carteret	19,025	4.30	4,424.4	Urban Suburban
PERTH AMBOY	41,967	4.55	9,223.5	URBAN CENTER
Sayreville	34,986	16.60	2,107.6	Suburban
South Amboy	7,863	1.45	5,422.8	Urban Suburban
Woodbridge	93,086	23.10	4,029.7	Urban Suburban
Average	39,385	10.00	5,041.6	

Source: 1992 Uniform Crime Report

1990 NUMBER OF OFFICERS

Middlesex County

<u>Municipality</u>	<u>90 # Off</u>
Edison	178
Woodbridge	172
New Brunswick	122
PERTH AMBOY	113
Old Bridge	90
East Brunswick	87
Sayreville	84
Piscataway	83
North Brunswick	73
South Brunswick	68
South Plainfield	55
Carteret	52
Monroe	32

South Amboy	30
Middlesex	30
Metuchen	30
South River	29
Highland Park	27
Plainsboro	24
Spotswood	18
Milltown	14
Dunellen	14
Cranbury	11
Jamesburg	10
Helmetta	3

Average	58
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Source: 1992 Uniform Crime Report

1990 NUMBER OF OFFICERS

Similar Size Departments

<u>Municipality</u>	<u>90 # Off</u>
New Brunswick	122
PERTH AMBOY	113
Old Bridge	90
East Brunswick	87
Sayreville	84
Piscataway	83
Average	97

Contiguous Communities

<u>Municipality</u>	<u>90 # Off</u>
Woodbridge	172
PERTH AMBOY	113
Sayreville	84
Carteret	52
South Amboy	30
Average	90

Source: 1992 Uniform Crime Report

1990 NUMBER OF PEOPLE PER OFFICER

Middlesex County

<u>Municipality</u>	<u>90 POP</u>	<u>90 # Off</u>	<u>90 PPO</u>
Monroe	22,255	32	695.47
Old Bridge	56,475	90	627.50
Plainsboro	14,213	24	592.21
Piscataway	47,089	83	567.34
Woodbridge	93,086	172	541.20
Jamesburg	5,294	10	529.40
East Brunswick	43,548	87	500.55
Edison	88,680	178	498.20
Milltown	6,968	14	497.71
Highland Park	13,279	27	491.81
South River	13,692	29	472.14
Dunellen	6,528	14	466.29
Spotswood	7,983	18	443.50
Middlesex	13,055	30	435.17
North Brunswick	31,287	73	428.59
Metuchen	12,804	30	426.80
Sayreville	34,986	84	416.50
Helmetta	1,211	3	403.67
South Brunswick	25,792	68	379.29
South Plainfield	20,489	55	372.53
PERTH AMBOY	41,967	113	371.39
Carteret	19,025	52	365.87
New Brunswick	41,711	122	341.89
South Amboy	7,863	30	262.10
Cranbury	2,500	11	227.27
Average	26,871	58	454.18

Source: 1992 Uniform Crime Report

1990 NUMBER OF PEOPLE PER OFFICER

Similar Size Departments

<u>Municipality</u>	<u>90 POP</u>	<u>90 # Off</u>	<u>90 PPO</u>
Old Bridge	56,475	90	627.50
Piscataway	47,089	83	567.34
East Brunswick	43,548	87	500.55
Sayreville	34,986	84	416.50
PERTH AMBOY	41,967	113	371.39
New Brunswick	41,711	122	341.89
Average	44,296	97	470.86

Contiguous Communities

<u>Municipality</u>	<u>90 POP</u>	<u>90 # Off</u>	<u>90 PPO</u>
Woodbridge	93,086	172	541.20
Sayreville	34,986	84	416.50
PERTH AMBOY	41,967	113	371.39

Carteret	19,025	52	365.87
South Amboy	7,863	30	262.10
Average	39,385	90	391.41

Source: 1992 Uniform Crime Report

The first statutory criterion listed in the "G" Section to be considered by the Arbitrator is the "interest and welfare of the public." In this connection, the PBA maintains that the interest and welfare of the public demands a high caliber of police protection, which must be considered in tandem with the needs of its police officers. In its post-hearing brief, the PBA cites Arbitrator Weisenfeld's (IA-81-3) description of this symbiotic relationship as follows:

"...The interests and welfare of the public are best served by having a police department which is interested in its work and supportive of its community. This interest and support, however, exists in a dialectal relationship with the interest and support which a police department receives from its community. Both are woven of the same thread and an erosion of one will inevitably erode the other."

The PBA further maintains that the above analysis and principle regarding the interest and welfare of the public is still applicable today and cites Arbitrator L. Hammer (IA-91-176) in a more recent award:

"...The interest and welfare of the public demands a high caliber of Police protection which must be considered along with the needs of those making up the Police Department.

While members of the Department evidence their interest and support for the Community, it serves by putting forth their best efforts to protect the

citizenry, the City, and its taxpayers have only a single way of exhibiting its support to and appreciation of its Police, namely by granting each and everyone of them an equitable and reasonable salary increase."

The record shows that the total crime index for Perth Amboy, as revealed by the 1992 Uniform Crime Report, placed the City the 4th highest in the County, outpacing the average by well over 1,800 crimes. The crime index graph shows it reached its highest amount of crimes in 1992; for example (shown hereafter), in 1988 the Total Crime Index was 2,636; and by 1992, that number increased to 3,052. The PBA points out that in 1988, the City's police force had 120 officers, and in 1992, the City's force was comprised of 117 officers. The PBA claims that while crime is increasing in Perth Amboy, the number of police officers has decreased. The evidence will show that with a present force of 117 officers, the City's police still have the 3rd highest ratio of crimes per officer and almost triple the number of crimes per officer. In violent crimes, the City is 2nd, and these facts exemplify the risk factor for the City's police compared to other Middlesex County officers. The PBA argues that the City failed to connect police productivity to the interest and welfare of the public, but rather applied this criterion to economic factors confronting taxpayers, with no supporting rationale offered. Let us now examine the above-referred-to statistics:

1992 TOTAL CRIME INDEX

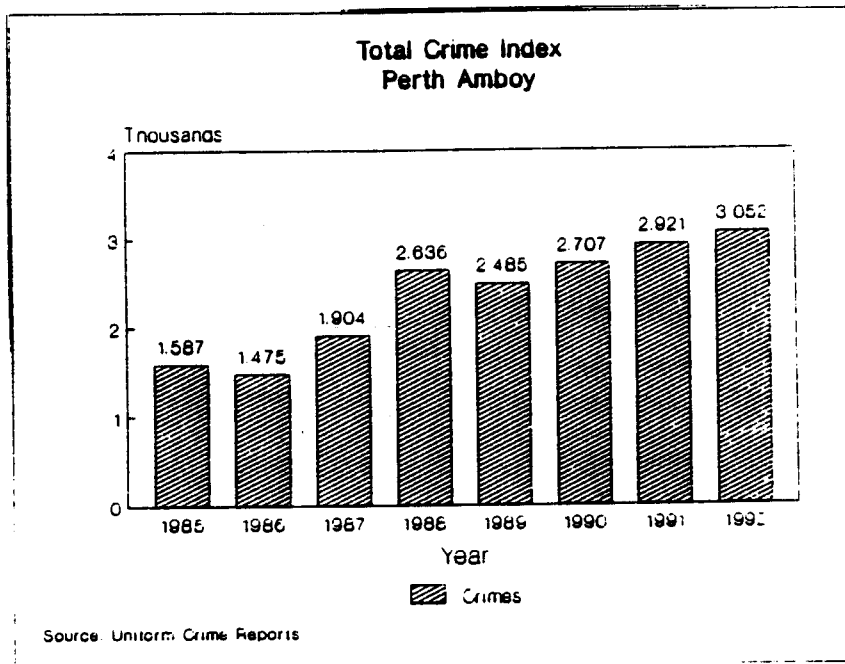
Similar Size Departments

<u>Municipality</u>	<u>92 TCI</u>
New Brunswick	4,295
PERTH AMBOY	3,052
East Brunswick	1,811
Old Bridge	1,635
Piscataway	1,506
Sayreville	1,188
Average	2,248

Contiguous Communities

<u>Municipality</u>	<u>92 TCI</u>
Woodbridge	4,923
PERTH AMBOY	3,052
Sayreville	1,188
Carteret	637
South Amboy	180
Average	1,996

Source: 1992 Uniform Crime Report



1992 NUMBER OF OFFICERS

Middlesex County

<u>Municipality</u>	<u>92 # Off</u>
Woodbridge	181
Edison	180
PERTH AMBOY	117
New Brunswick	114
East Brunswick	91
Old Bridge	91
Sayreville	83
Piscataway	83
North Brunswick	73
South Brunswick	67
Carteret	53
South Plainfield	52
Middlesex	32
Highland Park	31
Monroe	31
South River	29
Metuchen	28
South Amboy	27
Plainsboro	26
Spotswood	18
Dunellen	14
Milltown	13
Cranbury	11
Jamesburg	10
Helmetta	3
Average	58

Source: 1992 Uniform Crime Report

1992 NUMBER OF OFFICERS

Similar Size Departments

<u>Municipality</u>	<u>92 # Off</u>
PERTH AMBOY	117
New Brunswick	114
East Brunswick	91
Old Bridge	91
Piscataway	83
Sayreville	83
Average	97

Contiguous Communities

<u>Municipality</u>	<u>92 # Off</u>
Woodbridge	181
PERTH AMBOY	117
Sayreville	83
Carteret	53
South Amboy	27
Average	92

Source: 1992 Uniform Crime Report

1992 NUMBER OF CRIMES PER OFFICER

Middlesex County

<u>Municipality</u>	<u>92 TCI</u>	<u>92 # Off</u>	<u>92 CPO</u>
New Brunswick	4,295	114	37.68
Woodbridge	4,923	181	27.20
PERTH AMBOY	3,052	117	26.09
South Plainfield	1,099	52	21.13
North Brunswick	1,527	73	20.92
Edison	3,652	180	20.29
East Brunswick	1,811	91	19.90
Plainsboro	497	26	19.12
Dunellen	266	14	19.00
Piscataway	1,506	83	18.14
Old Bridge	1,635	91	17.97
Metuchen	406	28	14.50
Sayreville	1,188	83	14.31
Highland Park	428	31	13.81
Middlesex	403	32	12.59
Carteret	637	53	12.02
Spotswood	211	18	11.72
South Brunswick	777	67	11.60
South River	334	29	11.52
Monroe	341	31	11.00
Jamesburg	99	10	9.90
Helmetta	26	3	8.67
South Amboy	180	27	6.67
Milltown	58	13	4.46
Cranbury	44	11	4.00
Average	1,176	58	15.77

Source: 1992 Uniform Crime Report

1992 NUMBER OF CRIMES PER OFFICER

Similar Size Departments

<u>Municipality</u>	<u>92 TCI</u>	<u>92 # Off</u>	<u>92 CPO</u>
New Brunswick	4,295	114	37.68
PERTH AMBOY	3,052	117	26.09
East Brunswick	1,811	91	19.90
Piscataway	1,506	83	18.14
Old Bridge	1,635	91	17.97
Sayreville	1,188	83	14.31
Average	2,248	97	22.35

Contiguous Communities

<u>Municipality</u>	<u>92 TCI</u>	<u>92 # Off</u>	<u>92 CPO</u>
Woodbridge	4,923	181	27.20
PERTH AMBOY	3,052	117	26.09
Sayreville	1,188	83	14.31
Carteret	637	53	12.02
South Amboy	180	27	6.67
Average	1,996	92	17.26

Source: 1992 Uniform Crime Report

1992 VIOLENT CRIME INDEX

Middlesex County

<u>Municipality</u>	<u>92 VCI</u>
New Brunswick	489
PERTH AMBOY	442
Woodbridge	369
Edison	158
Piscataway	148
Sayreville	105
Old Bridge	93
North Brunswick	89
South Plainfield	75
East Brunswick	67
Carteret	67
Jamesburg	35
South River	35
Monroe	34
South Brunswick	32
Dunellen	29
Plainsboro	27
Middlesex	23

Metuchen	21
Spotswood	18
Highland Park	10
Milltown	5
South Amboy	3
Cranbury	3
Helmetta	1
Average	95

Source: 1992 Uniform Crime Report

1992 VIOLENT CRIME INDEX

Similar Size Departments

<u>Municipality</u>	<u>92 VCI</u>
New Brunswick	489
PERTH AMBOY	442
Piscataway	148
Sayreville	105
Old Bridge	93
East Brunswick	67
Average	224

Contiguous Communities

<u>Municipality</u>	<u>92 VCI</u>
PERTH AMBOY	442
Woodbridge	369
Sayreville	105
Carteret	67
South Amboy	3
Average	197

Source: 1992 Uniform Crime Report

The second statutory criterion under Section "G" to be considered by the Arbitrator is the comparison of wages, salaries, and conditions of employment of employees in these proceedings, with other employees performing the same or similar services. In this regard, the PBA produced salary information on

private, as well as public-sector employees, including the percentage increases awarded in arbitration. It also shows a sample group of police units from different municipalities in Middlesex County. The PBA maintains that a police officer's salary in the City is not out of line with the private-sector employees holding mid-level jobs in Northern New Jersey. For example:

1991 - City Police Officers Average Salary	- \$32,738.00
1991 - Accountant Average Salary	- \$34,174.00
1991 - Machine Maintenance	- \$32,656.00
1991 - Pipefitter	- \$34,174.00
1991 - Registered Nurse	- \$39,562.00

The PBA points out there is also a significant difference between traditional private-sector work, when compared to police work conditions.

The PBA also argues and cites arbitral authority that there is no comparable private-sector employment that compares to police work. It quotes Arbitrator M. Scheiman (IA-91-98) as follows:

"For example, police cover (24) hour shifts. They work weekends. They work holidays. They are subject to on-call, call back and court dates. They work in a setting where they are subject to much public scrutiny as well as the possibility of real danger. In contrast, most other employees have scheduled shifts with weekends and holidays off. They rarely confront the physical danger of public work. For all these reasons, I find no comparable private employment."

The PBA further points out that the teachers in Perth Amboy

settled their contract in September, 1993, and received average increases of \$2,500 for 1993; \$2,500 for 1994; and \$2,500 for 1995. It argues that the same dollar increase for the City's police force would represent approximately a 5.5% increase for 1994 and slightly less for 1995 and 1996. It shows that Middlesex County teachers averaged 6.5% in 1993 and 6.02% in 1994-1995.

The PBA's evidence also reveals comparability of wages of other police departments, which is considered a very important component in the arbitrator's decision-making process. In 1992, the City's police officers were making \$179.00 above the average in Middlesex County, but \$2,553.00 less than officers working in New Brunswick. In 1993, the City's officers were \$435.00 over the average, but still \$2,250.00 less than New Brunswick. The PBA again points out the economic and demographic similarities between the City and New Brunswick.

The PBA argues that if the 0% increase for 1994 as proposed by the City is accepted by the Arbitrator, then the police officers of the City would be making \$685.00 less than the average police officer in the County. The PBA asks if this is fair or reasonable under the circumstances. On the other hand, the PBA points out that if its 2%-2% split is accepted by the Arbitrator, then it would be almost 5% less than the average of other Middlesex County police officers. The 2%-2% split would also be approximately 1% less than New Brunswick officers

received for 1994. Even with the 2%-2% split in 1994, the City's officers would be \$381.00 less than the average and remain 7th in the ranking, the same as 1993.

The PBA further argues the City is attempting to force the SOA officers' settlements in both the Police and Fire Departments upon the PBA. It maintains that the PBA has always exerted leadership in negotiations with the City, and to have either SOA group set the pattern would be tantamount to the "tail wagging the dog." The PBA acknowledges that there has been a downward spiral of percentage increases in interest arbitration awards since January 1, 1994. Its evidence reveals that in 1993, the average interest arbitration rate increase was 5.19%, for 1994 was 5.01%, and for 1995 was 5.04%. In this regard, the PBA also argues that its final offer of 2%-2% split for 1994, 4% for 1995, and 4% for 1996, is also less than the average increase for police in Middlesex County, which was 4.97% for 1994, 5.12% for 1995, and two (2) reported settlements of 5.25% in 1996. It contends that for these reasons, its final offer is fair and reasonable. The PBA has submitted the following to substantiate its position on comparability of salaries and wages.

**TOP PATROLMAN SALARY SETTLEMENTS
MIDDLESEX COUNTY**

Carteret	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1991	39,928	1,901	5.00%
	1992	41,925	1,997	5.00%

Cranbury	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1991	40,660	2,660	7.00%
	1992	43,507	2,847	7.00%
	1993	46,335	2,828	6.50%
Dunellen	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/92	39,273	1,144	3.00%
	7/92	40,746	1,473	3.75%
	1/93	41,968	1,222	3.00%
	7/93	43,647	1,679	4.00%
	1/94	46,000	2,353	5.39%
East Brunswick	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1992	47,583	2,266	5.00%
	1993	49,962	2,379	5.00%
	1994	51,835	1,873	3.75%
	1995	54,167	2,332	4.50%
	1996	56,604	2,437	4.50%
Edison	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1989	38,915	2,203	6.00%
	1990	41,250	2,335	6.00%
	1991	44,138	2,888	7.00%
	1992	45,462	1,324	3.00%
	1993	47,508	2,046	4.50%
	1994	49,883	2,375	5.00%
	1995	52,627	2,744	5.50%
Helmetta	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1989	25,090		
	1990	26,840	1,750	6.97%
	1991	28,590	1,750	6.52%
	1992			
	1993			
	1994	33,097		
	1995	34,917	1,820	5.50%
	1996	37,012	2,095	6.00%
Highland Park	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1990	37,987		
	1991	40,266	2,279	6.00%
	1992	42,682	2,416	6.00%
Jamesburg	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1990	32,250		
	1991	34,669	2,419	7.50%
	1992	37,269	2,600	7.50%
	1993	40,064	2,795	7.50%
	1994	42,467	2,403	6.00%
	1995	45,015	2,548	6.00%

Metuchen	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1992	42,205	1,817	4.50%
	1993	44,421	2,216	5.25%
	1994	46,753	2,332	5.25%
Middlesex	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1991	39,933	2,428	6.50%
	1992	42,529	2,596	6.50%
	1993	45,293	2,764	6.50%
Milltown	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/92	36,046	1,050	3.00%
	7/92	37,488	1,442	4.00%
	1993	39,362	1,874	5.00%
Monroe	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1990	34,726		
	1991	36,809	2,083	6.00%
	1992	39,018	2,209	6.00%
	1993	40,970	1,952	5.00%
	1994	43,019	2,049	5.00%
	1995	45,170	2,151	5.00%
New Brunswick	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1993	47,857	2,279	5.00%
	1994	50,250	2,393	5.00%
North Brunswick	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1990	41,474	2,714	7.00%
	1991	44,377	2,903	7.00%
	1992	46,152	1,775	4.00%
	1993	47,998	1,846	4.00%
	1994	50,398	2,400	5.00%
	1995	53,170	2,772	5.50%
Old Bridge	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/89	38,462	1,479	4.00%
	7/89	39,616	1,154	3.00%
	1/90	41,201	1,585	4.00%
	7/90	42,437	1,236	3.00%
	1/91	44,134	1,697	4.00%
	7/91	45,900	1,766	4.00%
	7/93	48,319	2,410	5.25%
Perth Amboy	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1992	43,025	2,397	5.90%
	1993	45,607	2,582	6.00%
Piscataway	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/92	46,278	1,348	3.00%
	7/92	47,898	1,620	3.50%

	1/93	49,335	1,437	3.00%
	7/93	51,061	1,726	3.50%
	1994	54,125	3,064	6.00%
Plainsboro	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1992	44,722	2,130	5.00%
	1993	46,958	2,236	5.00%
	1994	49,305	2,347	5.00%
Sayreville	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1991	44,184		
	1992	46,393	2,209	5.00%
	1993	48,713	2,320	5.00%
South Amboy	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/91	39,756	1,893	5.00%
	7/91	40,551	795	2.00%
	1/92	42,579	2,028	5.00%
	7/92	43,430	851	2.00%
South Brunswick	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1991	39,739	2,249	6.00%
	1992	42,223	2,484	6.25%
	1993	44,968	2,745	6.50%
South Plainfield	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1990	38,473	2,501	7.00%
	1991	41,147	2,674	6.95%
	1992	43,657	2,510	6.10%
	1993	45,840	2,183	5.00%
	1994	48,132	2,292	5.00%
	1995	50,538	2,406	5.00%
South River	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/91	36,928	1,076	3.00%
	7/91	37,297	369	1.00%
	1992	39,162	1,865	5.00%
	1993	40,924	1,762	4.50%
	1994	42,664	1,740	4.25%
	1995	44,370	1,706	4.00%
Spotswood	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	1/91	36,024	1,049	3.00%
	7/91	36,384	360	1.00%
	1992	38,203	1,819	5.00%
	1993	40,113	1,910	5.00%
	1994	42,250	2,137	5.33%
Woodbridge	<u>Date</u>	<u>Salary</u>	<u>\$ Increase</u>	<u>% Increase</u>
	4/92	43,826	2,867	7.00%
	1/93	45,141	1,315	3.00%
	7/93	46,495	1,354	3.00%

Source: Police Contracts

PERTH AMBOY SALARY COMPARISONS

Top Patrolman Salaries

	Year	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Perth Amboy		33,439	35,613	38,148	40,628	43,025	45,606
County Average		33,417	35,366	37,507	40,135	42,846	45,172
Difference		22	247	641	493	179	434

Top Patrolman Dollar Increases

	Year	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Perth Amboy		2,174	2,535	2,480	2,397	2,581
County Average		2,384	2,500	2,459	2,327	2,303
Difference		(210)	35	21	70	278

Top Patrolman Percent Increases

	Year	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>
Perth Amboy		6.50%	7.12%	6.50%	5.90%	6.00%
County Average		7.18%	7.10%	6.54%	5.80%	5.39%
Difference		-0.68%	0.02%	-0.04%	0.10%	0.61%

Source: Police Contracts

1993-94 CONTRACT SETTLEMENTS BY QUARTERS

<u>QUARTERLY PERIOD</u>	<u>AVERAGE PERCENT</u>	<u>AVERAGE DOLLAR</u>
1991 Quarter 1	-----	-----
1991 Quarter 2	8.22%	\$3,314
1991 Quarter 3	7.55%	\$3,071
1991 Quarter 4	7.26%	\$3,211
1992 Quarter 1	7.17%	\$2,851
1992 Quarter 2	6.48%	\$2,786
1992 Quarter 3	6.19%	\$2,552
1992 Quarter 4	6.07%	\$2,602
1993 Quarter 1	5.88%	\$2,506
1993 Quarter 2	5.65%	\$2,423
1993 Quarter 3	5.57%	\$2,381
1993 Quarter 4	5.51%	\$2,395
1994 Quarter 1	5.33%	\$2,135

Data is based on: 67 districts reporting average percentage increases and 40 districts reporting average dollar increases settled in 1991; 187 districts reporting average percentage increases and 149 districts reporting average dollar increases in 1992; 241 districts reporting average percentage increases and 185 districts reporting average dollar increases in 1993; 15 districts reporting average percentage increases and 6 districts reporting average dollar increases in 1994.

1994-95 CONTRACT SETTLEMENTS BY QUARTER

<u>QUARTERLY PERIOD</u>	<u>AVERAGE PERCENT</u>	<u>AVERAGE DOLLAR</u>
1992 Quarter 1	7.53%	\$2,983
1992 Quarter 2	6.63%	\$2,955
1992 Quarter 3	6.13%	\$2,715
1992 Quarter 4	5.90%	\$2,637
1993 Quarter 1	5.80%	\$2,612
1993 Quarter 2	5.59%	\$2,498
1993 Quarter 3	5.55%	\$2,467
1993 Quarter 4	5.45%	\$2,486
1994 Quarter 1	5.25%	\$2,286

Data is based on: 79 districts reporting average percentage increases and 62 districts reporting average dollar increases settled in 1992; 207 districts reporting average percentage increases and 158 districts reporting average dollar increases in 1993; 15 districts reporting average percentage increases and 7 districts reporting average dollar increases in 1994.

1995-96 CONTRACT SETTLEMENTS BY QUARTER

<u>QUARTERLY PERIOD</u>	<u>AVERAGE PERCENT</u>	<u>AVERAGE DOLLAR</u>
1993 Quarter 1	6.14%	\$2,933
1993 Quarter 2	5.58%	\$2,619
1993 Quarter 3	5.57%	\$2,549
1993 Quarter 4	5.44%	\$2,648
1994 Quarter 1	5.14%	\$2,443

Data is based on: 79 districts reporting average percentage increases and 62 districts reporting average dollar increases settled in 1992; 103 districts reporting average percentage increases and 74 districts reporting average dollar increases in 1993; 13 districts reporting average percentage increases and 5 districts reporting average dollar increases in 1994.

Settlement Rate Summary Analysis: Settlement Rates in Perspective

Next, the PBA argues that another of the statutory criterion calls for the Arbitrator to consider all levels of economic benefits, including fringe benefits. In this connection, the PBA points out that while most County bargaining units enjoy added benefits such as longevity, holidays, and vacations; the PBA has sought no increase for 1994, 1995, and 1996 in any of these areas. It maintains that although the PBA will fall behind in the area of fringe benefits, it will deal with this situation in future negotiations.

As to any Stipulations by the Parties, there were no bilateral agreements on any of the items during the negotiations, but the Parties did agree to the interest-arbitration process and to the procedures outlined by the Arbitrator for presentation of the final offers and proofs.

Under the criterion of Lawful Authority, the PBA contends that the changes in the Budget Cap Law which affect police wages, still allow for permitted increases to be allocated among all service costs. It further argues that exemptions from the cap may be granted when extraordinary circumstances result in unanticipated increases for essential services. In its post-hearing brief, the PBA states that under the Cap Law, "the flexibility to rearrange the 'pie' still lies with the municipality." It cites a published article in the New Jersey

Municipalities, 1991 by Barry Skokowski, then Commissioner of the New Jersey Department of Community Affairs and Director of the Division of Local Government Services. It also cites the factors considered when determining police wages as opposed to other public and private employees.

ASPECTS OF BUDGET CAP LAW AFFECTING
POLICE WAGES

- The Legislature enacted Chapter 89 of the Laws of 1990 revising the Local Government Cap Law which eliminated most of the special exceptions to the expenditure limitations.
- However, their 1990 appropriations were made part of the cap base amount. The larger cap base results in a greater permitted increase to be allocated among all service costs.
- Exemptions from the cap may be granted when extraordinary circumstances result in an unanticipated increase for essential services, one-time expenses for starting new programs, the use of surplus if in fiscal distress and for operating the municipal courts.
- The legal cap increase limit is 4.5% -- based on a formula detailed in the law and based on government cost inflation index. A local unit may increase its budget up to 5% by ordinance prior to the introduction of its budget.

Source: Barry Skokowski, Sr., Deputy Commissioner
NJ Department of Community Affairs and Director,
Division of Local Government Services.

NEW JERSEY MUNICIPALITIES, FEBRUARY 1991

FACTORS GENERALLY CONSIDERED IN DETERMINATION
OF POLICE WAGES
AS OPPOSED TO OTHER PUBLIC AND PRIVATE EMPLOYEES

Traditional Work Conditions

9-5 Work Hours
5-Day Workweek
Weekends Off
Holidays Off
Days Off Guaranteed

Police Work Conditions

24-Hour Shifts
7-Day Workweek
Work Weekends
Work Holidays
Subject to On-Call, Call-Back,
Court Dates

Office Setting Temperature-
Controlled
Evaluated by Supervisor

No Risk Job

Street Setting - Weather
Conditions Prevail
Evaluated by Supervisor/Under
Public Scrutiny
Constant Pressure from
Potential Danger

The "financial impact" and "ability to pay" is one of the major factors in decision-making when involved in interest arbitration. In this regard, the PBA compared the per capita incomes, property values, tax levies, and revenues of the same group of Middlesex County municipalities (supra). It acknowledges the per capita income of the City residents is significantly below the average of the general County sample, and the only community with a lower per capita income is New Brunswick. Again, the PBA notes that New Brunswick in 1993 provided salaries for its police officers of \$47,857.00, where Perth Amboy officers received \$45,607.00. Similar outcomes were found when comparing median household income and median family income.

The PBA shows that the City ranks eleventh (11th) from the top of the County in property values among communities by comparing the state equalized values (hereinafter called SEV). SEV also shows that the City's property value is greater than that of New Brunswick, and the PBA reminds us to again compare the salaries of police officers in these same two (2) urban centers.

The PBA, through the testimony of Professor Raphael J. Caprio, its expert witness in the area of municipal

budgeting, financial and fiscal accountability and the utilization of charts, showed that in the measurement of the total tax levy per capita, the City's residents shoulder less of a tax burden than their counterparts in the County. The City's total was \$991.51, while the average resident in the County paid \$1,362.08. It also points out that the City receives much more state aid than the other communities in the County.

The PBA traces five and one-half (5-1/2) "real years," since the 1991 fiscal year of the amount of monies generated by the City from property taxes for local government purposes. This data indicates an increase (local purposes from \$15.7 million in 1990 to \$18.95 million in 1995, or an increase of \$3.16 million in a five and one-half (5-1/2) year period. The PBA shows this to be an average increase of only 3.6% per year. The PBA claims this fact contradicts the City's argument that the requirement for municipal purpose expenditures from the property tax increased dramatically. It also points out that the figures submitted by the City show an even lesser average increase per year in property tax for municipal purposes.

PROPERTY TAX PATTERN
LOCAL GOVERNMENT PURPOSES
PERTH AMBOY

<u>Fiscal Year</u>	<u>Amount Generated in Property Taxes</u>
SFY1995	\$18,945,053 ²
SFY1994	\$18,444,088

SFY1993	\$14,057,191
SFY1992	\$11,248,386
TY1991	\$18,027,586
CY1990	\$15,784,413

- Property taxes generated from local government purposes increased \$3.16 million between 1990 and 1995.
- This represents a twenty percent increase in the last six fiscal years, which covers a time period of 5-1/2 years.
- Property tax generation has increased a modest 3.6 percent per year since 1990.³

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

² 1995 represents the amount appropriated in revenue from this source, prior years present the amount collected.

³ Average is based upon calculations using 5-1/2 "years", since the TY1991 represents a six-month period.

The PBA claims that the City, like the other urbanized municipalities, draws revenue from a variety of sources other than property tax, and thereby offsets the need to increase local taxes. The miscellaneous revenue in the City increased over \$3.0 million since 1990-1995. It went from \$11.078 million to \$14.125 million, or an annual increase of approximately five percent (5%) per year. The PBA points out that, although a good portion of this miscellaneous revenue is derived from the state, the increase of five percent (5%) was greater than the increase of property tax revenue, which averaged 2.6% over the same period.

The PBA argues that the above facts tend to undermine the City's argument that there is a reduction in sources of revenue and this places a hardship on the local property tax. The PBA also maintains that the City is not totally dependent upon property tax, since outside miscellaneous revenue pays for approximately 50% or one-half (1/2) of local government costs. It points out through such exhibits that a significant amount of revenue is not required from City residents, since it comes in the form of miscellaneous revenue from outside of the City.

MISCELLANEOUS REVENUE PATTERN
LOCAL GOVERNMENT PURPOSES
PERTH AMBOY

<u>Fiscal Year</u>	<u>Amount Generated in Miscellaneous Budgeted Revenue</u>
SFY1995	\$14,124,814 ²
SFY1994	\$15,588,317
SFY1993	\$17,139,880
SFY1992	\$11,748,184
TY1991	\$ 1,252,341 ³
CY1990	\$11,078,822

- Miscellaneous revenue generated for local government purposes increased \$3.0 million between 1990 and 1995.
- This represents a twenty-seven percent increase in the last six fiscal years, representing 5-1/2 years.
- Revenues from a variety of miscellaneous sources has increased an average of five percent per year since 1990.⁴

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

² 1995 represents the amount appropriated in revenue from this source, prior years represent the amount collected.

³ TY1991 also budgeted \$19,500,000 in transition year bonds as an offset to its adjustment to the state fiscal year.

⁴ Average is based upon calculations using 5-1/2 "years," since the TY1991 represents a six-month period.

REVENUE PATTERN FOR LOCAL GOVERNMENT PURPOSES
PERCENT OF REVENUE GENERATED FROM THE PROPERTY TAX
PERTH AMBOY

<u>Fiscal Year</u>	<u>Total Amount of Budgeted Revenue</u>	<u>Amount Budgeted From Property Tax</u>	<u>Property Tax As A Percent Of Total</u>
SFY1995	\$37,260,000 ²	\$18,945,000	50.8
SFY1994	\$37,175,000	\$18,945,000	51.0
SFY1993	\$34,078,000	\$12,661,000	37.2
SFY1992	\$29,853,000	\$12,146,000	40.7
TY1991	----- ³	-----	-----
CY1990	\$30,499,000	\$15,584,000	51.1

- Although some variation occurred due to the shift from a calendar year budget to a state fiscal year budget, the percent of local government revenue anticipated to offset local government expenses has remained remarkably constant, at about fifty percent.
- Conversely, half of the Perth Amboy budget is funded through other revenue sources.

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

² 1995 represents the amount appropriated in revenue from this source, prior years represent the amount collected.

³ TY1991 also budgeted \$19,500,000 in transition year bonds as an offset to its adjustment to the state fiscal year.

The PBA further maintains that compared to other Middlesex County municipalities, the City does not spend too much on local government. Here, the PBA attempts to quiet the anticipated argument by the City that the cost of local government has gotten out of hand. The documents show municipalities with populations between 30,000 and 50,000. The PBA points out that within this peer group, the City ranks 20th out of 38 (second half), with an average per capita expense of \$711.00. This is less than the peer group average of \$797.00. The PBA also claims that low-income populations normally have increased municipal costs, but this is not necessarily true for the City. It further maintains that when comparing the City to the entire County, the average per capita expense for local government is almost the same: \$711 vs. \$706.

1992 MUNICIPAL BUDGET
LOCAL GOVERNMENT EXPENSES PER CAPITA
FOR ALL MUNICIPALITIES BETWEEN 30,000 AND 50,000¹

<u>Name</u>	<u>County Name</u>	<u>Population</u>	<u>Municipal Budget PER CAPITA</u>
1 Atlantic City	Atlantic	37,986	\$3450.00
2 Linden City	Union	36,701	\$1265.00
3 Kearny Town	Hudson	34,874	\$1180.00
4 Hoboken City	Hudson	33,397	\$1171.00
5 Hackensack City	Bergen	37,049	\$1075.00
6 Fort Lee Borough	Bergen	31,997	\$1022.00
7 New Brunswick City	Middlesex	41,711	\$ 978.00
8 Montclair Township	Essex	37,729	\$ 932.00
9 West Orange Township	Essex	39,103	\$ 931.00
10 North Bergen Township	Hudson	48,414	\$ 912.00
11 West New York Town	Hudson	38,125	\$ 892.00
12 Teaneck Township	Bergen	37,825	\$ 827.00
13 Wayne Township	Passaic	47,025	\$ 821.00
14 Plainfield City	Union	46,567	\$ 801.00
15 Belleville Township	Essex	34,213	\$ 800.00
16 Parsippany-Troy Hills	Morris	48,478	\$ 789.00
17 Sayreville Borough	Middlesex	34,986	\$ 779.00
18 East Brunswick Township	Middlesex	43,548	\$ 741.00
19 Fair Lawn Borough	Bergen	30,548	\$ 723.00
20 Perth Amboy City	Middlesex	41,967	\$ 711.00

21 Ewing Township	Mercer	34,185	\$ 710.00
22 Pennsauken Township	Camden	34,738	\$ 699.00
23 Bloomfield Township	Essex	45,061	\$ 695.00
24 Piscataway Township	Middlesex	47,089	\$ 644.00
25 Bridgewater Township	Somerset	32,509	\$ 605.00
26 Lakewood Township	Ocean	45,048	\$ 587.00
27 Jackson Township	Ocean	33,233	\$ 566.00
28 Winslow Township	Camden	30,087	\$ 561.00
29 North Brunswick Township	Middlesex	31,287	\$ 531.00
30 Howell Township	Monmouth	38,987	\$ 513.00
31 Mount Laurel Township	Burlington	30,270	\$ 499.00
32 Manchester Township	Ocean	35,976	\$ 486.00
33 Berkeley Township	Ocean	37,319	\$ 483.00
34 Willingboro Township	Burlington	36,291	\$ 479.00
35 Pemberton Township	Burlington	31,342	\$ 419.00
36 Evesham Township	Burlington	35,309	\$ 386.00
37 Washington Township	Gloucester	41,960	\$ 340.00
38 Franklin Township	Somerset	42,780	\$ 284.00
Average			\$ 797.03

¹ Source: Center for Government Services, 1993 New Jersey Legislative District Data Book, Rutgers University, New Brunswick, New Jersey, November 1993.

1992 MUNICIPAL BUDGET
LOCAL GOVERNMENT EXPENSES PER CAPITA
FOR MIDDLESEX COUNTY MUNICIPALITIES¹

<u>Name</u>	<u>County Name</u>	<u>Population</u>	<u>Municipal Budget PER CAPITA</u>
Cranbury Township	Middlesex	2,500	\$1706.00
Carteret Borough	Middlesex	19,025	\$1004.00
New Brunswick City	Middlesex	41,711	\$ 978.00
South Amboy City	Middlesex	7,863	\$ 927.00
Sayreville Borough	Middlesex	34,986	\$ 779.00
South Brunswick Township	Middlesex	25,792	\$ 776.00
East Brunswick Township	Middlesex	43,548	\$ 741.00
Metuchen Borough	Middlesex	12,804	\$ 737.00
Perth Amboy City	Middlesex	41,967	\$ 711.00
South Plainfield Borough	Middlesex	20,489	\$ 699.00
Helmetta Borough	Middlesex	1,211	\$ 656.00
Middlesex Borough	Middlesex	13,055	\$ 644.00
Piscataway Township	Middlesex	47,089	\$ 644.00
Highland Park Borough	Middlesex	13,279	\$ 640.00
Woodbridge Township	Middlesex	93,086	\$ 626.00
Dunellen Borough	Middlesex	6,528	\$ 621.00
Milltown Borough	Middlesex	6,968	\$ 608.00
Plainsboro Township	Middlesex	14,213	\$ 580.00
Edison Township	Middlesex	88,680	\$ 569.00
North Brunswick Township	Middlesex	31,287	\$ 531.00
South River Borough	Middlesex	13,692	\$ 523.00
Old Bridge Township	Middlesex	56,475	\$ 522.00
Spotswood Borough	Middlesex	7,983	\$ 493.00
Jamesburg Borough	Middlesex	5,294	\$ 486.00
Monroe Township	Middlesex	22,255	\$ 471.00
Average			\$ 706.00

Source: Center for Government Services, 1993 New Jersey Legislative District Data Book, Rutgers University, New Brunswick, New Jersey, November 1993.

Next, we examine changes in the equalized local government purpose tax rate. The record shows that among its peers (population 30,000-50,000), the City is fourth (4th) lowest in the charges in the equalized tax rate from 1988 through 1992. The PBA also maintains that in the same County peer group, the City is 18th of 25 in the increase in the equalized property tax rate. The PBA argues that the above data shows there has been no dramatic changes in the property tax burden upon the citizens of the City. It concludes that the City does not overspend when considering the number of people requiring government services.

CHANGES IN THE EQUALIZED TAX RATE
(FOR LOCAL GOVERNMENT PURPOSES)
1988 THROUGH 1992¹

<u>Municipality</u>	<u>Equalized Municipal Tax Rate</u>		<u>Percent Change</u>
	<u>1992</u>	<u>1988</u>	
Edison Township	0.24	0.12	100.00
South Brunswick Township	0.28	0.17	64.71
Monroe Township	0.32	0.22	45.45
Dunellen Borough	0.52	0.37	40.54
Spotswood Borough	0.58	0.44	31.82
Piscataway Township	0.32	0.26	23.08
South Plainfield Borough	0.36	0.30	20.00
South Amboy City	0.31	0.26	19.23
Old Bridge Township	0.56	0.50	12.00
Carteret Borough	0.69	0.62	11.29
Metuchen Borough	0.51	0.46	10.87
South River Borough	0.65	0.59	10.17
Highland Park Borough	0.68	0.62	9.68
North Brunswick Township	0.31	0.29	6.90
Helmetta Borough	0.43	0.41	4.88
Sayreville Borough	0.23	0.22	4.55
Plainsboro Township	0.26	0.25	4.00
East Brunswick Township	0.46	0.45	2.22
New Brunswick City	0.76	0.75	1.33
Woodbridge Township	0.36	0.36	0.00
Middlesex Borough	0.56	0.57	-1.75
Perth Amboy City	0.75	0.78	-3.85

Cranbury Township	0.41	0.44	-6.82
Jamesburg Borough	0.44	0.50	-12.00
Milltown Borough	0.36	0.42	-14.29

¹ Source: Center for Government Services, 1993 New Jersey Legislative District Data Book (and 1989 volume), Rutgers University, New Brunswick, New Jersey, November 1993 (and 1989).

CHANGE IN THE TOTAL
EQUALIZED TAX RATE
1988 THROUGH 1992¹

<u>Municipality</u>	<u>Equalized Municipal Tax Rate</u>		<u>Percent Change</u>
	<u>1992</u>	<u>1988</u>	
Spotswood Borough	2.42	1.78	35.96
Dunellen Borough	2.36	1.75	34.86
Highland Park Borough	2.90	2.18	33.03
Monroe Township	1.61	1.22	31.97
Old Bridge Township	2.63	2.03	29.56
Edison Township	1.65	1.29	27.91
South Amboy City	1.92	1.52	26.32
Carteret Borough	2.28	1.86	22.58
Piscataway Township	2.14	1.75	22.29
South Brunswick Township	1.84	1.56	17.95
New Brunswick City	2.61	2.23	17.04
Woodbridge Township	2.07	1.77	16.95
Metuchen Borough	2.19	1.88	16.49
South Plainfield Borough	2.09	1.80	16.11
Plainsboro Township	1.84	1.59	15.72
Milltown Borough	2.07	1.82	13.74
South River Borough	2.34	2.07	13.04
Perth Amboy City	2.24	1.99	12.56
East Brunswick Township	2.17	1.94	11.86
North Brunswick Township	1.72	1.55	10.97
Sayreville Borough	1.56	1.50	4.00
Cranbury Township	1.60	1.55	3.23
Middlesex Borough	2.09	2.07	0.97
Jamesburg Borough	1.97	2.01	-1.99
Helmetta Borough	1.62	2.37	-31.65

¹ Source: Center for Government Services, 1993 New Jersey Legislative District Data Book (and 1989 volume), Rutgers University, New Brunswick, New Jersey, November 1993 (and 1989).

The PBA also points out there are sources of unauthorized revenues the City receives through the cancellation of expenditure commitments from the current and prior fiscal years. The record shows the City has averaged \$359,594 per year (five [5] years) in such cancellations. It also shows the City has

averaged over \$714,00 in non-budgeted income during this same period of time. The PBA argues that since this sum was not budgeted in the 1995 fiscal year, it is collectible and a resource to fund a labor contract.

UNANTICIPATED REVENUES
GENERATED FROM THE BUDGET PROCESS
THROUGH EXCESS BUDGETING
PERTH AMBOY

<u>Fiscal Year</u>	<u>Prior Year Appropriations</u>	<u>Current Year Appropriations</u>
SFY1995	\$384,978 ²	\$359,594
SFY1994	\$433,829	\$736,000
SFY1993	\$359,964	\$146,462
SFY1992	\$331,191	\$144,050
TY1991	\$414,929	\$362,565
Average	\$384,978	\$359,594

- During each of the past four fiscal years, Perth Amboy has been able to generate an average of \$744,572 each year through cancellations in appropriations, thereby "creating" revenue resources for the municipality.
- Using a low end projection (half the difference between the average and the lowest year's actual cancellation total), we would anticipate that \$659,978 could be made available through the cancellation of various budget appropriations.

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

² 1995 is projected and represents the average amount of cancellations from each of the previous four fiscal years.

UNANTICIPATED REVENUES
REVENUES NOT BUDGETED
PERTH AMBOY

<u>Fiscal Year</u>	<u>Prior Year Appropriations</u>
SFY1995	\$ 714,773 ²
SFY1994	\$ 561,971
SFY1993	\$ 667,081
SFY1992	\$1,082,688
TY1991	\$ 547,351
Average	\$ 714,773

- During each of the past four fiscal years, Perth Amboy has been able to generate an average of \$714,733 each year through revenue that was not budgeted, thereby "creating" unplanned revenue resources for the municipality.
- Using a low end projection (half the difference between the average and the lowest year's actual non-budgeted revenue total), we would anticipate that \$631,061 will be made available through non-budgeted revenues.

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

² 1995 is projected and represents the average amount of cancellations from each of the previous four fiscal years.

The PBA also explores the pattern of the City's fund balance since the 1991 transition year. It argues that the City has weathered its fiscal storm and generated a surplus to the fund balance in 1994 of \$984,136. By planning to use \$790,000 as revenue for 1995, it has a 1995 fund balance of \$194,136. The PBA now claims that since there is no fiscal crisis facing the

City, there is enough monies available to fund the fair and reasonable final offer of the PBA.

FUND BALANCE PATTERN
PERTH AMBOY

<u>FISCAL YEAR</u>	<u>SURPLUS AT START OF YEAR</u>	<u>PLANNED SURPLUS USE</u>	<u>SURPLUS AT END OF YEAR</u>
SFY1995	\$ 984,136	\$ 790,000	\$ 194,136 ²
SFY1994	0	0	\$ 984,136
SFY1993	\$ 969,944	\$1,500,000	0
SFY1992	\$4,869,679	\$3,945,000	\$ 969,944
TY1991	\$1,425,808	0	\$4,869,679 ³

- Perth Amboy has established previous patterns of utilizing most of its surplus as anticipated revenue.

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

² Projected by the municipality

³ TY1991 revenue was enhanced by \$19,500,000 in fiscal year transition bonds, thereby directly contributing to surplus revenue generation.

PROJECTION OF AVAILABLE FUNDS
PERTH AMBOY

<u>Source of Revenue</u>	<u>Lower Projection</u>	<u>Using the Average</u>
Projected Surplus	\$194,136	\$ 194,136
Non-budgeted Revenue	\$631,061	\$ 714,773
Cancellations	\$659,978	\$ 744,572
Total Available for Contract	\$1,485,175	\$1,653,481

¹ Sources: Perth Amboy Audits for 1991-1993, the Financial Statement (1994), and the 1995 budget.

Next, the Cost of Living is a statutory criterion that must be examined by the Arbitrator. In this regard, the PBA argues

that while the Consumer Price Index (CPI) is the best indicator of the movement of prices and a criterion under the statute, the CPI rate was never intended to be equated with police salary increases. It also contends that CPI was never intended to be depositive of the economic final offers that must be determined in interest arbitration. In this connection, it quotes Arbitrator M. Scheiman in its post-hearing brief:

"Moreover, I agree with the Union that, in the past, the officers did not receive the same wage adjustments equal to the cost-of-living when the cost-of-living was in double digits or close to double digits. Then, common sense required that salary adjustments not equate to the cost-of-living."

The PBA notes that the City's police officers' total gain in cumulative earnings from the CPI was \$8,750 from 1989-1993, while the average of the County sample averaged \$8,783. The per-year average in the County was \$1,870 while the city officers realized \$1,750.00.

CONSUMER PRICE INDEX V. PERTH AMBOY SALARIES

<u>Year</u>	<u>* CPI</u>	<u>Top Patrolman CPI Salary</u>	<u>Initial Salary</u>
1978			\$16,276
1979	8.7%	\$17,692	
1980	11.3%	\$19,691	
1981	9.8%	\$21,621	
1982	5.8%	\$22,875	
1983	4.7%	\$23,950	
1984	5.0%	\$25,148	
1985	3.7%	\$26,078	
1986	3.3%	\$26,939	
1987	5.0%	\$28,286	
1988	4.8%	\$29,643	
1989	5.6%	\$31,303	

1990	6.1%	\$33,213
1991	4.5%	\$34,707
1992	3.6%	\$35,957
1993	3.0%	\$37,036

Notes:

* Northeastern NJ - All Urban Consumers

Perth Amboy 1993 Top Patrolman Salary = \$45,606

Dollar difference between 1993 CPI Salary and Actual Salary \$45,606 - \$37,036 = \$8,570

\$8,570/15 Years = Gain of \$571 Per Year

Percent Difference Between CPI Salary and Actual Salary
 $\$8,570 / \$37,036 = 24.5\%$

24.5%/15 Years = Gain of 1.6% Per Year

Source: Bureau of Labor Statistics; Police Contracts

GAIN IN CUMULATIVE EARNINGS
 1989 - 1993

<u>Municipality</u>	<u>Gain</u>
Cranbury	28,214
Middlesex	11,120
Piscataway	10,996
South Plainfield	10,687
Dunellen	10,143
Milltown	9,549
East Brunswick	9,384
PERTH AMBOY	8,750
New Brunswick	8,282
South Brunswick	7,597
Old Bridge	7,306
Spotswood	6,848
Metuchen	5,954
North Brunswick	5,465
Edison	3,990
South River	3,959
Woodbridge	1,067
Average	8,783

Source: Bureau of Labor Statistics, Police Contracts

GAIN PER YEAR IN CUMULATIVE EARNINGS
1989 - 1993

<u>Municipality</u>	<u>Gain/Year</u>
Cranbury	5,643
Middlesex	2,224
Piscataway	2,199
South Plainfield	2,137
Woodbridge	2,134
Dunellen	2,029
Milltown	1,910
East Brunswick	1,877
PERTH AMBOY	1,750
New Brunswick	1,656
South Brunswick	1,519
Old Bridge	1,461
Spotswood	1,370
Metuchen	1,191
North Brunswick	1,093
Edison	798
South River	792
Average	1,870

Source: Bureau of Labor Statistics, Police Contracts

The PBA next examines the continuity and stability of the City. The City has recently announced the largest private investment in residential and commercial development in over 30 years. This project will produce over \$2 million in new ratables which will be added to the tax base. The PBA also points out that a tax appeal recently produced a \$1 million settlement and savings to the taxpayers of the City. In conclusion, the PBA requests that "special factors" of police work (supra) be considered when determining that its economic and non-economic final offers should be judged more reasonable and adopted by the Arbitrator.

The City has submitted demographic and economic data relating to its financial condition. It has also included in its submission, the present level of compensation of the PBA as compared to salary and benefits of other police officers in comparable municipalities, other City employees, and private-sector employees, to demonstrate why its economic final offer is the more reasonable.

First, the City addresses the statutory criterion of "the interest and welfare of the public." In this regard, it argues the City is struggling for its economic survival and, although it is the County's sixth (6th) largest municipality, its population has only increased by 3,016 over the last decade. The City contends it cannot depend on a growing population base to bear the costs of increased municipal services and the salary demands of the PBA.

MIDDLESEX COUNTY
POPULATION/POPULATION CHANGE

<u>Municipality</u>	<u>1980</u>	<u>1990</u>	<u>% Change</u>
Carteret	20,598	19,025	-7.6
Cranbury	1,927	2,500	3.0
Dunellen	6,593	6,528	-.99
East Brunswick	37,711	43,548	15.5
Edison	70,193	58,680	26.3
Helmetta	955	1,211	26.8
Highland Park	13,396	13,279	-0.9
Jamesburg	4,114	5,294	28.7
Metuchen	13,762	12,804	-7.0
Middlesex	13,480	13,055	-3.2
Milltown	7,136	6,968	-2.4
Monroe	15,858	22,278	40.5
New Brunswick	41,442	41,711	0.7
North Brunswick	22,220	31,287	40.8
Old Bridge	51,515	56,493	9.7
PERTH AMBOY	38,951	41,967	-7.7
Piscataway	42,223	47,089	11.5
Plainsboro	5,605	14,213	153.6

Sayreville	29,969	34,998	16.8
South Amboy	8,322	7,851	-5.7
South Brunswick	17,127	25,792	50.6
South Plainfield	20,521	20,489	-0.2
South River	14,361	13,692	-4.7
Spotswood	7,840	7,983	1.8
Woodbridge	90,070	93,092	3.4
TOTAL	595,893	671,810	12.7

Source: 1990 Data Book for Middlesex County

It further maintains that the financial condition of its residents is inadequate to shoulder the financial burden of increased municipal services and the PBA's salary demands. The City submits that compared to all municipalities in the County, Perth Amboy has the second (2nd) lowest per capita income. The record shows that the per capita income of the City in 1990 falls below the County average by \$6,204 or 35%.

MIDDLESEX COUNTY
PER CAPITA INCOME (1990)

<u>Municipality</u>	<u>Amount</u>
Cranbury	\$31,466
Plainsboro	\$27,799
East Brunswick	\$24,467
Metuchen	\$23,174
South Brunswick	\$21,881
North Brunswick	\$21,734
Highland Park	\$20,977
Edison	\$20,961
Monroe	\$20,696
Milltown	\$19,723
Old Bridge	\$18,859
Middlesex	\$18,334
Sayreville	\$18,297
Woodbridge	\$18,213
South Plainfield	\$18,046
Dunellen	\$17,641
Spotswood	\$17,388
Jamesburg	\$17,155
Piscataway	\$17,047
Helmetta	\$16,742

South River	\$16,186
South Amboy	\$15,133
Carteret	\$15,024
PERTH AMBOY	\$11,351
New Brunswick	\$11,252
Median:	\$18,297
Average:	\$18,714

Source: 1990 Census

The City also argues, that consistent with the per capita income statistics (supra), it has the highest percentage of families receiving public aid in Middlesex County (10.5%), exceeding the average by 6.9 percentage points. It states that the City's unemployment rate also exceeds the average in Middlesex County by 7.5 percentage points.

MIDDLESEX COUNTY
PERCENT OF TOTAL HOUSEHOLDS
RECEIVING PUBLIC AID
1990

<u>Municipality</u>	<u>Percent</u>
PERTH AMBOY	10.5
New Brunswick	10.1
Carteret	5.5
South River	4.3
South Amboy	4.2
Jamesburg	3.9
Middlesex	3.5
Woodbridge	3.5
Dunellen	3.4
Highland Park	3.4
Piscataway	3.4
Old Bridge	3.3
North Brunswick	3.1
Milltown	3.0
Monroe	3.0
Sayreville	3.0
Edison	2.9
Spotswood	2.9
Cranbury	2.8

East Brunswick	2.7
South Plainfield	2.5
Metuchen	2.0
Helmetta	1.6
South Brunswick	1.5
Plainsboro	1.1
Median:	3.1
Average:	3.6

Source: New Jersey Municipal Data, 1992-1993 Edition

MIDDLESEX COUNTY
1993 UNEMPLOYMENT RATE

<u>Municipality</u>	<u>Percentage Unemployment Rate</u>
PERTH AMBOY	14.2
New Brunswick	11.6
Carteret	8.7
Monroe	8.1
Spotswood	8.0
South River	7.6
Helmetta	7.3
Highland Park	6.9
Woodbridge	6.7
Piscataway	6.1
South Plainfield	6.0
Old Bridge	6.0
Edison	5.9
Dunellen	5.6
Sayreville	5.4
East Brunswick	5.1
Middlesex	5.1
South Brunswick	4.7
Jamesburg	4.7
Plainsboro	4.5
Milltown	4.2
Metuchen	4.2
North Brunswick	4.1
South Amboy	3.5
Cranbury	2.9
County:	6.7
Median:	5.9

Source: New Jersey Department of Labor, "Local Area Unemployment Statistics," March 1994.

Next, the City claims its property owners are subjected to a disproportionately high tax rate and are paying one of the highest equalized tax rates in Middlesex County. It submits that in 1993 and 1994, the equalized tax rates of the City ranked third (3rd) when compared with the other seven (7) Middlesex County municipalities with a population of 35,000 or more. It also submits that in 1994, the City's tax rate included a municipal rate, and the overall tax rate borne by the taxpayers increased 19.76% from 1993 to 1994. In this connection, it further argues the final economic package of the City, which includes a wage freeze in 1994, recognizes "the extraordinary burden already placed on the taxpayers' shoulders."

1993 EQUALIZED TAX RATES
MIDDLESEX COUNTY MUNICIPALITIES WITH POPULATION
OF 35,000 OR LARGER

<u>Rank</u>	<u>Municipality</u>	<u>Equalized Tax Rate</u>
1	Old Bridge	3.05
2	New Brunswick	2.77
3	PERTH AMBOY	2.47
4	Woodbridge	2.25
5	Piscataway	2.02
6	East Brunswick	1.94
7	Edison	1.93
8	Sayreville	1.80

Source: Equalization Table for Middlesex County

1994 EQUALIZED TAX RATES
MIDDLESEX COUNTY MUNICIPALITIES
OF 35,000 OR LARGER

<u>Rank</u>	<u>Municipality</u>	<u>Equalized Tax Rate</u>
1	Old Bridge	3.17
2	New Brunswick	3.07
3	PERTH AMBOY	3.06
4	East Brunswick	2.39

5	Woodbridge	2.31
6	Piscataway	2.16
7	Edison	1.96
8	Sayreville	1.87

Source: Equalization Table for Middlesex County

CITY OF PERTH AMBOY
TAX RATE HISTORY
1990-1994

<u>Tax Year</u>	<u>County Rate</u>	<u>School Rate</u>	<u>Municipal Rate</u>	<u>Total Rate</u>	<u>Increase Decrease</u>
1990	0.4770	1.0947	0.9253	2.50	
1991	0.2144	1.1287	0.9334	2.28	-0.22
1992	0.5120	1.1660	0.8020	2.48	0.20
1993	0.4305	1.1954	0.8512	2.48	0.00
1994	0.4257	1.2609	1.2825	2.97	0.49

Source: Middlesex County Abstract of Ratable

The City maintains that in 1993, it ranked fifth (5th) in the County for tax appeals, with 88 more appeals than the average. It submits that during a five-year period, the City has lost tax revenues totaling \$2,597,435.28 from settled tax appeals.

MIDDLESEX COUNTY
NUMBER OF TAX APPEALS
1993

<u>Municipality</u>	<u>Number</u>
Helmetta	0
Spotswood	9
Dunellen	9
Jamesburg	10
Highland Park	14
South Amboy	15
Milltown	18
Cranbury	20

Piscataway	35
Plainsboro	61
South Plainfield	64
Middlesex	95
East Brunswick	99
South River	103
Metuchen	110
South Brunswick	145
New Brunswick	160
Carteret	167
North Brunswick	188
Sayreville	190
PERTH AMBOY	208
Edison	270
Woodbridge	275
Monroe	327
Old Bridge	412
Median:	99
Average:	120

Source: Middlesex County Board of Taxation

CITY OF PERTH AMBOY
LOSS OF ASSESSED VALUATION AND TAX REVENUE
FROM SETTLED TAX APPEALS

<u>Year</u>	<u>No. Appeals Settled</u>	<u>Assessed Value</u>	<u>Loss of Tax Revenue</u>	<u>No. Appeals Outstanding</u>
1990	232	\$ 37,653,500.00	\$ 941,337.78	0
1991	193	\$ 41,785,900.00	\$ 952,717.79	0
1992	130	\$ 18,288,600.00	\$ 453,557.77	11
1993	63	\$ 6,805,200.00	\$ 168,768.48	49
1994	11	\$ 2,123,000.00	\$ 63,053.46	107
TOTAL	629	\$106,656,200.00	\$2,579,435.28	167

Note: 1994 data not complete since most appeals are still being processed through the New Jersey Tax Court.

Source: Middlesex County Abstract of Ratable and Perth Amboy Tax Assessor

The City further claims that the public should have more efficient police services for the residents. It submits the crime index shows that in 1992 and 1993, crime in the City had

increased by 3.0% and is one of only five (5) municipalities in the County with an increase in crime. It argues that these figures do not justify the higher salary demands of the PBA. It states that in light of the increase in crime in the City, the interest and welfare of the public would best be served by freezing the PBA's salary in 1994 and using the City's limited resources to improve the level of police services.

MIDDLESEX COUNTY
TOTAL CRIME INDEX

<u>Municipality</u>	<u>1992</u>	<u>1993</u>	<u>Increase/(Decrease)</u>
Carteret	637	774	21.5
Cranbury	44	62	40.9
Dunellen	266	233	(12.4)
East Brunswick	1811	1583	(12.6)
Edison	3652	3365	(7.9)
Helmetta	26	15	(42.3)
Highland Park	428	302	(29.4)
Jamesburg	99	81	(18.2)
Old Bridge	1635	1634	(.06)
Metuchen	406	374	(7.9)
Middlesex	403	367	(8.9)
Milltown	58	72	24.1
Monroe	341	240	(29.6)
New Brunswick	4295	3715	(13.5)
North Brunswick	1527	1275	(16.5)
PERTH AMBOY	3052	3142	3.0
Piscataway	1506	1443	(4.2)
Plainsboro	497	394	(20.7)
Sayreville	1188	1176	(1.0)
South Amboy	180	184	2.2
South Brunswick	777	710	(8.6)
South Plainfield	1099	1070	(2.6)
South River	334	281	(15.9)
Spotswood	211	184	(12.8)
Woodbridge	4923	4274	(13.2)

Source: Crime in New Jersey, Uniform Crime Report. State of New Jersey, 1993.

The next statutory criterion submitted by the City is the

comparison of salaries and conditions of employment with the same, similar, or other employees generally in the City, comparable jurisdictions, and in the private sector. In this regard, the City argues that the salaries of police officers in Perth Amboy are highly competitive with salaries throughout the County. It maintains that in 1993, the City's maximum police officer salary was \$47,887.00, which ranked fifth (5th) in the County. The City acknowledges that the above figure includes an additional 5.0% in base salary a senior police officer receives. It further points out that the 6% settlement rate for the PBA in 1993 exceeded the County average by 1.13 percentage points.

MIDDLESEX COUNTY
MAXIMUM PATROLMEN'S SALARIES

<u>Municipality</u>	<u>1993</u>
North Brunswick	\$56,000
Piscataway	\$51,061
East Brunswick	\$49,962
Woodbridge	\$49,052
PERTH AMBOY	\$47,887
New Brunswick	\$47,857
Sayreville	\$47,732
Edison	\$47,508
South Plainfield	\$47,114
Plainsboro	\$46,958
South Brunswick	\$46,991
Highland Park	\$46,682
Cranbury	\$46,335
Old Bridge	\$45,900
Middlesex	\$45,293
South Amboy	\$44,731
Metuchen	\$44,421
Dunellen	\$43,647
Carteret	\$41,925
Monroe	\$40,970
South River	\$40,924
Jamesburg	\$40,064
Milltown	\$39,362

Helmetta	\$31,521
Spotswood	\$40,113
Median:	\$46,335
Average:	\$45,200

Source: Middlesex County Municipalities

MIDDLESEX COUNTY
SETTLEMENT RATES
PATROLMEN

<u>Municipality</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>
Carteret	--	--	--
Cranbury	6.5	--	--
Dunellen	N/A	N/A	N/A
East Brunswick	5.0	3.75	4.5
Edison	4.5	5.0	5.5
Helmetta	5.0	5.0	5.5
Highland Park	--	--	--
Jamesburg	N/A	N/A	N/A
Metuchen	5.25	5.25	--
Middlesex	6.5	--	--
Milltown	5.0	--	--
Monroe	5.0	5.0	5.0
New Brunswick	5.0	5.0	--
North Brunswick	4.0	5.0	5.5
Old Bridge	0/5.25	--	--
PERTH AMBOY	6.0	--	--
Piscataway	3.0/3.5	6.0	--
Plainsboro	5.0	5.0	--
Sayreville	3.6	--	--
South Amboy	--	--	--
South Brunswick	6.5	--	--
South Plainfield	5.0	5.0	5.0
South River	4.5	4.25	4.0
Spotswood	5.0	5.0	--
Woodbridge	3.0/3.0	--	--
Average:	4.96	4.5	5.0

Source: Middlesex County Municipalities

The City further claims that when you compare the police salaries (\$47,605.00) with other public-sector positions, the PBA ranks first, exceeding the average by \$15,052.00. It also

points out that the City's police salary exceeded the average and median private-sector salaries for 1991.

NEW JERSEY AVERAGE SALARIES
FOR SERVICE OCCUPATIONS
IN PUBLIC SECTOR

<u>Occupation</u>	<u>Average Salary Statewide</u>
Perth Amboy Average Police Salary (1993)	\$47,605
Teacher, High School	\$46,321
Librarian, School	\$35,842
Teacher, Elementary School	\$43,558
Librarian, Public	\$35,842
Correction Officer	\$30,000
Guard	\$21,700
Teacher's Aides	\$14,467
Median:	\$35,482
Average:	\$32,533

Source: Occupational Outlook Handbook, U.S. Department of Labor, Bureau of Labor Statistics, 1994-1995 Edition, May, 1994; Compendium of New Jersey Wage Surveys, N.J. Department of Labor, Division of Labor Market and Demographic Research, January, 1994.

City of Perth Amboy

NEW JERSEY AVERAGE SALARIES FOR
PRIVATE SECTOR EMPLOYMENT POSITIONS
1991

<u>Employment Position</u>	<u>Average Salary</u>
Air Traffic Controller	\$56,260
Environmental Inspector	\$54,346
Advertising Coordinator	\$53,757
Bank Officer	\$48,073
Claims Examiner	\$46,761
Public Relations Officer	\$44,276
Computer Systems Analyst	\$43,661
Writer	\$43,266
Personnel Recruiter	\$42,710
Perth Amboy Average Patrolmen Salary	\$42,427
Loan Officer	\$41,661
Customs Inspector	\$41,385
Claims Adjuster	\$40,870

Purchasing Agent	\$39,938
Engineer	\$38,753
Immigration Inspector	\$38,440
Financial Analyst	\$38,200
Chemist	\$37,947
Photographer	\$37,629
Technicians (Salaries Vary by Field)	\$37,409
Computer Systems Programmer	\$34,918
Drafter	\$34,103
Nurse (Registered)	\$33,150
Editor	\$32,696
Accountant	\$32,641
Employment Interviewer	\$29,153
Radio News Commentator	\$29,456
Buyer	\$28,444
Median:	\$39,938
Average:	\$40,083

Source: Occupational Outlook Handbook, U.S. Department of Labor, 1990-1991 Edition; Compendium of New Jersey Wage Surveys, N.J. Department of Labor, October, 1991.

It contends the private-sector wage increases are also slowing down, and the City's final offer of 0% increase in 1994 is consistent with this trend.

AVERAGE WAGE INCREASES IN PRIVATE SECTOR
COLLECTIVE BARGAINING AGREEMENTS
COVERING 1,000 WORKERS OR MORE

<u>Industry</u>	<u>1992</u>	<u>1993</u>	<u>1994 1st Quarter</u>	<u>1994 2nd Quarter</u>
Manufacturing	3.1%	3.3%	0.4%	0.7%
Non-Manufacturing	3.1	2.8	0.4	0.9
Non-Manufacturing (Excluding Construction)	3.0	2.8	0.4	0.7
Construction	3.4	2.7	0.3	1.5
Transportation and Public Utilities	2.7	3.0	0.2	0.7
Wholesale and Retail Trade	2.7	3.0	0.2	0.7
Services	3.5	2.3	0.6	0.7
Goods-Producing	3.7	3.4	0.8	0.3
Service-Producing	3.1	3.1	0.4	1.0
	3.0	2.8	0.4	0.7

Source: "Major Collective Bargaining Settlements in Private Industry, Second Quarter 1994," Bureau of Labor Statistics, July 26, 1994.

The City argues that a fair indicator of a reasonable economic offer is the settlements entered into with the City's other collective-negotiations units. It submits that the blue-collar, white-collar, and firefighters' unions in the City all agreed to a salary freeze in 1994 and comparable proposals for 1995 and 1996. It adds that the superior police officers' union also accepted a salary freeze in 1994 and comparable raises in 1995 and 1996. It should be noted here that there is no dispute regarding the above facts.

The City further submits that a wage freeze in the public sector is not without precedent, and that such an award has been issued in Middlesex County by Arbitrator J. Tener. There, the Arbitrator based his decision on the severe financial difficulties in the Township of Old Bridge and said the administration "...must deal with the consequence of the past mismanagement." The Arbitrator also took into consideration the freeze accepted by other employees and the competitive salary of the Old Bridge police force.

Next, the City points to the statutory criterion of the overall compensation package. In this connection, it contends that notwithstanding its weak financial structure, it has provided the PBA with a competitive salary and good benefits. It summarizes them as follows:

Salary

Maximum Patrolman - \$47,887.00
[Article VIII, Section A]

Longevity

2% (5 years) to 14.25% (29 years)
[Article VIII, Section C]

The City's proposal would increase the longevity for 24 years of service from 9.0% to 9.25% consistent with the increase given to the firefighters (Exhibit 54).

Holiday

12 Days

Seven additional days for officers on a four and three schedule if they are otherwise scheduled to work on the listed holidays.
[Article XII]

Vacations

Between 12 and 25 or 31 working days, depending on the work schedule, for between 1 year and 26 years of service.
[Article X]

Sick Days

12 Days

Bonus - Payment of one (1) day's pay for each four (4) sick days to a maximum of three (3) days' pay with no reduction in the number of days accumulated.
[Article XIII, Sections A and B]

Personal Days

Two Days

[Article X, Section E]

Bereavement Leave

Date of death to day of funeral
[Article XVIII, Section A]

Uniform Allowance

\$950.00 per year
[Article XIV, Section A]

Education Stipend

\$250.00 for Associate's Degree
\$500.00 for Bachelor's Degree
[Article VIII, Section D]

The City's offer increases the amount to \$350.00 and \$700.00, respectively, and creates a stipend of \$1,000.00 for a Master's Degree. The restriction to a degree in police science or criminal justice has been eliminated. This is consistent with the terms of the superior police officers' settlement (Exhibits 43 and 44).

Medical Insurance

Hospitalization and Major Medical
Prescription
Dental, including orthodontic
Retiree Coverage
[Article XV; Exhibit 40]

Prescription Eyeglasses

Reimbursement for new or replacement pair
[Exhibit XXXI]

Life Insurance

\$2,000.00 for current employees
\$1,000.00 for retirees
[Article XV, Section B]

Terminal Leave

One (1) day's pay for every two (2) days accumulated sick leave with a 200-day cap, unless 400 days accumulated prior to January 1, 1985.
[Article XIII, Section G]

In addition, the City points to the benefit under Article VII of the Agreement of a flexible work schedule where the patrolman can work either four (4) ten-hour days on/four (4) days off, or four (4) ten-hour days on/three (3) days off. It submits that this lessens the yearly work hours of a police officer by 260 hours, than if they worked a five (5) and two (2) work schedule.

The statutory criterion of the stipulations of the Parties

is not applicable since there were no stipulations between the Parties.

The next statutory criterion is the lawful authority of the Employer. In this regard, the City submits that in preparing a reasonable final economic proposal, the City is constrained by a 2.0% limitation on spending that has been imposed by the Legislature for 1994 (N.J.S.A. 40A.:4-45.2). With respect to the need to provide municipal services to its residents, the City passed a resolution to exceed the 2% cap on spending, consistent with the statute which allows such an increase. It argues that its final economic offer to the PBA is within the statutory limitation on spending. It further states that the City's financial problems in 1994 preclude it from offering a salary increase in 1994. Because of said financial problems, the City Council passed a resolution in January, 1994, that municipal employees shall not be granted wage increases in 1994. This resolution was applied to all non-union employees, and four (4) unions accepted 0% for 1994. It argues that the resolution of the City Council cannot be ignored.

The next statutory criterion is the financial impact on the governing unit, its residents, and taxpayers. In this connection, the City submits that as an aging urban center, it is confronted with the problems of large industry moving out of the City and a decrease in property values due to vacant land and deteriorating buildings. The loss of this tax base from

commercial property owners leaves the burden of paying PBA salary demands on the low-income residents of the City. In this regard, the City reminds the Arbitrator that its per capita income is the second (2nd) lowest in the County, and has the highest percentage of families receiving public aid in the County, including the highest unemployment rate.

The City also points out that from 1992 to 1993, the net valuation taxable in Perth Amboy decreased by \$27,886,495.00. Over a four-year period, its net valuation taxable suffered a total reduction of 11.32%. When compared with the eight (8) largest municipalities in Middlesex County, the City has the second (2nd) highest percentage loss in net valuation taxable.

MIDDLESEX COUNTY
NET VALUATION TAXABLE

<u>Municipality</u>	<u>1992</u>	<u>1993</u>
Carteret	1,056,823,789	1,043,526,649
Cranbury	307,934,575	310,678,049
Dunellen	147,127,479	147,006,808
East Brunswick	1,829,351,179	1,818,249,061
Edison	7,076,622,863	6,871,148,730
Helmetta	45,416,990	45,811,476
Highland Park	534,730,813	533,699,194
Jamesburg	130,141,285	130,575,290
Metuchen	460,543,447	899,561,951
Middlesex	491,371,751	492,604,002
Milltown	246,329,485	245,331,004
Monroe	461,043,885	1,601,902,659
New Brunswick	1,349,773,903	1,330,283,726
North Brunswick	1,179,062,553	1,156,900,932
Old Bridge	2,680,427,297	2,691,769,372
PERTH AMBOY	1,515,385,480	1,487,498,985
Piscataway	2,334,634,005	2,309,952,646
Plainsboro	910,431,805	1,462,379,202
Sayreville	731,849,216	2,046,922,106
South Amboy	176,958,782	177,426,376
South Brunswick	2,922,469,896	2,987,878,780

South Plainfield	1,379,838,900	1,377,968,698
South River	361,437,761	359,992,608
Spotswood	190,565,027	191,477,691
Woodbridge	3,335,169,236	3,299,239,347
Total	31,855,441,422	35,019,785,342

Source: Middlesex County Abstract of Ratables

CITY OF PERTH AMBOY
NET TAXABLE VALUATION HISTORY
1990-1994

<u>Year</u>	<u>Net Taxable Valuation</u>	<u>Increase/Decrease Amount</u>	<u>Increase/Decrease Amount</u>
1990	1,665,647,769		
1991	1,651,194,730	(14,453,039)	-0.87%
1992	1,515,685,480	(135,509,250)	-8.21%
1993	1,487,798,985	(27,886,495)	-1.84%
1994	1,477,145,690	(10,653,295)	-0.72%
TOTAL		(188,502,079)	-11.32%

Source: Middlesex County Abstract of Ratable and
Perth Amboy Tax Assessor

INCREASE IN NET TAXABLE VALUATION
1990-1993
MIDDLESEX COUNTY MUNICIPALITIES WITH POPULATION
OF 35,000 OR LARGER

<u>Municipality</u>	<u>Percent Increase</u>
Sayreville	78.05*
Piscataway	(.77)
New Brunswick	(.90)
East Brunswick	(1.89)
Woodbridge	(3.51)
Edison	(7.36)
PERTH AMBOY	(10.69)
Old Bridge	(11.71)

* Reevaluation completed for 1993; Adjustments and
appeals pending.

Source: Middlesex County Municipalities

The City contends that an adequate reserve does not exist in the budget for tax appeals, and it anticipates that a second appeal from Chevron Oil will result in loss of revenue of \$1,200,000.00. In using past history as a guide, the City also anticipates there will be a 10% reduction in assessed value, and based on a current tax rate of \$2.97 per \$100.00 of assessed valuation, this will result in loss in revenue of \$756,144.00. Its budget reserves for tax appeals for 1994 total \$505,316.00.

CITY OF PERTH AMBOY
ANALYSIS OF RESERVE FOR TAX APPEALS

	<u>SFY1994</u>	<u>SFY1993</u>	<u>SFY1992</u>	<u>TY1991</u>
Beginning Balance	400,000	750,000	3,328,612	525,533
Increased by:				
Budget Appropriation				1,905,000
Current Year Taxes Reserved	<u>300,000</u>	<u>400,000</u>	<u>750,000</u>	<u>1,200,000</u>
	<u>300,000</u>	<u>400,000</u>	<u>750,000</u>	<u>3,105,000</u>
	700,000	1,150,000	4,078,612	3,630,533
Decreased by:				
Tax Appeals Settled	<u>194,684</u>	<u>750,000</u>	<u>3,328,612</u>	<u>301,921</u>
Ending Balance	505,316	400,000	750,000	3,328,612

Source: SFY 93, SFY 92, TY 91 - Audit
SFY 94 - Unaudited

The City also maintains that the self-insurance trust fund revenue is underfunded. Monies have to be held in reserve to pay general liability claims, workers' compensation, and health insurance. It submits that although \$200,000.00 was transferred to the trust account in 1994, the account is still practically depleted.

CITY OF PERTH AMBOY
SCHEDULE OF BUDGET APPROPRIATIONS AND
TRANSFERS TO SELF-INSURANCE TRUST FUND
CURRENT FUND

<u>Year</u>	<u>Original Budget</u>	<u>Transfer Amount</u>	<u>Modified Budget</u>	<u>% Increase Over Prior Year</u>
1995	4,150,000.00	0.00	4,150,000.00	5.12%
1994	3,748,200.00	200,000.00	3,948,200.00	37.35%
1993	2,735,150.00	139,400.00	2,874,550.00	14.99%
1992	2,500,000.00	0.00	2,500,000.00	

CITY OF PERTH AMBOY
SCHEDULE OF SELF-INSURANCE
TRUST FUND RESERVES

<u>Year Ended June 30</u>	<u>Balance</u>
1994	9,947.29
1993	321,448.17
1992	2,666,700.52
1991	166,027.59

SOURCE: SFY1995 Budget and SFY1991, 1992 and 1993 Audit Reports

The City further discusses that in 1994, it was still expending over 66% of its debt service to finance bonds needed to fund a successful tax appeal by Chevron and adjustment bonds used to resolve financial problems in 1991. It maintains that the savings in debt service in 1994 used to subsidize the 1994 budget will have to be replaced by other revenue sources to maintain the same level of service in 1995.

The City argues that an analysis of the financial data (supra) shows there are no monies in the budget to finance a 1994 salary increase. In addition, it submits that the amount of budgeted appropriations, lapsing to surplus, decreased from 1.31%

in 1993 to 1.21% in 1994 and .53% in 1995. The City alleges that this data confirms there is no extra monies in budget line items to finance the salary demand of the PBA.

CITY OF PERTH AMBOY
ANALYSIS OF APPROPRIATION RESERVES LAPSED

	<u>SFY 1995</u>	<u>SFY 1994</u>	<u>SFY 1993</u>	<u>SFY 1992</u>
Modified Budget	37,666,929	35,900,804	30,260,037	29,175,667
Appropriation Reserves Lapsed to Surplus	<u>200,000</u>	<u>433,830</u>	<u>395,964</u>	<u>331,191</u>
Percentage	0.53%	1.21%	1.31%	1.14%

SOURCE: SFY 93, SFY 92 - AUDIT
SFY 94 - UNAUDITED
SFY 95 - ESTIMATED

The City argues that in addition to raising the municipal tax rate in 1994 (supra), it also had to lay off 49 employees in 1994 to effectuate economies. This ultimately eliminated the deficit and neither uniformed police officers or firefighters were laid off.

The next statutory criterion is "the continuity and stability of employment...." The City contends it is attempting to reduce the size of its municipal work force through attrition and retirement. From 1990 to 1995, a savings of \$1,020,601.80 has been realized as a result of downsizing. It concludes this area by stating that despite the financial problems of the City, the continuity and stability of employment in the PBA has been maintained, and they have been insulated from downsizing.

OPINION

As an Interest Arbitrator, the undersigned must adhere to the statutory criteria set forth in NJSA 34:13A-16(g). Those are stated as follows:

- (1) The interest and welfare of the public.
- (2) Comparison of the wages, salaries and 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 public employment in the same or similar comparable jurisdictions;
 - (b) In comparable private employment;
 - (c) In public and private employment in general.
- (3) The overall compensation presently received by the employees inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.
- (4) Stipulations of the parties.
- (5) The lawful authority of the employer.
- (6) The financial impact on the governing unit, its residents and taxpayers.
- (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.

Having carefully weighed all the above criteria, I find that the PBA's final economic offer is the most reasonable. I say this for many reasons.

First, let us examine the "interest and welfare of the public." The record shows that the total crimes for the City, as revealed in the 1992 Uniform Crime Report, placed the City the fourth (4th) highest in the County and is above the average by 1,800 crimes. The crime index shows that the City reached its highest amount of crimes in 1992. In 1988, the Total Crime Index was 2,636; and in 1992, that number increased to 3,052. The record also shows, that in 1985, there were 16.71 crimes per officer and, in 1992, there were 26.09 crimes per officer. Notwithstanding this alarming increase in the crime rate, the evidence reveals there has been a decrease in the number of police officers employed by the City. The evidence reveals, that in 1988, the City employed 120 officers and, in 1992, the City's force was comprised of 117 officers. Presently, there are 117 officers. In this connection, the proofs further reveal that the City's police has the third (3rd) highest ratio of crimes per officer. When weighing violent crimes, the City is second (2nd). Certainly, the above facts reflect the risk factor compared to

other Middlesex County officers. In its Reply Brief, the City argues that all police officers knew of the high crime rate when they accepted employment with the City. It further states the police officers also knew of the City's weak infrastructure, low-income population, and tax rate. Does having such general knowledge necessarily mean that the bargaining unit must accept whatever the City, at its whim, deems reasonable? I think not.

In connection with the above facts, it is important to note that Middlesex County Planning Board data reveals there was an increase in the City's population of over 4,000 from 1988 (36,767) to 1990 (41,467). During this same period and subsequent thereto, the City's police force went from 120 officers in 1988 to 113 officers in 1990 and 117 officers in 1992. There remains 117 officers today. When reviewing the above facts, one realizes that the interest and the welfare of the public is best served by the highest caliber of police protection and how this relates to the quid pro quo of the taxpayers. Arbitrator L. Hammer appropriately amplified these very thoughts when he said:

"...The interest and welfare of the public demands a high caliber of Police protection which must be considered along with the needs of those making up the Police Department.

While members of the Department evidence their interest and support for the Community it serves by putting forth their best efforts to protect the citizenry and the City; and its taxpayers have only a single way of exhibiting its support to and appreciation of its police,

namely by granting each and every one of them an equitable and reasonable salary increase." (Emphasis added.) (IA-91-176)

It should also be noted that the PBA is not seeking any added fringe benefits whatsoever, such as longevity, vacation, holidays, and bereavement leave. Moreover, the PBA is not requesting their Health & Welfare and Pension benefits be increased, but rather, remain status quo. Remember, the PBA is seeking 2% on January 1, 1994, and two percent 2% on July 1, 1994. The record further shows that the Parties both propose 4% on January 1, 1995, and 4% on January 1, 1996. With these facts in mind, let us now proceed to the next-stated criteria (supra).

When determining relevant comparability of wages, salaries, and conditions of employment, with that of other employees performing the same or similar services, I believe the demographics of the City with other communities in the County are relevant. While there are 25 municipalities listed in the Middlesex County Demographics Chart, only two (2) are classified as "Urban Centers;" namely, Perth Amboy and New Brunswick. Seven (7) are listed as "Urban Suburban" and the remainder are characterized as "Suburban." When we look at the population, area, and density of these same 25 municipalities, we find that, again, New Brunswick and Perth Amboy are the most similar. The 1990 population of New Brunswick was 41,711; whereas, the population of Perth Amboy was 41,967. At that same time (1990),

New Brunswick had 122 police officers and the City had 113 officers. Since 1992, the City has had 117 officers. So here, we see very close demographic similarities between New Brunswick and Perth Amboy.

The comparability of wages is a very important component of an Interest Arbitrator's decision-making process. In this regard, the evidence reveals that while the City's police officers were making \$179.00 above the average in Middlesex County, it is \$2,553.00 less than officers working in New Brunswick. In 1993, the City was \$435.00 over the average, but still \$2,250.00 less than New Brunswick. In this connection, the evidence reveals that should the City's proposed 0% increase for 1994 be accepted, the police officers of the City would be making \$685.00 less than the average police officer in the County. Even with the 2½% split in 1994, the City's officers would be making \$381.00 less than the average.

The evidence also reveals there has been a downward spiral of increases in Interest Arbitration awards since 1994, and this is exemplified by the following averages. In 1993, the average interest arbitration rate increase was 5.19%, for 1994 was 5.01%, and for 1995 was 5.04%. In this connection, the PBA's final offer of 2½% (1994), 4% (1995), and 4% (1996) is less than the average increase for police officers in Middlesex County. In the County, the 1994 average increase was 4.97%, the 1995 increase was 5.12%, and two (2) reported settlements in 1996 were 5.25%.

While the record shows that the salary of a police officer is not out of line with private-sector employees holding mid-level jobs in northern New Jersey, the undersigned is also in accord with arbitral authority which holds there is no comparison between private-sector employment and police work. Arbitrator M. Scheiman encompassed these distinctions when he said:

"For example, police cover 24 hour shifts. They work weekends. They work holidays. They are subject to on call, call back and court dates. They work in a setting where they are subject to much public scrutiny as well as the possibility of real danger. In contrast, most other employees have scheduled shifts with weekends and holidays off. They rarely confront the physical danger of police work. For all these reasons, I find no comparable private employment." (Emphasis added) (IA-91-98)

It should also be noted that the City's teachers received average increases of \$2,500.00 for 1993, 1994, and 1995. Teachers in Middlesex County averaged 6.5% in 1993 and 6.02% in 1994-1995. For the City's police officers to receive the same dollar increase as the City's teachers for 1994 and 1995, it would constitute an increase in excess of 5% in each year. In the instant case, the PBA is seeking 2 1/2% in 1994 and 4% in 1995.

The undersigned must also consider all levels of economic benefits, including fringe benefits. In this connection and as previously mentioned, the PBA is seeking no increase in benefits for 1994, 1995, or 1996; whereas, other bargaining units in the

County have received benefits in longevity, holidays, and vacations.

There were no Stipulations by the Parties or any bilateral agreements on items during negotiations.

The lawful authority of the Employer is another criteria and there are changes in the Budget Cap Law which affect police wages. We should note that there may also be exemptions granted from the cap in certain situations for essential services. The flexibility in this area of the law rests with the municipality. In 1991, there was an article published by the Director of Local Government pointing out these flexible changes and the differentiating factors that are to be considered in determining police wages and the wages of other public and private employees. The thrust of the article was to show there is municipal flexibility in this area of the law.

The financial impact on the governing unit, its residents, and taxpayers is one of the major factors in the decision-making process in interest arbitration. There is no dispute that the per capita income of the City is well below the average of the other County municipalities. In this regard, the evidence also reveals that only New Brunswick has a lower per capita income than the City. The record further shows that where New Brunswick provided salaries of \$47,857.00 in 1993, the police officers in the City received \$45,607.00.

The City ranked 11th from the top of the County in property values when comparing state-equalized values (hereinafter called SEV). These same charts further show that the City's property value is greater than New Brunswick. There is also evidence submitted showing that the total tax levy per capita by City residents was less than their counterparts in the County. Where the City's total was \$991.51, the average resident in the County paid \$1,362.08. The City also receives more state aid than other communities in the County.

As other urban municipalities, the City draws revenues from a variety of sources other than property tax; for example, miscellaneous revenue in the City increased over \$3 million from 1990 to 1995. It went from \$11.078 million to \$14.125 million, or approximately 5% per year. Property tax increased 2.6% over the same period. In addition, it should be noted that about 50% of the City's annual budgeted revenue is derived from property tax. When compared to other municipalities with populations between 30,000 and 50,000, the City ranks 20th out of 38 with an average per capita expense of \$711.00. This is less than the average of \$797.00. When comparing the City to the entire County, the average per capita expense is \$711 versus \$706 -- almost the same.

When examining the changes in the equalized local government tax rate of its peers (population 30,000 - 50,000), the City is fourth (4th) lowest in the changes in the equalized tax rate from

1988 through 1992. In the County peer group, the City is 18th of 25 in the equalized property tax rate. There has been no dramatic change in the property tax burden of City residents.

The record also shows there are unanticipated revenues generated through excess budgeting. I do not disagree with the City's auditor that miscellaneous revenue is dependent on non-recurring sources of revenue, such as grants, which skew the average and cannot be depended upon to be a source of revenue in future years. No one has a Quija board, but the fact remains that it has been there (average \$714,000) for the past four (4) fiscal years. This resulted through revenue not budgeted. Based on the foregoing, I do not find any fiscal crisis presently confronting the City.

When reviewing the Cost of Living as a statutory criterion, it is difficult to equate salary adjustments to the Cost of Living. I say this because, in the past, bargaining units did not receive adjustments or increments comparable to double-digit Cost-of-Living increases. At any rate, the cumulative earning from the CPI for the period of 1989 to 1993 was \$8,750.00. The per-year average in the County was \$1,870, while the City officers realized \$1,750.00. After reviewing the submissions, I do not believe the Cost of Living has any significant bearing in the instant case.

As to the criterion of "continuity and stability" of the

City, in this regard the City repeatedly points to the cost of tax appeals and the loss of tax revenue in a decreasing business population. While the majority of municipalities are confronted with such problems, it appears they continue to survive. In fact, the record shows the City is anticipating a major tax uplift from the largest investment in residential and commercial development in over 30 years. This project will produce over \$2 million in new ratables, which will be added to the tax base.

Throughout these proceedings and in its post-hearing briefs, the City has continuously argued that it is not appropriate for the PBA to paint New Brunswick as a "sister" city when comparing wages and salaries of their respective police officers. It further contends that it is unfair, because both cities are confronted with different financial situations. In this regard, all municipalities have their own financial situations, but when one compares population, area, density, per capita income, public aid, unemployment, crime rate, the equalized tax rate, and the fact they are the only two (2) "urban centers" in the entire County, I believe the comparability of their police salaries is not insignificant. Moreover, the City does not mention the financial situation of other municipalities when it argues "comparability" and submits that the salaries of its officers are highly competitive with other police salaries in the County. These submissions are also weighed accordingly.

Next, the City argues that a fair indicator of a reasonable

economic offer is the settlements entered into with its other collective negotiations units. It submits that the blue-collar, white-collar, firefighters, and superior police officers' unions in the City all agreed to 0% (wage freeze) in 1994, and comparable proposals for 1995 (4%) and 1996 (4%). While these other bargaining units may have agreed to the City's proposal, there is no basis for implementing this proposal upon the PBA involved in this interest arbitration. Moreover, these prior settlements cannot dictate what is fair and reasonable regarding the question that must be decided by the undersigned. Is the PBA supposed to accept as "reasonable" that which other bargaining units have settled for in the past? I think not. I am also aware that a wage freeze in the public sector is not without precedent, and the Arbitrator, J. Tener, recently issued such an Award in Middlesex County; however, each Interest Arbitration Award is determined by the particular facts in that municipality and certainly is not binding as precedent in a separate case involving different facts.

The City also argues that during the period of 1990 to 1995, it hired 21 police officers to fill vacancies from retirement. In this regard, it states that the high unemployment rate in City departments has not affected the PBA. I should hope not. One cannot compare the downsizing of the Accounting Department, Library staff, or Department of Public Works with that of police officers. It is not in dispute that the size of the police force

in the City has remained at 117 officers since 1992. Should the City further downsize (120 officers in 1988) the Police Department through attrition, it may have a direct effect on the interest and welfare of the public. In this connection, the record shows that from 1988 to 1992, the amount of crimes in the City increased from 2,636 to 3,052. It is for the above reasons I do not believe there is any merit whatsoever to this argument.

Finally, the City argues that the PBA ignores the fact that police officers enjoy a work schedule unlike any other profession. It contends they work four (4) ten-hour days and have either two (2) or three (3) days off, depending on their assigned division. It states that other employees enjoy two (2) days off. Again, how does one compare the job of other City employees with that of a police officer or a firefighter (also three [3] days off after a 42-hour week)? It is submitted there is no comparison. The City acknowledges the above, where in its Reply Brief it states:

"...While it is true that police officers' duties are different from other employees, this difference should not result in a proportionately higher increase every time a contract is negotiated. The overall increase for a three-year period is comparable to the salary increase in the private sector and equals the salary increases given to other employees in the City."

As to the last sentence in the above quote, we see that the teachers in the City received increases of \$2,500.00 for 1993, 1995, and 1995. In this connection, if the City's police

officers were to receive the same dollar increase as the City's teachers for 1994 and 1995, it would be in excess of 5% in each year. In direct contradiction to the above statement by the City, the PBA in the instant case is seeking 2%/2% for 1994 and 4% in 1995. It should also be noted that the PBA is not seeking any added fringe benefits or any change in their Health & Welfare or Pension benefits. It is for the above reasons I also find this argument by the City to be wholly non-meritorious.

The undersigned has carefully examined all the relevant evidence, proofs, and voluminous exhibits submitted by the Parties, as they pertain to the statutory criteria (supra). As a result of the foregoing analysis, I find that the PBA's final economic offer is more reasonable and hereby Award the PBA's economic package.

NON-ECONOMIC PROPOSALS OF THE PBA
ARTICLE IV - PERSONNEL FILE

SECTION A

Here, the PBA would have the City remove "departmental disciplinary charges" from a police officer's personnel file if he/she has not been notified of the existing unfavorable material contained in the personnel file.

ARTICLE IV B

Here, the PBA is seeking the ability to remove any charges leading to conviction of discipline through the Parties' grievance procedure.

The undersigned is not convinced that the PBA has met its burden of establishing justification for modifying the language contained in the current agreement. In addition, it should also be noted that the Union has alternative statutory means to challenge and appeal disciplinary charges against police officers, if the discipline is major (discharge or suspension in excess of five [5] days). On the other hand, the New Jersey Supreme Court has determined that challenges to minor disciplinary actions (suspensions of less than six [6] days and reprimands) are not subject to review by an Arbitrator. Here, the PBA would have the Arbitrator grant a contractual right regarding the removal of records pertaining to departmental disciplinary charges. In this connection, PERC and the Supreme Court have concluded that this involves non-negotiable prerogatives of management. It is for the above reasons I reject the PBA's proposals regarding Article IV.

ARTICLE VI - MUTUAL AID

SECTION A

Here, the PBA wants to delete the language, "at the direction of a superior officer" and leave it to the discretion of a police officer whether or not to render aid to another community. Certainly, the decision to provide aid to "another community" is a managerial decision, and only then are employees fully covered under the governing compensation, insurance, and pension benefits as provided by state law and the Agreement.

There is nothing in the record to either substantiate or justify this change requested by the PBA. Simply stated, it is not a bargaining-unit decision whether or not to render aid to another community. Such a decision not only exposes the City to unnecessary liability, but also causes it to incur expenses regarding disability insurance, compensation, and pension benefits under the Agreement and state law. It is for the above reasons I hereby reject the PBA proposal regarding Article VI.

ARTICLE XVIII - EMPLOYER'S RIGHTS

SECTION A

Here, the PBA is seeking to add the following language:

"The City further recognizes that it does not have the right to unilaterally establish or modify terms and conditions of employment."

The PBA in this proposal is seeking to insert a general principle of law into the contract. Under the present language, the PBA recognizes the right of the City to adopt rules and regulations, and not be required to negotiate rules and regulations. In this same provision, the PBA has the right to grieve and arbitrate any rule or regulation which it deems arbitrary, capricious, and unreasonable. Certainly, the PBA has recourse under this provision should the City overstep its authority when adopting and implementing rules and regulations. As the City points out in its Post-hearing Brief, if the Parties are to include every general principle of law in its labor agreement, the contract would become a "legal treatise." It is

for the above reasons I reject the PBA's proposal regarding Article XVIII.

ARTICLE XXIX - MAINTENANCE OF STANDARDS

SECTION A

Here, the PBA is seeking to add the following language:

"Further, the Employer recognizes and agrees that employee's terms and conditions of employment will be maintained at the same standards existing during the previous contract."

The above proposal by the PBA contains nothing more than standard, and I might add, "reasonable" maintenance-of-standards language. This is nothing more than an acknowledgment that the Employer will maintain terms and conditions of employment at existing levels. The City's concern that this proposal will leave the City vulnerable to an unfair-practice charge is without foundation. The City's further concern of a conflict in language or a sunset provision in an expired contract is also without merit. It is for the above reasons I accept the PBA's proposal regarding Article XXIX.

NON-ECONOMIC PROPOSALS OF THE CITY

The only proposals submitted by the City pertain to adding the following language to Article VII (Section D), Article IX (Section C), Article X (Section B and Section H), Article XVI (Section D), and Article XXI:

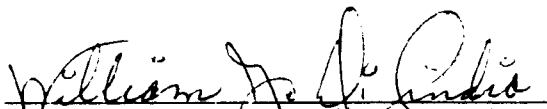
"or the police director if a chief is not appointed by the City."

In this regard, the City argues that where the vacancy for the position of Chief of Police has not been filled, it is reasonable for the City to assign to the Police Director duties otherwise required to be performed by the Police Chief in accordance with the Parties' Collective Negotiations Agreement. The duties which are addressed by the City's non-economic proposals are:

1. The determination as to when an employee must attend more than twenty (20) hours of training sessions (Article VII, Section D).
2. The determination as to when an employee may receive compensatory time off as opposed to overtime payments (Article IX, Section C).
3. The determination as to when vacation leave may be split (Article X, Section B);
4. The determination as to whether special or exceptional reasons exist to allow an exception to the rule that vacation be used in the year it is earned (Article X, Section H);
5. Approval of time off for an employee to attend a funeral (Article XVI, Section D); and
6. Decision at the first step in the grievance procedure (Article XXI, Section B).

After careful consideration of the above non-economic proposals submitted by the City, I find that the issue regarding

the appointment and duties of a Police Director versus a Police Chief is a question of law and is outside the purview of this arbitrator's authority. It is for this reason I shall not make a determination on the City's non-economic proposals (supra). Before closing, I want to commend the Parties for excellent and tenacious presentations of their respective positions.


William J. DiCindio, Esquire
Interest Arbitrator

August 12, 1996

AWARD

1. DURATION

The terms of the Agreement shall be January 1, 1994 through December 31, 1996.

2. SALARY

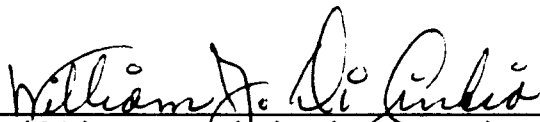
January 1, 1994	2%
July 1, 1994	2%
January 1, 1995	4%
January 1, 1996	4%

3. ARTICLE XXIX- MAINTENANCE OF STANDARDS

Effective the date of this Award, Article XXIX, Section A, of the Agreement shall also include the following language:

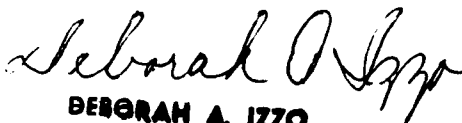
"Further, the Employer recognizes and agrees that employee's terms and conditions of employment will be maintained at the same standards existing during the previous contract."

Accordingly, the changes herein are so awarded and any proposal not specifically granted is hereby rejected.



William J. DiCindio, Esquire
Interest Arbitrator

August 12, 1996


DEBORAH A. IZZO
NOTARY PUBLIC OF NEW JERSEY
Commission Expires April 20, 1997