

State of New Jersey

Public Employment Relations Commission

In the Matter of the Compulsory :
Interest Arbitration :
-between- : Opinion and Award
County of Middlesex :
-and- :
P.B.A. Local 156 :
Docket No. IA-96-115 :
_____ :

BEFORE: CARL KURTZMAN, ARBITRATOR

APPEARANCES: For P.B.A. Local 156

Loccke & Correia

By: Richard D. Loccke, Esq.

For County of Middlesex

Genova, Burns, Trimboli & Vernoia

By: James M. Burns, Esq.

Pursuant to a petition to initiate Compulsory Interest Arbitration, filed by Middlesex County Police PBA Local 156 (PBA) on March 5, 1996, the undersigned was appointed by the Public Employment Relations Commission, on June 27, 1996, in accordance with P.L. 1995, c. 425, to hear and decide the contract issues in dispute.

At a mediation session on August 22, 1996, held in the offices of Middlesex County (County) in New Brunswick, New Jersey, the parties were asked by the undersigned to detail the open issues. PBA listed the following issues:

Economic Issues:

1. Duration - Multiple Year
2. Salaries
 - a, Wage Increase
 - b. Senior Officer Differential
3. Association Representatives
4. Clothing Allowance Increase (Art. IX, Uniforms)
5. Article X. Overtime - a 4/2 work chart
6. Article VI - Vacations (Vacation Fragmentation Improvement)
7. A new contractual clause which would improve the rate and method of pay for extra duty details.

Non-Economic Issues:

1. Clarify Longevity Program (Art. VII)
2. New contractual articles regarding:
 - a. Preservation of Rights
 - b. Replacements

The County submitted the following additional unresolved issues:

Economic Issues:

1. Meal Allowance
2. Leave for Union Business
3. Personal Property Damage Reimbursement
4. Medical Benefits
5. Holidays
6. Bereavement Leave
7. Sick Leave

8. Legal Representation

Non-Economic:

1. Management Rights

In addition, the County submitted a list of proposals for 'All Bargaining Units - County of Middlesex'.

At the session on August 22, 1996, PBA objected to the introduction of the additional unresolved issues submitted by the County claiming that they constituted a procedurally defective late filing. The parties were advised to file briefs by Sept. 30, 1996 summarizing their arguments concerning the PBA objection. After receipt and study of the parties' briefs, the undersigned issued an interim award which found that the County had failed to respond to the PBA petition within the time denoted in N.J.A.C. 19:16-5.5 and had not requested an extension of time to file its response. Accordingly, the undersigned limited the arbitration to those issues contained in the PBA's petition because, in accordance with N.J.A.C. 19:16-5.5 (b), the County was deemed to have agreed to the request for the initiation of interest arbitration as submitted by the PBA. On October 15, 1996, the County filed with the Public Employment Relations Commission a notice of interlocutory appeal and a request for a stay. The undersigned conducted interest arbitration hearings on Oct. 17 and 18, 1996 and took testimony regarding the issues in the PBA petition. The record was held open pending the disposition of the interlocutory appeal. On Nov. 19, 1996, the Commission issued a decision in which it found that the County had not demonstrated why the requirements of N.J.A.C. 19:16-5.5 should be relaxed. The Commission declined to grant leave to appeal. Accordingly, the issues in this proceeding are limited to the issues contained in the PBA petition.

After the conclusion of the evidentiary hearings, the parties were provided

with an opportunity to file briefs and reply briefs. After the grant of an extension, the final reply brief was received by the undersigned on Feb. 25, 1997. During the study of the record, the undersigned noted that some exhibits had not been submitted and additional exhibits were necessary. In addition, it was necessary to convene an additional day of hearing on May 15, 1997 to secure answers regarding exhibits previously submitted. The final exhibit was received by the undersigned on May 22, 1997 and the record was closed. The parties agreed to the arbitrator's request for an extension, to June 30, 1997, for the filing of the award in this matter.

The Public Employment Relations Commission has advised that these arbitration proceedings shall be conducted in accordance with the provisions of P.L. 1995, c. 425. Accordingly, since the parties in this proceeding have not agreed to a terminal procedure for resolving the contract issues in dispute, the award issued in this matter will be based on the conventional arbitration mode.

FINAL OFFERS

Middlesex County

Economic:

1. Duration: Jan. 1, 1996 - Dec. 31, 1998.

2. Salary: Add the following dollar amounts to base pay, at each step, on the dates indicated:

1/1/96 - \$500

7/1/96 - \$500

1/1/97 - \$600

7/1/97 - \$400

1/1/98 - \$700

7/1/98 - \$450

Beginning 1/1/97, each unit member will be eligible for an annual performance incentive bonus of \$250, based on supervisory evaluations, as shown in Exhibit B.

3. Effective as of date of award, overtime to be calculated on a weekly basis. Authorized, paid time off would count toward weekly calculation.
4. Change Pay Period from bi-weekly to semi-monthly.

P.B.A. Local 156

Economic:

1. Duration: Jan. 1, 1996 - December 31, 1998.
2. Salary:
 - 1/1/96: 6.5%
 - 1/1/97: 6.5%
 - 1/1/98: 6.5%
3. Article II, Association Representatives: Modify Article II of the prior Agreement to provide 10 annual PBA business days for use at the discretion of the President or the President's designee.
4. Article IX, Uniforms - Increase the clothing allowance by \$100 in each contract year.
5. Article X, Overtime - Modify Article X of the prior contract to provide:
Work Schedule: Change to an alternating four days on, two days off work schedule.
6. Article VI, Vacations: Bargaining unit members shall be entitled to fragment their vacation entitlements into blocks of one (1) day or more.

Non-Economic:

1. Preservation of Rights: Insert a new contract article entitled "Preservation of Rights" containing the following language:

The parties agree that all benefits, rights, duties, obligations and conditions of employment relating to the status of the Middlesex County Police which benefits, rights, duties, obligations, terms and conditions of employment are not specifically set forth in this Agreement, shall be maintained in not less than the highest standards in effect at the time of the commencement of collective bargaining negotiations between the parties leading to the execution of this Agreement.

Unless a contrary intent is expressed in this Agreement, all existing benefits, rights, duties, obligations and conditions of employment applicable to any Officer pursuant to any rules, regulations, instruction, directive, memorandum, statute or otherwise shall not be limited, restricted, impaired, removed or abolished.

2. Replacement: Insert a new contract article containing the following:

No full time employee covered by this Agreement shall be replaced by any non-police officer, part time or other personnel.

No post presently filled by a full time employee covered by this Agreement shall be covered by any non-police officer, part time or other personnel.

3. Article VII, Longevity: Delete any reference in the current longevity article to other documents or resolutions. Revise the language of the longevity article to make clear that all terms of the longevity program are contained within the contractual text.

The eight statutory criteria set forth in N.J.S.A. 34-13A-16G which will guide the disposition of this matter are as follows:

1. The interests and welfare of the public; considering, inter alia, the limitations imposed upon the employer by the CAP Law, N.J.S.A

40A:4-45.1 et seq.

2. Comparison of the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the same or similar services and with other employees generally:
 - a. In private employment in general
 - b. In public employment in general.
 - c. In public employment in the same or similar comparable jurisdictions, as determined in accordance with N.J.S.A. 34:13A-16.2.
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; considering, inter alia, the limitations imposed upon the employer by the CAP Law, N.J.S.A. 40A:4-45.1 et seq.
6. The financial impact on the County, its residents and taxpayers. The arbitrator shall take into account, to the extent that evidence is introduced, how the award will affect the county purposes element of the local property tax; a comparison of the percentage of the county purposes element required to fund the employees' contract in the preceding local budget year; the impact of the award for each income sector of the property taxpayers of the local unit; the impact of the award on the ability of the County to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public

moneys have been designated by the County in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the County in its proposed budget.

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

Positions of the Parties

County of Middlesex

Based on a complement of 23 officers and a computation of their step increments and longevity increases during the proposed term of the contract, the County compares the cost of the total annualized salaries (base pay plus longevity) under the competing final offers as follows:

	Tot. Ann. Sal. (PBA)	%Inc. (PBA)	Cum. Cost
1995	955,825		
1996	1,014,340	6.12	58,485
1997	1,135,929	11.99	180,104
1998	1,241,003	9.25	285,178
	Tot. Ann. Sal. (Cty)	%Inc. (Cty)	Cum. Cost
1995	955,825		
1996	977,025	2.22%	21,200
1997	1,049,515	7.42	93,690
1998	1,103,155	5.11%	147,330

	Tot. Ann. Sal. (Cty)	%Inc (Cty)	with ann. performance bonus
1996	977,025	2.22%	21,200
1997	1,055,265	8.01	99,400
1998	1,113,655	5.53	157,830

Citing these figures, the County maintains that the PBA proposal will cost \$523,767 over the three year period of the contract and cost the County \$261,547 more than the \$262,220 cost of its proposal and \$245,297 more than the County's three year proposal with the annual performance bonus on 1/1/97.

The County notes that the cost difference between the parties' final offer becomes wider when the increased costs of pensions and overtime is included. In addition, the County points out that the projected cost difference does not include the cost of implementing the 4 on/ 2 off schedule requested by PBA.

The interests and welfare of the public

The County maintains that the public's interest is served best by the selection of its final offer because it guarantees the maintenance of an adequate County police service at a reasonable cost to the public. The County notes that there is no evidence that the County police services are inadequate under current salary levels or that the large salary increase proposed by PBA coupled with a substantial reduction in hours would improve the level of services or that the level of services needs improvement. The County points out that unit salaries and hours are sufficient to attract enough applicants to meet its hiring needs and further improvement in these terms of employment are unnecessary. The County claims that County police perform "back-up" to municipal police and Rutgers Police and the public interest is not served by further unreasonable salary increases for these services. The County notes that adequate police service, a matter of public interest, is available in seventeen of twenty one New Jersey

counties without the services of county police. The County cautions that an award in excess of the County offer might move the County to eliminate the County police, a position it does not currently favor.

The continuity and stability of employment

The County argues that the terms and conditions of employment available in this unit is adequate to attract a sufficient number of applicants for new positions and the large number of long term employees proves that these conditions serve to retain employees in the department. In addition, the County notes that County police have not defected to municipal police departments in spite of slightly higher salaries in these departments. Furthermore, the County points out that County police have not been affected by the trend toward privatization or downsizing or the layoffs that are occurring in the public and private sectors. In addition, the County believes acceptance of its offer in this proceeding would enhance stability and continuity in employment because it is the same proposal accepted by the largest non-uniformed unit and it is the same proposal offered to all thirty two Middlesex County negotiations units.

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:

The County claims that its offer is more reasonable because the County's largest negotiations unit has voluntarily agreed to accept the same proposal. To reinforce its internal comparison, the County indicates that non-unionized personnel have received \$750 in 1996, \$250 less than offered the PBA in that year.

The County maintains that its proposal is more reasonable when compared with the 3% average increases in the private sector. Although PBA has received

higher increases than private sector employees from 1991 to 1995, the County believes the PBA proposed increase of 6.5% is wholly unreasonable in the light of an average private sector increase of 3% in 1996. The County insists that its proposal exceeds the private sector average and is more reasonable.

The County claims that its proposal is more reasonable in the context of the average rate of general public sector increases and the trend toward public sector downsizing. The County points out that public sector increases are far below those proposed by PBA in this proceeding and the County believes that its offer is better supported by the general level of public sector settlements than the offer submitted by PBA.

The overall compensation presently received by the employees

The County maintains that Union County is the most similar comparable jurisdiction for purposes of compensation comparison because they are neighboring jurisdictions, they include substantially similar municipalities and they are alike in the areas of average gross income, average income tax, average per capita income, crime rate index and general tax rate. The County notes that Middlesex County police are equal in three compensation categories with Union County police but exceed Union County in eight significant compensation categories. Since Middlesex police are better compensated than their Union County counterparts, the County believes it is more reasonable to award its offer because it will maintain this level of compensation comparison.

The cost of living

The County believes that each side has submitted an offer that exceeds the current rate of inflation but it believes that, when viewed with other relevant criteria, the cost of living factor supports its position. The County points out that the low level of inflation has continued for a number of years but the percentage

increases received by PBA since 1991 have far outpaced the rate of inflation.

The financial impact on the County, its residents and taxpayers

The County believes that steps must be taken to counteract a shortfall of one entire payroll in 2004 and claims that instituting a semi-monthly pay schedule will remedy the situation.

The County maintains that the County Freeholders have been receptive to constituents' interest in a decreased tax levy and have accomplished this goal since 1993. However, the County cautions that an adverse award in this proceeding would be a serious impediment to the County's goal of continued tax decreases. The County points out that the 1996 budget was aided by one-time transactions which may not be duplicated in the future. The County notes that the other law enforcement units may be affected by the terms of this award and a wage increase which exceeds the County offer and the AFSCME settlement would cause a substantial increase in the percentage of the total budget devoted to Public Safety. The County points out that a higher award will also result in higher pension contributions and all of these increases may jeopardize the County's favorable bond rating.

The County urges the rejection of PBA's longevity proposal, PBA's request for a Preservation of Rights article and PBA's demand for a work preservation clause because of the lack of evidence to support the need for change.

The County maintains that its economic proposal is more reasonable than the PBA's proposal and, therefore, should be awarded. The County seeks the rejection of PBA's non-economic proposals as unsupported and unreasonable.

PBA

The interests and welfare of the public

PBA argues that the interest and welfare of the public are well served by

the high level of activity and varied services of a County police force which has managed these functions without full staffing. PBA points out that the County work force has been diminished by more than 42%, from 33 patrolmen in 1993 to 19 fully active patrolmen in 1996. PBA maintains that the record evidence of high levels of activity and increases in work load in the face of a reduced staff proves that the County police force is a very productive department which well serves the public interest and, by virtue of the special services provided to the County's municipalities, is a significant asset to the County.

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:

PBA compares the salaries of the County police with other Middlesex County Law Enforcement agencies and notes that the Middlesex County police receives the lowest base pay rate of any of the agencies within the jurisdiction patrolled by the County police. Based on the record evidence, PBA shows that the average Middlesex County police officer had an average base pay , top step, of \$46,395, \$5,123 less than the county-wide average of \$51,518. Since it would take more than a \$5000 increase to reach the 1995 county-wide average, more than an 11% pay raise, PBA concludes that the County police do not receive comparable pay to those jurisdictions in which they work. In addition, PBA points out that the "going rate" of settlements in Middlesex County Municipal Police Departments or other county level law enforcement agencies is averaging 4.5% in 1996, 4.33% in 1997 and 4.42% in 1998. Based on these averages, PBA argues that a 15% increase would be necessary in this unit to reach the 1996 average. Although PBA does not expect this type of award in this proceeding, it believes

that the comparisons justify higher than average rate increases for this unit during the term covered by this award.

PBA claims that there are no offsetting benefits enjoyed by County police to account for their low wage position. Since the County longevity stipend is limited to 7% of a maximum base of \$30,000, PBA shows that County police are in last place when compared to their counterparts in municipalities, on average \$5,000 less than provided by the municipalities who call in the County police for their special services and equipment. In addition, PBA illustrates that the County clothing allowance is \$675 per year compared to an average of \$869 in the Middlesex County municipalities. PBA claims this clothing allowance comparison supports its claim of a low ranking for County police benefits and corroboration of the need for the clothing allowance requested by PBA in this proceeding.

PBA argues that comparisons with private sector wage statistics should not be given great weight because of the unique character of law enforcement employment and the inability to compare this form of employment with other private sector employment. PBA maintains that the best comparisons are made with other law enforcement agencies and less weight should be accorded to settlements with non-law enforcement units, internally or externally.

Stipulations of the Parties

PBA believes this criteria does not bear on the outcome of this matter.

Lawful Authority of the Employer and the Impact on the taxpayers and residents.

PBA maintains that the record provides no restriction on the lawful authority of the County to pay the PBA offer and claims that the impact of an award of the PBA position is minimal relative to the total Middlesex County budget and impact on taxpayers. PBA points out that its final offer would cost the County approximately \$38,000 more per year than the County offer.

Citing the fact that the County has used different numbers of officers in its comparisons without acknowledging the reduced cost of new employee hirings in the latter half of the year, PBA claims that there is sufficient flexibility and adequate monies funded in the budget for police salaries to accommodate the PBA final offer. Furthermore, PBA claims that the impact of an award of the PBA's full position would result in no more than 1/10th of one mil on a municipal residential taxpayer's costs, an imperceptible impact.

PBA argues that the County has a healthy fiscal picture and has been able to reduce taxes in each of the last three years. PBA objects to being called upon to subsidize the further tax cutting aims of the County and believes it has already made a significant contribution to cost savings by managing its work load with approximately 1/3 less personnel. PBA points out that the County has not utilized the maximum CAP rate while reducing the budget and generating significant surpluses. PBA shows that the impact of an award of its final offer is measured by \$38,356 on a surplus balance of \$6,970,804, an imperceptible impact. PBA also notes that there is a 4.6 million dollar cap bank available for utilization in 1997. Citing the utilization of a small percentage of its fund balances in 1995 and the ability of the County to reduce the County tax rate every year since 1993, PBA concludes that the County is very stable with a very strong tax base and a very strong record of tax collections.

Cost of Living

PBA objects to the placement of great emphasis on the current cost of living factor because it did not realize wage adjustments in the past which were commensurate with double digit rates of inflation. PBA claims that the wage increases sought by PBA in this matter are lower than in the past and reflect an accommodation to the lower inflation rate.

Continuity and Stability of Employment

PBA maintains that it has shown a movement of County police officers from the County police force to other higher paying law enforcement agencies. PBA believes County police perform a vital function which provides an essential public service and should be compensated in such a way as to discourage movement to other law enforcement departments and, rather, to encourage the establishment of reasonable career paths in the County force.

PBA objects to the changes proposed by the Employer in overtime compensation or the creation of a performance incentive program. PBA maintains that these changes are without evidentiary support and, since these changes address long standing benefits and may result in a reduction in compensation, they should not be awarded by an arbitrator without substantial evidentiary proof of the details of the requested changes, the need for their implementation and the impact of these proposed changes on employee terms and conditions of employment.

PBA requests a ruling in favor of the Final Offer presented by PBA in this proceeding.

Analysis

The disposition of this matter has been guided by the application of the eight statutory criteria set forth in N.J.S.A. 34-13A-16G.

1. The interests and welfare of the public; considering, inter alia, the limitations imposed upon the employer by the CAP Law, N.J.S.A 40A:4-45.1 et seq.

In analyzing and evaluating the interests and welfare of the public, one is faced with diverse concerns which must be reconciled in the development of a decision in this dispute based on a reasonable determination of the issues. The

public interest of County residents is served by the continued maintenance of a professional County police force which is productive and motivated by high morale. On the other hand, although the County residents seek a County police force which is large enough to meet the law enforcement needs of the County, the residents are anxious to limit the costs of the County police force so that other County services may be preserved and, at the same time, keep the tax rate as low as possible.

Productivity and high morale are achieved and maintained when police officers receive adequate compensation for their training, experience and unique responsibilities. In addition, morale is enhanced when the employer recognizes and shows appreciation for the efforts of a police force to maintain and, in some areas, exceed the prior levels of production during periods of reduced personnel. Exhibit P-2, entitled 1995 Traffic Bureau Yearly Report and Statistical Data, indicates that the number of Patrol Officers has diminished from 33 in 1991, 1992, and 1993 to 27 in 1994 and 23 in 1995. Other exhibits in the record indicate that there have been as few as 19 active Patrol Officers while recruits were trained at the Academy. In spite of the dwindling number of Patrol Officers, the Exhibit indicates that the force had 2804 Motor Vehicle Contacts (assists, accidents, summons) in 1995 compared to 2698 in 1994.

In addition, evidence at the hearing (testimony of P.O. Chartier) indicates that the County Police are increasing the number of assists to municipalities and are being called on to provide special services to the municipalities in the County.

On the other hand, the County Freeholders have been attuned to the demands of its taxpayers for a reduced tax levy and have accomplished this goal since 1993.

It appears that the continued high production of the County Police force in spite of the lower number of police employees on the payroll has made a significant contribution to the County's ability to provide the equivalent of the County Police's prior services while, at the same time, accomplishing a lowering of the tax levy.

PBA, citing the average 1995 top step base pay for ten Middlesex County law enforcement agencies as \$51,518 compared to the 1995 Middlesex County Police top step base pay of \$46,395 and citing a 4.5% average of settlements in seven law enforcement agencies in 1996, 4.33% in 1997 and 4.42% in 1998, seeks a 6.5% increase in each year in order to begin to bring the County Police rate to a comparable level with those officers in the jurisdictions in which County Police perform their duties. In addition, PBA seeks a change in the work schedule which would reduce the number of hours worked in the year from 2080 hours to 1944 hours, a 6.53% reduction in hours.

On the other hand, the County places great emphasis on the wage settlement which it has negotiated with AFSCME in a large unit of non-uniformed personnel and seeks to implement this same pattern of settlement in all other collective negotiations units and exempt personnel. The County proposes the following wage increases:

1/1/96 - \$500

7/1/96 - \$500

1/1/97 - \$600

7/1/97 - \$400

1/1/98 - \$700

7/1/98 - \$450

Exhibit 3 of the Exhibits submitted on behalf of Middlesex County contains

a Middlesex County Police Rank-and-File Unit Scatagram and shows that 15 of 21 officers have six or more years of service and are being paid at the top step base salary rate of \$46,395. This group of officers represent 71.4% of the County Police force. The effect of the County wage proposal is noted below:

1/1/96 - \$500	1.08%	\$46,895
7/1/96 - \$500	1.07%	\$47,395
1/1/97 - \$600	1.27%	\$47,995
7/1/97 - \$400	0.83%	\$48,335
1/1/98 - \$700	1.45%	\$49,035
7/1/98 - \$450	0.92%	\$49,485

Under the County's proposal, the County Police top step rate would increase to \$49, 485 on 7/1/98, a 6.66% increase over the three year earlier rate of \$46,395.

The undersigned does not believe that either the PBA proposal or the County proposal reasonably addresses the diverse concerns which must be reconciled in the development of this decision in order to be consistent with the public interests and welfare. As shown later in this decision, the PBA proposal exceeds the rate of increase in the cost of living, exceeds the "going rate" of current wage increases, exceeds the rate of increase in the private sector and the rate of increase in a significant internal Middlesex County settlement . On the other hand, the County proposal would fail to match the rate of increase in the cost of living, would fall below the "going rate" of wage increases, would be less than the rate of increase in the private sector and the percentage value of the significant internal Middlesex County settlement. Accordingly, the undersigned intends to develop an Award which is more consistent with the public interests and welfare than the competing final offers submitted by the parties.

2. Comparison of the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the same or similar services and with other employees generally:

a. In private employment in general

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

However, the rate of wage change in the private sector generally is a consideration which must be accorded significant weight. The rate of wage change in the private sector and the rate of wage change among public sector law enforcement units are affected by the same national and local factors, such as the health of the economy, prevailing interest rates, status of unemployment, rate of inflation and the impact of tax legislation. Accordingly, this factor merits consideration in conjunction with the rate of wage change in public employment in general and public employment in the same or similar comparable jurisdictions. Employer Exhibits C-15 and C-16, excerpted from the Labor Relations Reporter, indicate that nationwide private sector settlements have

exhibited median average increases of 3% for 1994, 3% for 1995 and 3% for 1996. However, the Labor Relations Reporter notes that wage increases of unspecified amounts and cost-of-living adjustments were not included in the tabulations of the medians. Accordingly, the rate of rate change in the private sector appears to be somewhat in excess of 3% for 1994, 1995 and 1996. In fashioning the Award in this matter, the undersigned has given this factor considerable weight.

b. In public employment in general.

In Employer Exhibit C-24 the BLS Report on Negotiations notes that State and local government contracts (usually negotiated in 1993 and scheduled for renegotiation in 1995) showed settlement terms that yield annual wage changes (including COLA payments) averaging 2.5% in all State and Local Government contracts over their contract life. The same BLS Report notes that the rate of increase for protective services averaged 3.1%. However the BLS Report notes the following:

Recent settlements suggest a more favorable bargaining climate for at least some State and local government workers with contracts set to expire in 1995. As noted earlier, for the first time since the second half of 1990, settlements reached in the first six months of 1994 provided wage gains that were larger, on average, than those negotiated in the replaced contracts. Both first-year changes (3.0 percent) and annual changes over the contract term (3.3 percent) were at their highest level since the six month period from July 1990 to December 1990. In addition, the proportion of workers with decreases or no changes in their wage rates was considerably lower than in recent years.

Thus the BLS Report on Negotiations confirms the emergence of a more favorable collective negotiations climate in the public sector with fewer wage freezes and annual changes over the contract term increasing to 3.3 percent when parties negotiated renewal contracts for contracts expiring in 1995. This is a significant factor to which the undersigned has assigned weight and has been considered in the formation of the Award.

c. In public employment in the same or similar comparable jurisdictions, as determined in accordance with N.J.S.A. 34:13A-16.2.

PBA argues that the most appropriate comparison is the one between Middlesex County Police and the other law enforcement agencies in the jurisdiction patrolled by the County police officers. On the other hand, the County suggests that a better comparison exists between the Middlesex County police and Union County police because of their geographical proximity and because of similar socio-economic characteristics. The undersigned believes that both comparisons are valid and appropriate for consideration in this proceeding. PBA has shown that Middlesex County police officers patrol the entire county and interact with all other law enforcement agencies in the county. PBA has shown that the Middlesex County police provide special services to the municipalities within the County jurisdiction. Furthermore, Middlesex County police and municipal police departments within the county service and are funded by the same taxpayers. The County shows that there are only four remaining county police forces in the state and the two county forces which are adjacent and similar in many socio-economic characteristics provide an appropriate comparison.

Although PBA has submitted a comparison of Base Pay, Top Step, for Middlesex County Law Enforcement agencies within Middlesex County and a

comparison of the Law Enforcement settlements covering 1996, 1997 and 1998, the County has merely provided a comparison of the working conditions of the Middlesex County police and the Union County police without evidence of Awards or settlements modifying the Union County police working conditions. Furthermore, it appears that the wage comparisons of the two county departments do not support the County position. Although benefits in the area of Bereavement Leave, Health Benefits, Holidays and sick leave are the same for both groups, longevity, personal days, terminal leave, uniform allowance and tuition reimbursement are better in Union County but the middle portion of the vacation schedule favors Middlesex County police. However, in the area of salaries, the major focus of this proceeding, an analysis of the competing salary schedules reveals a significant edge enjoyed by the Union County police force. Listed in the chart below are the earnings of a Middlesex County police officer and a Union County police officer during the first six and one half years of their employment. The probationary rate has been cut in half to reflect six months of probationary status. Since Middlesex County police do not achieve top rate until the sixth step (Union County achieves top rate at the fifth step), the same salary has been assigned to the sixth year for Union County police as in the fifth year in order to provide a comparable length of service. As can be seen from the chart below, although the top rate in Union County is lower than in Middlesex County, it is achieved in five steps rather than six. Furthermore, the higher top salary in Union County is more than balanced by the considerably lower starting rates and intermediate step rates.

	Union	Middlesex
Probationary	16,548.50	11,500
Year 1	34,697.00	30,000

Year 2	36,134.00	32,500
Year 3	37,573.00	35,000
Year 4	39,014.00	37,000
Year 5	45,449.00	39,000
Year 6	45,449.00	46,395
Totals:	\$254,864.50	\$231,395

Accordingly, assuming static conditions in both jurisdictions, a Union County police officer will earn \$254,864.50 in his/her first six and one half years of employment, or \$23,469 more than the \$231,395 earned by the Middlesex County police officer. Thus, assuming static conditions in both jurisdictions and factoring in the average \$600 longevity differential and the \$946 top step differential, it would take fifteen more years (beyond the initial six and one-half years) for the Middlesex County police officer to match the Union County police officer's accumulated earnings. Thus, the significantly higher earnings for Union County police during the first six and one half years of their employment offsets the slight advantage in fringe benefits enjoyed by Middlesex County police and tilts the value of the "overall compensation package" in favor of the Union County police force.

In addition, if one examines only the entry level salary figures (first year and one-half of employment), the following appears:

	Union	Middlesex	Difference
Probationary	16,548.50	11,500	
Year 1	34,697.00	30,000	
Totals:	51,245.50	41,500	9,745.50

Thus, Middlesex County enjoys a \$9,745.50 advantage during the new employee's first year and one half of service, a potential saving of \$38,982 for the

four new hirees in this department.

In analyzing the current rate of increases, the undersigned has removed the Mercer Sheriff and Mercer Prosecutor from the list of recent Law Enforcement settlements in order to focus on Middlesex County law enforcement units and the following pattern appears:

	1996	1997	1998
E. Brunswick	4.5%		
Old Bridge	4%		
So. Plainfield	4.75%	4%	3.75%
Sayreville	5 (2.5/2.5)		
So. Brunswick	4.25%		
Average:	4.25%		
Rate Increase Avg.	4.50%		

In determining the average increase in 1996, the undersigned has utilized 3.75% for Sayreville, the actual in-pocket increase for that year. In determining the rate increase average, the undersigned has utilized 5% for Sayreville, the new effective with the second increase in 1996. There is insufficient data for 1997 and 1998 to reach any meaningful conclusions.

The undersigned also takes administrative notice of a summary of Interest Arbitration Awards and voluntary settlements issued by P.E.R.C. since January 1, 1997 which generally cover the same time frame implicated in this proceeding. The charts below reflect only wage increases provided in 1996, 1997 and 1998, the years involved in this proceeding. The arbitration awards list all conventional arbitration awards to date. The undersigned has not included the State/SLEU conventional award because of the inability to translate bonuses and dollar amounts to comparative percentages. However, it appears that inclusion of this

conventional award would lower the average because the award provides for a \$250 cash bonus in 1996 plus uniform maintenance or clothing allowance. In 1997 and 1998 a 3.5% increase is provided.

Settlements

	1/1/96	7/1/96	1/197	7/1/97	1/1/98	7/1/98
New Milford	2.0%	2.0%	3.5%		2.0%	2.5%
Franklin	4.0%		4.2%		4.2%	
Mendham	4.0%		4.25%			
Bordentown	4.0%		4.5%		4.5%	
Montclair	2.0%	3.0%	3.0%	1.75%	3.0%	1.75%
Marlboro	4.0%		4.75%		4.65%	
Hillside		2.9%		3.0%		3.5%
Hamilton		4.0%		4.0%		4.0%
Princeton	3.9%		3.9%		3.9%	
Verona	3.0%	3.0%	3.0%	3.0%	5.0%	
Lebanon	4.0%		4.5%		4.5%	
Camden	3.9%*		3.9%*		3.9%*	

(Co. Pros)

*plus 1.1% for top step

After adjusting for the split increases, the average increase in 1996 is 3.8%, in 1997 it is 4.4% and in 1998 it is 4.38%.

Interest Arbitration Awards

	1/1/96	7/1/96	1/197	7/1/97	1/1/98	7/1/98
Far Hills	4.0%		4.0%		4.25%	
Hackettstwn	3.4%		3.5		3.5%	
Emerson	4.0%		3.5%		2.0%	

Hudson Co	5.0%	5.0%	5.0%	
Rutherford	3.75%	3.75%	2.0%	2.0%
Allendale	4.0%	3.75%	3.50%	
W. Caldwell	4.95%	4.0%	4.0%	
Bernards	3.5%	3.75%	4.0%	
Average:	4.19%	3.91%	3.53%	

When one combines average increases in settlements and Interest Arbitration Awards, the pattern of increases for 1996, 1997 and 1998 appears as follows:

	1996	1997	1998
Settlements:	3.8	4.4	4.38
IA Awards:	4.19	3.91	3.53
Average:	4.00	4.16	3.96

It is noted that the 4.25% average increase in Middlesex County law enforcement units in 1996 is within one quarter percent of the 4.0% average of settlements and Interest Arbitration awards, as noted above. Accordingly, the undersigned believes that the above listed salary comparisons are fairly consistent and pertinent and should provide guidance in the development of the Award in this matter.

As noted above, the County places great emphasis on the wage settlement which it has negotiated with AFSCME in a large unit of non-uniformed personnel and seeks to implement this same pattern of settlement on exempt personnel and all other collective negotiations units, including the instant unit. At the request of the arbitrator, the County submitted an exhibit (Arb. Exhibit No. 1) showing a complement of 760 employees contained in the AFSCME unit and the average salary earned in this unit is shown as \$25,747 before the implementation of the

terms of the settlement. In the chart below, the dollar increases have been applied against the average salary in the AFSCME unit in order to compute the applicable percentage increases.

	New Average	Percentage Increase
1/1/96 - \$500	26,247	1.94
7/1/96 - \$500	26,747	1.90
1/1/97 - \$600	27,347	2.24
7/1/97 - \$400	27,747	1.46
1/1/98 - \$700	28,447	2.52
7/1/98 - \$450	28,897	1.58

When the effect of the split increases is calculated, the annual percentage increases in the AFSCME unit are as follows:

1996	2.91%
1997	3.96%
1998	4.08%

In addition, there will be a .79% carryover into 1999. The final average salary of \$28, 897 is 12.23% higher than the \$25,747 average before implementation of the settlement terms.

An examination of the Middlesex County/AFSCME settlement indicates several improvements in addition to salary increases. The settlement provides for implementation on January 1, 1997 of a \$250 performance incentive based on objective criteria, a \$400 annual uniform allowance for Local #3440 Communications Officers and an increase in the weekly reimbursement payments to employees in the Child Care Assistance Program. There is insufficient information in the record to permit a calculation of the value of these additional improvements. However, it is apparent that these additional improvements will

add slightly to the annual percentage increases noted above.

It should be noted that the Middlesex County/AFSCME settlement, as enhanced by the additional improvements noted above and as applied to the AFSCME unit work force, is closely related to the current increase in the cost of living index, falls below the "going rate" of increases in 1996 (as shown in the comparisons listed above) but neatly matches the rate of increases in 1997 and 1998 and is closely related to the rate and trend of wage increases in the private sector. However, the application of the dollar amounts contained in the Middlesex County/AFSCME settlement to the PBA unit does not achieve these objectives because, as shown above, this application results in percentage increases of 1.62 in 1996, 2.27 in 1997 and 2.17 in 1998 for more than seventy percent of the PBA unit.

For all of the above reasons as well as the significant weight which should be accorded to an internal County settlement with a large non-uniformed bargaining unit, the percentage value of the dollar increases enhanced by the additional improvements in the Middlesex County/AFSCME settlement provide an appropriate model for the Award in this proceeding and will be utilized in the development of the Award.

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.

The consideration of this statutory criterion is based on the evidence and analysis noted above in the study of Criterion No. 2 and the conclusion reached in the study of Criterion No. 2 is equally applicable to this criterion.

4. Stipulations of the parties.

There are no pertinent, substantive stipulations of the parties which require consideration in this matter.

7. The cost of living.

The Employer has submitted the report of the Labor Relations Reporter, dated 9/23/96, (Exhibit C-54) which reported the following:

During the first eight months of 1996, the all-items CPI-U climbed at a seasonally adjusted annual rate of 3.2 percent, which is up from the 2.5 percent increase posted for all of 1995.

This low level of inflation has persisted for several years and, despite the improved conditions now apparent in the national economy, the inflation rate has not accelerated to date.

As noted above, the 15 top step County Police Officers would earn the following under the County proposal:

1996: \$47,145	1.62% increase
1997: \$48,216	2.27% increase
1998: \$49,260	2.17% increase

Under the County's proposal, the salaries of these officers would not keep pace with the increase in the cost-of-living and would, indeed, result in a loss of purchasing power for these officers. On the other hand, the PBA proposal would entail annual increases which are more than double the present rate of inflation. Under these circumstances, the undersigned believes that both proposals are flawed with respect to this statutory criterion. In the development of the award in this matter, the undersigned believes, as noted above, that the Middlesex County/AFSCME settlement, converted to relevant percentage figures, more

accurately tracks the cost-of-living index increase and, therefore, is more consistent with this statutory criterion.

5. The lawful authority of the employer; considering, inter alia, the limitations imposed upon the employer by the CAP Law, N.J.S.A. 40A:4-45.1 et seq.
6. The financial impact on the County, its residents and taxpayers. The arbitrator shall take into account, to the extent that evidence is introduced, how the award will affect the county purposes element of the local property tax; a comparison of the percentage of the county purposes element required to fund the employees' contract in the preceding local budget year; the impact of the award for each income sector of the property taxpayers of the local unit; the impact of the award on the ability of the County to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the County in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the County in its proposed budget.

At this point, based on the factors analyzed above, the terms of the economic award will be listed and the costs calculated in order to determine how the award will comport with the two statutory criteria listed above.

As noted above, the percentage value of the dollar increases enhanced by the additional improvements in the Middlesex County/AFSCME settlement provides an appropriate model for the Award in this proceeding and will now be utilized. In developing the economic award, the undersigned has determined that only the category of salaries should be modified in this matter in order to provide employees with the maximum wage improvement within the reasonable constraints of the County's fiscal situation. Thus, the PBA request for

improvements in clothing allowance, additional annual PBA business days and fragmented vacation entitlements are not included in this award. The County has correctly pointed out that implementation of the 4/2 shift requested by PBA will result in a reduction of 136 hours per year, or 6.53% fewer hours. It is apparent that, within the limits of the model of settlement adopted in this matter, the inclusion of the shift change would significantly negate the ability to provide a meaningful wage package. In like manner, the County request for a semi-monthly pay schedule is not included in this award. Although the County claims that this measure will help the County avoid a payroll shortfall in 2004, there is nothing in the record to establish the extent of the monetary impact on this unit's employees of this change during the term of this contract. It is noted that AFSCME agreed to this change conditionally and its implementation is dependent on acceptance of the payroll schedule change by other negotiations units. Likewise, the County request for a change in the overtime calculation is not included in this award because there is insufficient evidence in the record to establish the extent of the monetary impact on this unit's employees of this change during the term of this contract. The County's proposal of a program under which, beginning 1/1/97, each unit member would be eligible for an annual performance incentive bonus of \$250, is not included in this award because its value has been considered as an additional improvement in the Middlesex County/AFSCME settlement permitting a slight enhancement of the percentage value of the County/AFSCME dollar increases in this award.

The Middlesex County Police Rank-And-File Unit Scatagram (Employer Exhibit C-3) has been used to formulate the award and calculate the costs of the competing proposals as well as the arbitrator's award. The Scatagram lists 21 unit employees with their base salaries and the resultant average salary. Step

increments, longevity and overtime are not included in this Scatagram. The Scatagram indicates that the 21 officers earn a total of \$891,925 in the contract year, resulting in a \$42,473 average base salary.

Initially, the County's offer is applied to the base average salary and the costs calculated, as listed below:

<u>1996</u>		<u>1997</u>		<u>1998</u>	
1/1/96	7/1/96	1/1/97	7/1/97	1/1/98	7/1/98
42,973	43,473	44,073	44,473	45,173	45,623
	43,223		44,273		45,398
21x43,223=907,683		21x44,273=929,733		21x45,398=953,358	

Secondly, the PBA offer, 6.5% on January 1 of each year, is applied to the base average salary and the costs calculated, as listed below:

<u>1996</u>	<u>1997</u>	<u>1998</u>
1/1/96	1/1/97	1/1/98
45,234	48,174	51,305
21x45,234=949,914	21x48,174=1,011,654	21x51,305=1,077,405

Based on the analysis previously stated in the discussion on Criterians No. 2 and 3, the salary award listed below is patterned on the Middlesex County/AFSCME settlement and the percentage increases awarded are based on the percentage value of the dollar increases enhanced by the additional improvements in the Middlesex County/AFSCME settlement.

1/1/96:	2%	7/1/96:	2%
1/1/97:	2.25%	7/1/97:	1.50%
1/1/98:	2.5%	7/1/98:	1.5%

Using the Exhibit 3 Scatagram, the cost of the arbitrator's award is calculated as follows:

<u>1996</u>		<u>1997</u>		<u>1998</u>	
1/1/96	7/1/96	1/1/97	7/1/97	1/1/98	7/1/98
43,322	44,189	45,183	45,861	47,007	47,713
43,755		45,572		47,360	
21x43,755=918,865		21x45,572=957,012		21x47,360=994,560	

The annual costs of the County, PBA and Arbitrator's Award appear as follows:

	County	PBA	Arbitrator
1996	907,683	949,914	918,865
1997	929,733	1,011,654	955,962
1998	953,358	1,077,405	994,555

When compared with the annual base salary for the unit of \$891,925, the competing offers and the arbitrator's award have the following percentage values.

	County	PBA	Arbitrator
1996	907,683 (1.77%)	949,914 (6.5%)	918,865 (3.02%)
1997	929,733 (2.43%)	1,011,654 (6.5%)	955,962 (4.04%)
1998	953,358 (2.54%)	1,077,405 (6.5%)	994,555 (4.04%)

The similarity between the results of implementing the Middlesex County/AFSCME settlement in the AFSCME unit and the implementation of the Arbitrator's award is shown below:

	Starting Average	Ending Average	Change
AFSCME	25,747	28,897	12.23%
PBA	42,473	47,713	12.34%

The cost of longevity has not been included in the calculation because the arbitrator's award will not impose any greater longevity cost burden on the County than existed prior to the award. Since the contractual longevity percentages are applied to a maximum salary level of \$30,000, the increases contained in the award elevate all salaries above the probationary level and will not result in any higher longevity payouts. Employees at the probationary level reach salary levels above \$30,000 before they become eligible for longevity percentages. Accordingly, the only increases in the longevity expense during the term of the 1996-1998 Agreement are attributable to increased lengths of service which will qualify some officers for the next higher level of longevity percentage, as limited by the \$30,000 maximum salary level.

The cost of step increments has not been included in the calculation because, as a general rule, the cost of step increments are offset by the savings attributable to the turnover factor. In mature law enforcement departments such as the Middlesex County police department, new employees are hired at entry level salaries and the cost of implementing the step increments entailed in the six year climb to the top step maximum salary is offset by the saving accruing to the County by the differential between the former salaries of the senior retiring or departing employees and the entry level salaries of the new employees. In the post-hearing submission requested by the arbitrator, the County has provided a schedule listing the amounts paid to County police during 1996. The schedule references an officer, Floyd Sheets, who retired. The compensation of Officer Sheets, employed since 1/4/71, would include \$46,395 of salary and \$2,100 of longevity pay for a total of \$48,495. A new employee, hired at the \$23,000 entry level, provides the County with a savings of \$25,495 which will offset the cost of the new employee's first step increment as well as the increments of a number of

other police officers moving through the salary schedule. In addition, the delay in filling budgeted positions results in additional "turnover" savings which offset the cost of step increments. For example, again referencing the schedule of amounts paid to County police during 1996, Officer Shawn Naiduk, hired on 8/18/96, earned \$8,624.97 in 1996 although \$25,505 had been budgeted for this position in 1996, an additional saving of \$16,880 available to offset the cost of step increments.

Accordingly, the use of the cost of step increments, without accounting for the offsetting "turnover" savings, distorts the value of the competing offers. By the use of step increments, affecting eight of the 23 officers contained in the cost-out of the County's salary proposal exhibit for 1997 without accounting for the offsetting savings, the County suggests that its proposal for 1997 has a value of 7.42%. On the other hand, as shown above, the actual value of the County offer in 1997 is 2.43%.

The County was asked by the arbitrator to place in the record the compensation schedule referenced in the Middlesex County/AFSCME contract. The arbitrator was anxious to ascertain the existence and nature of a step increment system in the AFSCME unit and then determine the relevance of this information to the instant matter. The County was unable to submit this exhibit.

In a revised certification, Albert P. Kuchinkas, Comptroller and Budget Director of the County, stated:

11. Salary and Wage Provisions in the 1996 Operating Budget
For the first time in recent history, the amount for salary and wage increases, other than those PBA step increases already paid on the first payroll of 1996, has been included in a single item in the Unclassified section of the operating budget. The

amount provided is \$2,000,000, for which the computed average for each employee is \$790. The Board of Chosen Freeholders has authorized the payment of \$790 to all non-union employees. No Department Head earning more than \$100,000 or whose salary is over the salary range was afforded the \$790 increase.

Thus, the County, in addition to salary increments, has budgeted the following for the 21 employees listed in Scatagram Exhibit 3:

1995:	\$891,925
Budgeted: 21x790 =	16,590
1996:	\$891,925
	\$ 16,590
	\$908,515

The arbitrator's award entails a cost of \$918,865 for 1996, \$10,350 more than the budgeted amount of \$908,515. At the last day of hearing, the arbitrator requested an accounting of the actual earnings, in 1996, of the 23 officers for whom the County had budgeted \$1, 059, 286 (Exhibit Arb-2). The County provided a schedule showing a cost of \$1,065,406.70 for 25 officers. When one subtracts the earnings of the two officers not included in the 1996 Operating Budget, the actual earnings of the 23 officers included in the 1996 operating budget are as follows:

	\$1,065,406.70	
Sheets	\$ -6,492.63	
Wojaczyk	\$ -8,883.22	
Net:	\$1,050,031	
Budget:	\$1,059,286	Actual Cost Savings under Budget: \$9,255

When the actual cost savings under budget of \$9,255 is used to offset the \$10,350 difference between the cost of the Arbitrator's award and the amount budgeted for 1996 increases in this unit, there is a shortfall of only \$1,095 for 1996, an amount which would have a negligible effect on the CAP calculation and present a hardly measurable financial impact on the County or its taxpayers.

In his affidavit, Mr. Kuchinkas indicates that, in the preparation of the 1997 Operating Budget, the same amount (\$2,000,000 with increases of \$790 per employee) as provided in the 1996 Operating Budget will be allocated. Accordingly, the County budget would provide the following in 1997

1995:	\$891,925
Budgeted: 21x790 = 16,590	
1996:	\$891,925
	\$ 16,590
Total:	\$908,515
1997:	
Rollover: 21x250 = \$5,250	\$ 5,250
Budgeted: 21x790 = 16,590	\$ 16,590
Total:	\$930,355

The arbitrator's award entails a cost of \$955,962 for 1997, \$25,607 more than the budgeted amount of \$930,355.

At this time, the record does not contain a budgeted amount for increases in 1998. However, the arbitrator's award projects an increase of \$41,197 above the County's offer for 1998.

	County	Arbitrator	Difference
1998	953,358	994,555	41,197

The statutory criterion relating to the lawful authority of the Employer specifically requires consideration of the limitations imposed upon the employer by the CAP Law, N.J.S.A. 40A:4-45.1 et seq. Under the CAP Law, an employer is limited to expenditures within a specified index rate unless it takes the required steps to utilize the maximum CAP rate of 5%. The County has, in the recent past, confined its expenditures within the specified index rate and has not acted to utilize the 5% maximum rate. Under these circumstances, the unexpended sums may be banked and carried for use under the CAP Law. In the 1997 Operating Budget CAP Calculation submitted by the County, the CAP Bank available from 1995 and 1996 Operating Budgets is \$14,042,695. Accordingly, the County clearly has the lawful authority to avail itself of sufficient funds under the CAP Law to implement the arbitrator's award.

At this point, the analysis of the statutory criteria requires a consideration of the financial impact of the Award on the County, its residents and taxpayers. In 1996, as noted above, the arbitrator's award will cost only \$1,095 more than the amount budgeted for this unit. In 1997, the arbitrator's award will cost \$25,607 more than the amount budgeted by the County and, in 1998, the arbitrator's award exceeds the County offer by \$41,197. The Kuchinkas affidavit verifies that the retained surplus of the County after the adoption of the 1996 Operating Budget is \$6,785,273. Kuchinkas indicates that it is unlikely that additional surplus will be generated to be assumed in the 1997 Operating Budget. Kuchinkas indicated that the County intended to increase retained surplus by assuming very little, if any, surplus in the 1997 and 1998 Operating Budgets in order to increase the balance by 2 million each year in order to attain a 10 million balance after adoption of the 1998 Operating Budget.

The undersigned believes that there is sufficient surplus to accommodate

the slightly higher costs of the arbitrator's award without making a significant dent in the County's objective to attain a 10 million dollar surplus after adoption of the 1998 Operating Budget. If the entire additional cost of the arbitrator's award over the three year term of the contract (\$1,095 in 1996, \$25,607 in 1997 and \$41, 197 in 1998 equalling a total of \$67,899 over the three year period) were applied to the 1996 Operating Budget Surplus of \$6,785,273, it would reduce the 1996 Operating Budget Surplus by no more than 1 percent. Moreover, it is quite likely that the County may have sufficient savings in other areas and will be able to fund the difference without recourse to the Surplus Account. The Kuchinkas affidavit indicates that \$174,630 was appropriated for County Police overtime in 1996. On the other hand, the post-hearing exhibit showing a schedule of the amount paid to County Police during 1996, shows an actual overtime expenditure of \$107,133.05, a \$67,497 saving. Furthermore, the County may realize additional overtime savings in 1997 and 1998 by the utilization of the new recruits at straight time rates. In addition, the Unit Roster (Exhibit C-1) indicates that, by 1988, there will be seven employees with twenty or more years of service whose retirement will produce savings to fund step increments, longevity stipends and wage increases. Accordingly, the undersigned does not believe that the County's recent tax cutting experience or its long range surplus building objective is materially jeopardized by the implementation of the arbitrator's award. Inasmuch as evidence has not been introduced in these areas, the arbitrator need not consider how the award will affect the county purposes element of the local property tax; make a comparison of the percentage of the county purposes element required to fund the employees' contract in the preceding local budget year; consider the impact of the award for each income sector of the property taxpayers of the local unit; consider the impact of the award on the ability of the

County to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the County in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the County in its proposed budget.

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.

Exhibit P-3 - Middlesex County Police Personnel Flow Chart shows that there have been fifteen departures from the 1993 unit of thirty three Middlesex County police officers. Although PBA maintains that this exodus of police officers shows that the compensation program in the Middlesex County department is insufficient to hold skilled and trained police officers, there is not enough evidence in the record to reach this conclusion. Five of the fifteen officers left the unit to accept promotions and are now in the Middlesex County Superior Officers unit. Two officers retired, two officers left on disability and retired, one was laid off and the remaining five resigned. Although the resignations of five officers between 1993 and 1995 from an original unit of thirty three officers would hinder the continuity and stability of the employment unit, the reason for their departures is not clear. However, it is clear that the significant reduction in the unit's personnel has increased the burden on the remaining personnel to "fill the gap". As noted above, unit morale is enhanced when there is recognition and appreciation shown for the efforts of a police force to maintain

and, in some areas, exceed the prior levels of production during periods of reduced personnel. The compensation package developed in this award is designed to accomplish this objective. A fair and reasonable compensation package, applied within the confines of budgetary constraints, should promote the stability and continuity of employment in this unit by encouraging employees to persevere in their law enforcement efforts on behalf of the County and its taxpayers.

PBA Non-Economic Proposals:

1. **Preservation of Rights:** Insert a new contract article entitled "Preservation of Rights" containing the following language:

The parties agree that all benefits, rights, duties, obligations and conditions of employment relating to the status of the Middlesex County Police which benefits, rights, duties, obligations, terms and conditions of employment are not specifically set forth in this Agreement, shall be maintained in not less than the highest standards in effect at the time of the commencement of collective bargaining negotiations between the parties leading to the execution of this Agreement.

Unless a contrary intent is expressed in this Agreement, all existing benefits, rights, duties, obligations and conditions of employment applicable to any Officer pursuant to any rules, regulations, instruction, directive, memorandum, statute or otherwise shall not be limited, restricted, impaired, removed or abolished.

2. **Replacement:** Insert a new contract article containing the following:
No full time employee covered by this Agreement shall be replaced by any non-police officer, part time or other personnel.
No post presently filled by a full time employee covered by this

Agreement shall be covered by any non-police officer, part time or other personnel.

- 3. Article VII, Longevity: Delete any reference in the current longevity article to other documents or resolutions. Revise the language of the longevity article to make clear that all terms of the longevity program are contained within the contractual text.**

There is no evidence in the record indicating the existence of problems which would create a need for the award of PBA's non-economic proposals. In the absence of evidence of a need for change, it is reasonable to assume that the existing provisions of the parties' Agreement are adequate and should not be altered. Accordingly, the PBA's non-economic proposals will not be included in this award.

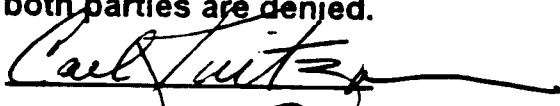
In the resolution of this dispute, the undersigned has deemed each of the statutory criteria relevant (except for the criterion relating to stipulations) and has assigned due weight to the criteria discussed above. In my role as an arbitrator with conventional authority, I have sought to develop an award which addresses and balances the concerns of both parties. Accordingly, based on an evaluation of the evidence submitted and the arguments advanced by each party and, after due consideration of each of the statutory criteria contained in N.J.S.A. 34:13A-16, the undersigned renders the following

INTEREST ARBITRATION AWARD

1. The term of the agreement shall be from January 1, 1996 through December 31, 1998.
2. There shall be across-the-board wage increases in the following percentages on the effective dates noted below:

1996:	1/1/96:	2%	7/1/96:	2%
1997:	1/1/97:	2.25%	7/1/97:	1.50%
1998:	1/1/98:	2.5%	7/1/98:	1.5%
3. All other proposals made by both parties are denied.

June 9, 1997



Carl Kurtzman, Arbitrator

NY Drivers License 701464880

State of Florida)
Palm Beach County)

On the 9th day of June, 1997, before me personally came and appeared Carl Kurtzman, to me known and known to me to be the person described herein who executed the foregoing instrument, and he acknowledged to me that he executed the same.

