

STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION
P.O. BOX 429
TRENTON, NJ 08625-0429

Docket No. IA-2007-115

**COUNTY OF PASSAIC and
OFFICE OF THE PASSAIC
COUNTY SHERIFF,**

-Employer-

and

**PASSAIC COUNTY CORRECTION
OFFICERS, PBA LOCAL NO. 197
AND PASSAIC COUNTY CORRECTION
SUPERIOR OFFICERS,**

and

**PASSAIC COUNTY SHERIFF'S
OFFICERS, PBA LOCAL NO. 286
AND PASSAIC COUNTY SHERIFF'S
OFFICERS SOA,**

-Associations-

OPINION

AND

AWARD

ARBITRATOR: Robert E. Light, mutually chosen by the parties pursuant to the rules and regulations of the New Jersey Public Employment Relations Commission.

MEDIATION SESSION: October 17, 2007

HEARINGS: April 2, 2008, and July 9, 2008. Both counsel thereafter filed post-hearing briefs and supplemental material.

APPEARANCES: For the County
Brian W. Kronick, Esq. - GENOVA BURNS & VERNIOIA

For the Associations
Richard D. Loccke, Esq. - LOCCKE & CORREIA

PROCEDURAL BACKGROUND

Pursuant to Chapter 85, Public Law of 1977, the act providing for compulsory interest arbitration of labor disputes in police and fire departments and, in accordance with N.J.A.C. 19:16-5.6 (b), the undersigned, pursuant to the mutual request of parties' Counsel, was mutually selected to serve as Interest Arbitrator in the above matters. This designation was communicated to the parties and the Interest Arbitrator by letter dated July 13, 2007, from Richard C. Gwin, Director of Conciliation and Arbitration, New Jersey Public Employment Relations Commission.

A mediation session was held on October 17, 2007. Despite the good-faith efforts of the parties, attempts at a resolution of this interest arbitration ultimately proved to be unsuccessful. As a result, formal hearings were held on April 2, 2008, and July 9, 2008. The parties did not agree upon an acceptable terminable procedure. Therefore, the undersigned shall use the conventional authority vested in him to decide the issues in dispute. NJSA 34:13A-16(d).

The arbitrator shall 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." In the award, the arbitrator shall indicate which of the factors are deemed relevant, satisfactorily explain why the others are not relevant, and provide an analysis of the evidence on each relevant factor.

1. The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by (P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.)).
2. Comparison of the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with the wages, hours, and conditions of employment of other employees performing the same or similar services and with other employees generally:
 - a. In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
 - b. In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
 - c. In public employment in the same or similar comparable jurisdictions, as determined in accordance with section 5 of P.L. 1995, c. 425 (C. 34:13A-16.2); provided, however that each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.
3. The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.
4. Stipulations of the parties.
5. The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976 c. 68 (C.40A:4-45 et seq.).
6. The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute

in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes element, or in the case of a county, the county purposes element, required to fund the employees' contract in the preceding local budget year with that required under the award for the current local budget year; the impact of the award for each income sector of the property taxpayers on the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public moneys have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public moneys have been designated by the governing body in its proposed local budget.

7. The cost of living.
8. The continuity and stability of employment including seniority rights and such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations and collective bargaining between the parties in the public service and in private employment.
9. Statutory restrictions imposed on the Employer. Among the items the Arbitrator or panel of Arbitrators shall assess when considering this fact are the limitations imposed upon the Employer by Section 10 of P.L. 2007, c.62 (C.40A:4-45.45).

FINAL OFFER OF THE ASSOCIATION

A. ECONOMIC

1. **Term of Agreement:** Five (5) years, succeeding the most recent contract term.
2. **Wages:** The PBA proposed a five percent (5%) across-the-board increase at each rank, step, and position on the Salary Guide.

FINAL OFFER OF THE COUNTY

A. ECONOMIC

Term of Agreement: Five (5) years, commencing January 1, 2007 through December 31, 2011.

Article 5, Workweek/Hours of Work, Paragraph B. Amend this Paragraph as follows: "For those Employees assigned to the courthouse, the basic workweek shall consist of Monday through Friday from 8:15 AM to 4:15 PM, inclusive of a thirty (30) minute lunch period."

Article 6, Overtime Payment, Paragraph E. Amend this Paragraph as follows: "In lieu of overtime compensation, any Employee assigned to the K-9 Unit will receive five (5) hours per week compensation at a rate commensurate with the duties performed in relation to the care of his or her canine."

Article 6, Overtime Payment, Paragraph F. Amend this Paragraph as follows: "All Employees required to attend Bi-Annual Firearms Qualification on their day of will be compensated with three (3) hours of comp time for each day of qualification."

Article 7, Salaries/Compensation, Paragraph A. Add paragraph as follows:

"All employees covered by this agreement will receive a COLA increase as follows:

January 1, 2007: 1.50%	July 1, 2007 1.50%
January 1, 2008: 1.375%	July 1, 2008 1.375%
January 1, 2009: 1.375%	July 1, 2009 1.375%
January 1, 2010: 1.375%	July 1, 2010 1.375%
January 1, 2011: 1.375%	July 1, 2011 1.375%

Article 7, Salaries/Compensation. Add new paragraphs D & E as follows:

"D. Any new employee being hired through the State of New Jersey's Intergovernmental Transfer Program may not receive a starting salary in excess of Step 2 of the Salary Guide."

E. Effective January 1, 2007, any Employee without Academy certification shall be considered a "recruit" and shall receive a recruit salary of seventy-five percent (75%) of Step 1 of the Salary

Guide and shall not receive any step increments until the Employee has successfully completed the academy. Upon successful completion of the academy, the employee will be placed on Step 1 of the Salary Guide. However, Step 1 shall not be withheld for more than eighteen (18) months unless the Employee fails to pass a certified academy, which would extend the recruit pay until the Employee is certified by an academy."

For PBA 197 and 197 (SOA): Article 10, Court Papers and Sequestered Jury Service, Paragraph A(1). Delete Article 10.

For PBA 286 and 286 (SOA): Article 10, Court Papers and Sequestered Jury Service, Paragraph A(1). Substitute PBA 286 for 197: "Those members of PBA 286 who serve subpoenas ..."

Article 11, Vacation, Sick, Personal and Death Leaves, Paragraph A. Amend Paragraph A by adding the following: "Any Employees hired after the ratification of this Agreement shall have the following vacation schedule:

1-5 years	12 days
6-10	12 days
11-15	15 days
16-20	18 days
Over 20	20 days"

10. **Article 11, Vacation, Sick, Personal and Death Leaves, Paragraph B.** Add new paragraphs numbered 4 & 5 as follows:

"4. If an Employee calls out sick on a holiday, he or she shall have three (3) days deducted from their accumulated time.

5. For each twelve (12) month period that an Employee does not use sick time, an additional compensation day will be awarded as an incentive for perfect attendance."

11. **Article 12, Holiday Compensation, Paragraph B.** This paragraph shall be amended by deleting the existing language and replacing it with the following: "Those Employees having a four and two (4&2) work week shall be granted fifteen (15) compensatory days in lieu of holiday pay."

12. **Article 13, Criminal/Civil Actions, Paragraph C.** Amend this Paragraph as follows: "The maximum counsel fees for Employees..."

13. **Article 15, Medical Benefits, Section A.** Delete existing language and amend as follows:

"Any employee employed by the Employee prior to the ratification of this agreement shall contribute toward the cost of medical benefits as follows:

- (i) Ten Dollars (\$10.00) per month for single coverage;
- (ii) Twenty Dollars (\$20) per month for Husband/Wife, One (1) Parent and One (1) Child, Employee/Domestic Partner;
- (iii) Forty Dollars (\$40.00) per month for Family coverage.

Any employee hired after the ratification of this agreement shall contribute towards the cost of medical benefits as follows:

- (iv) Two Percent (2%) of base salary for single coverage;
- (v) Two and One-half Percent (2½%) of base salary for Husband/Wife, One (1) Parent and One (1) Child, Employee/Domestic Partner;
- (vi) Three Percent (3%) of base salary for Family coverage.

Co-pays for doctor's visits shall be Fifteen Dollars (\$15.00). The deductible for health insurance shall be Two Hundred and Fifty Dollars (\$250.00) for the Employee and Five Hundred Dollars (\$500.00) for family members. Out of pocket maximum contributions for in-network providers shall be Two Hundred Dollars (\$200.00) for employees and Four Hundred Dollars (\$400.00) for family members and for out-of-network providers, Six Hundred Dollars (\$600.00) for employees and One Thousand Dollars (\$1,000.00) for family members.

Upon retirement, the employer will continue to provide and pay for the above programs as stipulated herein."

14. **Article 15, Medical Benefits, Paragraph C.** Amend this Paragraph as follows: "Effective upon execution of this Agreement, the co-pay under this plan shall be Five Dollars (\$5.00) for generic drugs and Ten Dollars (\$10.00) for brand name drugs. Mail order generic drugs shall have a co-pay of Ten Dollars (\$10.00) per prescription (for a 3 month supply). Mail order brand name drugs shall have a co-pay of Twenty Dollars (\$20) per prescription (for a 3 month supply). The coverage shall include family members."

15. **Article 16, Miscellaneous, Paragraph J, Retirement.** Delete the following: "It is noted, upon application for retirement that the Employee may not be out without a doctor's note for more than one hundred twenty (120) working days prior to retirement."

Add the following language to the third paragraph of Paragraph J:

"It is noted that those Employees who have more than twenty (20) years of service with the County of Passaic at the time this agreement is signed may be out without a Doctor's note for no more than one hundred twenty (120) days. Those Employees who ~~have more than fifteen (15) years of service with the County of Passaic but less than twenty (20) years at the time this agreement is signed~~ may be out without a Doctor's note for no more than ninety (90) days. Those Employees who have more than ten (10) years of service with the County of Passaic but less than fifteen (15) years at the time this agreement is signed maybe out without a Doctor's note for no more than sixty (60) days.

The County shall pay all medical – prescription premiums for all members who retire with a minimum of twenty-five (25) years of service with the County of Passaic. For Employees with less than twenty-five (25) years, the Employees who retire on a disability shall continue to receive full medical benefits as provided under this article at no cost to the retiree or the retiree's family as if the Employee were active.

Employees shall pay the following monthly amount to the County of Passaic toward Medical coverage premiums.

10-17 years of County Service = \$103.43 single
 \$214.52 couple
 \$265.00 family
 \$172.68 parent & child

18-24 years of County Service = \$101.08 single
 \$183.53 couple
 \$227.14 family
 \$128.45 parent & child

These rates are subject to change by resolutions of the Board of Chosen Freeholders."

B. NON-ECONOMIC

1. **Article 5, Workweek/Hours of Work, Paragraph G.** Amend this Paragraph as follows: "With the understanding and agreement that the Department has an obligation to provide necessary staffing of appropriately skilled personnel to conduct its various daily operations, members of the unit will be able to utilize the reciprocal day program on a voluntary basis and in accordance with the established procedures outlining a system of exchanges are consistent with the efficient operation of the Department. A reciprocal exchange is defined as a voluntary agreement between two (2) staff members where each staff member requests and agrees to substitute for the other on one regular tour of duty. The agreement is made for the convenience of the staff member and is in no way mandated by the Department. All requests for reciprocal exchanges must be submitted pursuant to the Department policy and the Department reserves the right to deny the requests as provided herein.

At the time of submittal, requesting staff members must indicate the date the first part of the reciprocal exchange will occur and the date that the reciprocal exchange will be completed. The reciprocal date must be within ten (10) days of the first exchange date. No reciprocal exchanges will be approved unless they have a date, which falls within the aforementioned timeframe unless otherwise approved by the Sheriff or his designee in writing.

Failure to fulfill your reciprocal replacement responsibilities in the required time period will result in the permanent suspension of exchange privileges and will result in the initiation of formal disciplinary charges. The Sheriff or his designee will determine if the employee will be allowed for future consideration for the reciprocal program under the terms of a written agreement by the Sheriff or his designee.

Individuals on military, maternity, extended sick, light duty, job inquiry or suspension are not eligible for reciprocal tours. This policy is only available to full active duty status members of the service.

Only the staff members who are parties to the reciprocal exchanges as indicated on the exchange form may fulfill the obligation. Third party exchanges of tours of duty are prohibited.

Payback-the only acceptable means of reciprocating an exchange is by each staff member in the initial Reciprocal Exchange Request form. Exchange of tours of duty for any consideration and/or compensation other than the even exchange of tours is prohibited. Paybacks must be on a one for one basis. For example, staff members cannot exchange multiple shifts for highly desirable days such as holidays. Exchanges of tours of duty shall be for a full tour only.

Exchanges of tours of duty shall be for a full tour only.

Staff members who call in sick or otherwise fail to report for duty in a day when they are scheduled to perform a reciprocal exchange will have an adjustment to their time balance and will be subjected to the immediate revocation of reciprocal privileges by the Sheriff or his designee and will result in the initiation of formal disciplinary charges. Each staff member is responsible for fulfilling his or her commitment and reporting for duty on time. Any disciplinary action resulting from improper utilization of the program will be levied on the Employee who is scheduled to work and not the Employee for whom that person is working. In addition to revocation of reciprocal exchange privileges, a replacement staff member may be subject to formal disciplinary charges for being Absent Without Official Leave if he or she fails to report to duty.

2. **Article 12, Holiday Compensation, Paragraph A.** This Paragraph shall be amended as follows: Washington's Birthday shall be changed to President's Day.

POSITION OF THE ASSOCIATIONS

In his post-hearing brief, Counsel addresses the relevant statutory criteria.

Interest and Welfare of the Public

In addressing this criterion, Counsel points out that the "Passaic County Sheriff's Department is Passaic County's only full service Countywide law enforcement agency." [Assn Brief, p. 7]. Counsel emphasizes the interchangeability of duties performed and services provided by County Corrections and Sheriffs. Counsel indicates that the County's population in its rural and urban areas has diverse needs. Among other things, the Sheriff's Department often serves as "the primary responder to both State and National Park calls", runs the County training academy, patrols the roads within the County with full "Title 39" authority, offers a variety of specialized services (i.e. Internet Crime Unit, K-9 Division, Marine Unit, HAZMAT Unit), and assists local police department with law enforcement – a service that brings significant revenue to the County. With respect to the County Jail, Counsel notes the following: the jail is old; the percentage of designated capacity is 162%; there is a growing trend of inmates who are gang members, the number of assaults on staff by inmates has increased. For these reasons, the public's interest and welfare will continue to be protected by the Department's professional delivery of a variety of services.

Comparability

Counsel emphasizes that "[u]nlike Bergen County, there is no County Police Force other than the Passaic County Sheriff's Department in Passaic County. The duties are clearly of a County Police Department whose services are integrated thoroughly with the Local jurisdictions." [Assn Brief, p. 28]. In light of the "integration of services and the joint operations with Local jurisdictions", Counsel asserts that it is appropriate for the universal comparison group to include the Local jurisdictions within "the northeast part of the State". The Associations maintain that the following consists of the comparison group: Bloomingdale, Cedar Grove, Belleville, Clifton, Elmwood Park, Essex County Sheriff's Office, Fairfield, Garfield, Glen Rock, Hawthorne, Lyndhurst, Lyndhurst SOA, Mahwah, Mercer County Prosecutor's Office, Midland Park, Oakland, Parsippany, Passaic, Paterson, Prospect Park, Ridgewood, Ridgewood SOA, Ringwood, Riverdale, Rutherford, Somerset County Sheriff's Office, State Troopers STFA, State Troopers NCO, State Troopers SOA, Totowa, Wallington, Wayne, West Milford, West Milford SOA, West Paterson, Haledon, Bergen County Prosecutor's Office, Bergen County Sheriff's Office, and Little Falls. Counsel indicates that the average increases of its public sector comparisons are 4.1375% in 2007, 4.2037% in 2008, 4.3558% in 2009, and 4.3257% in 2010.¹ [See p. 32 of Assn Brief, Chart No. 2]. Counsel points out that the average top step salary for a Passaic Sheriff in 2006 is \$10,699 below the average top step for the

¹ Chart No. 2 does not include Bergen County Prosecutor's Office or Prospect Park.

comparison group in 2007 (\$79,568 compared to \$90,267). [See p. 30 of Assn Brief, Chart No. 1].² Thus, an increase of 13.45% would have to be awarded in order for the Associations to reach the average top step salary in 2007. Assuming average increases for 2008 through 2010, a total increase of 26.33% would have to be awarded to the Associations over that period of time. Based upon the above, the Associations' demand for 5% per annum is more than reasonable. Counsel indicates that the County's exhibit in which it compares other benefits (i.e. uniform allowance, holidays, personal days, vacation) demonstrates "that there are no offsetting benefits to justify [its] position." [Assn Brief, p. 34, see Ex. S-5].

Counsel asserts the private sector trends and general cost of living statistics should be given little weight. Counsel points to the "unique statutory obligation and treatment of police officers under New Jersey Law", as well as their distinguishable terms and conditions of employment, which render private sector comparisons difficult. Counsel urges local comparisons in the public sector.

Stipulations

Counsel notes the only stipulations were procedural in nature.

² Chart No. 1 does not include Belleville, Essex County Sheriff's Office, Ridgewood SOA, State Troopers NCO, State Troopers SOA, or West Milford SOA.

Lawful Authority/Financial Impact/Statutory Restrictions

Addressing criteria g(5), (6), and (9), Counsel claims the Award proposed by the Associations is within the County's lawful authority to pay, will not have a negative impact of the County, its residents, or its taxpayers, and will not prevent the County from meeting the statutory restrictions imposed upon it. Counsel notes that County Administrator Anthony DeNova confirmed in his testimony during the proceedings that the County's budget, as prepared and passed, meets all Cap requirements. [See Tr. II, p. 60, Ins. 10-18].

In the Associations' brief, Counsel made some general observations with respect to the Annual Financial Statements (Exs. S-14 to S-16), Reports of Audit (S-17 to S-19), and County Data Sheets (S-20 to S-22) submitted into evidence:

- **RESULTS OF OPERATIONS** (AFS Sheet 19)

YEAR	AMOUNT
2007	\$23,883,521
2006	\$8,456,221
2005	\$16,629,284

The Results of Operations is an extremely important chart as it clearly indicates the ability to re-generate surplus. The [County] without a doubt has this ability. This is the equivalent of the "bottom line" in the private sector

- **BUDGET REVENUES** (AFS Sheet 17)

YEAR	ANTICIPATED	REALIZED	EXCESS/(DEFICIT)
2007	\$402,693,681	\$404,438,903	\$1,745,222
2006	\$390,127,751	\$387,602,348	(\$2,525,402)
2005	\$358,452,036	\$358,853,039	\$401,003

The Budget Revenues are a component of the Results of Operations and a significant part of the Re-Generation of Surplus. It is evident by the excess that Passaic is doing quite well, a minus number is due to timing, an item was received after December.

- **UNEXPENDED BALANCE OF APPROPRIATION RESERVES** (AFS Sheet 19)

YEAR CANCELLED	FROM/YEAR	AMOUNT
2007	2006	\$14,494,471
2006	2005	\$2,356,824
2005	2004	\$2,210,956

The County continues to generate excess budget appropriations. This affords them budget flexibility. Any agency would have negative numbers if they had serious financial problems. They have substantial excess budgeted funds.

- **FUND BALANCE** (2007 Report of Audit)

YEAR	BALANCE 12/31	UTILIZED	PERCENT
2007	\$24,931,589	\$14,931,589	59.89%
2006	\$10,611,571	\$9,563,504	90.12%
2005	\$20,576,727	\$16,844,878	81.86%
2004	\$20,635,880	\$16,843,000	81.61%
2003	\$18,953,954	\$13,000,000	68.58%

The Fund Balance continues over 50% of the Fund Balance in the budget to further reduce the Tax Rate. This is a sign of very healthy finances.

- **TAX RATE** (2007 Preliminary Official Statement Dated No. 1, 2007)

YEAR	AMOUNT
2007	0.5442
2006	0.5142
2005	0.5160
2004	0.5431
2003	0.5705
2002	0.5995

The County Tax Rate has not had any significant increases for the past six years; in fact if more surplus had been used there would be no increase. This clearly exhibits the County's financial strength; it decreased by .0553 points or almost 10%.

- **TAX COLLECTION RATES**

Counties collect 100% of the Tax Levy

- **TAX LEVY** (2007 Report of Audit)

YEAR	TOTAL TAX LEVY
2007	\$253,177,231
2006	\$235,187,707
2005	\$209,321,070
2004	\$193,502,856

Although the dollar amount of the Tax Levy increases, the County Tax Rate continues to remain stable. This demonstrates very little economic stress on the County Tax Rate.

- **PROPERTY VALUES** (2007 Report of Audit)

YEAR	AMOUNT
2007	\$55,623,705,991
2006	\$51,774,568,393
2005	\$45,407,450,010
2004	\$35,756,408,765
2003	\$31,609,594,693

The Property Values have increased significantly; this will continue to produce revenue for years to come.

- **DEBT SERVICE** (2007 Annual Debt Statement)

EQUALIZED VALUATION BASIS	DECEMBER 31	\$50,889,986,498
EQUALIZED VALUE	2.0%	\$1,017,799,730
NET DEBT	0.79%	\$375,797,801
REMAINING BORROWING POWER	\$20,576,727	\$642,001,929

The Debt is well below the statutory limit and has more than sufficient borrowing power remaining. This is a clear indication of a sound financial condition.

- **CAP CALCULATION**

The County CAP is based on the Tax Levy and not the appropriations, the CAP for 2008 on the Levy is below by \$3,838,978.09; there is no CAP problem.

- **CASH BALANCES** (AFS Sheet 9)

FUND	BALANCE AS OF 12/31
CURRENT FUND	\$51,961,771
CAPITAL FUND	\$46,402,168
TRUST FUND	N/A

As indicated in the above chart, the cash position is excellent.

- **MISCELLANEOUS REVENUE NOT ANTICIPATED** (AFS Sheet 20)

Miscellaneous Revenues Not Anticipated are revenues that the County did not utilize in calculating the Tax Levy, but have the option to anticipate revenues that may be contractual or recurring.

2007	\$5,741,507
2006	\$6,016,686
2005	\$4,847,731

Sheets 20 of the AFS list all the Miscellaneous Revenues received for each year.

- **PENSION**

For a period of three (3) years municipalities and counties were not required to make any contributions to the Pension Systems due to the fact they were over funded, now they also are receiving a five (5) year deferral in starting payment of contributions, first year 20%, second year 40%, third 60%, fourth 80% and 100% in the fifth year, this was not added costs but an additional benefit.

- **PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 1, 2006**

Sheet 7 and 18

The County has received Credit Ratings of Aaa by Moody's, this indicates a high degree of "Creditworthiness". This is by all means a sign of financial soundness.

This County does not have fiscal problems. Fiscal issues are well in hand. [Assn Brief, pp. 59-64].

Counsel indicates that DeNova also confirmed during his testimony that the County's health care program "was operating efficiently and at a lower cost than a comparable plan." [Assn Brief, p. 52]. Counsel emphasizes that the County, as to its health care program, "cannot identify a specific cost in the future." [Assn Brief, p. 55]. Counsel asserts that to the extent the County cannot calculate the impact of its health insurance proposal it must be denied. Counsel cites Pompton Lakes PBA and Borough of Pompton Lakes, PERC Dkt. No. IA-2007-055, remanded as PERC Dkt. No. IA-2008-058.

The Cost of Living

Counsel indicates that the most recent data from PERC at the time of hearing was dated September 21, 2007. The cost of living for the total private sector was an increase of 4.6%. Counsel views the increase as a "significant change".

Continuity and Stability of Employment

Counsel claims the "area standards" and "prevailing rate" support an award of the Associations' entire proposal. Counsel emphasizes the below-average salaries for these bargaining units in comparison to the comparable group presented. Counsel points out that the County seeks a "gross redrafting of the contract." Counsel indicates that some of the County's proposals (i.e. health care) were not addressed in its proofs and therefore, by law, cannot be awarded. Counsel summarizes the Associations' position as follows:

[T]his is an agency whose services are critical to the safety and welfare of the citizens of the County of Passaic. Its multi-faceted operations are efficiently and effectively managed. It is an essential part of the law enforcement process at every level, particularly municipal. Any budgetary issues which the public employer raises are of its own doing. It is of course now a fact that those issues, such as may have been in existence when this process began have now been resolved. Even County Administrator Denova acknowledged that the Budget has been passed and meets all of the legal requirements of New Jersey law. It is time to move on and complete the arbitration process and have a new contract. [Assn Brief, p. 68].

In conclusion, Counsel submits that the Associations' proposals are reasonable and should be incorporated into the final Award.

POSITION OF THE COUNTY

In support of the adoption of the County's final offer(s), counsel cites the following points under the statutory criteria and other relevant arguments. On the outset, Counsel emphasizes the poor state of the economy:

We are in a recession. Foreclosures, layoffs, plant closings, unemployment, bankruptcy and bailouts dominate the news. At the same time, those of us in New Jersey face recurring property tax increases which have reached epidemic proportions. Our State is one of the highest taxed states in the country. Our State and local governments, like Passaic County, are caught in a squeeze between satisfying legitimate taxpayer concerns and the escalating demands by public employees for increased wages and benefits. [County Brief, p. 1].

Counsel indicates that the County has a \$20 million budget deficit. Counsel states that the County reduced the budgets for all its departments in 2008, including a \$16 million cut from the Sheriff's Department. Counsel points out that the Sheriff filed layoff plans with the Department of Personnel in December 2007 and April 2008 which were effectuated in March 2008 and July 2008. Counsel asserts the following:

The Sheriff was forced to reduce his workforce through the layoff of 62 employees and the elimination of vacancies created by the resignation of 19 employees, the termination of 43 employees, the retirement of 52 employees, and the demotion of 4 Corrections Lieutenants and 6 civilian personnel. [County Brief, p. 2].

Counsel presents a cost-out of the parties' proposals. In sum, Counsel indicates that the Associations' wage proposal for all four (4) bargaining units has a total cost to the County of over \$14.3 million (including PFRS contributions) over the life of the five (5) year term. Counsel then indicates that the County's final offer will cost the County over \$5.7 (including PFRS contributions), which is over \$8 million less than the Associations' final offer. Counsel asserts that given the current economic conditions, the County's proposal is the only one that can be awarded.

Counsel contends the County's proposal follows an established pattern of settlement. Counsel refers to the testimony of Anthony DeNova:

Mr. DeNova testified, without contradiction, that the County's Final Offer in this proceeding was based on the County's pattern of negotiations with other unit. (2T:13:17 to 20). Specifically, Mr. DeNova described the County pattern of either three (3), four (4) or five (5) year terms with the following wage settlement: three percent (3%) increase to base wage in year one and two and three quarter percent (2.75%) increases to base wage for the remainder of the contract. (2T:13:9 to 16). Specifically, the County has negotiated agreements with thirteen (13) of its twenty (20) bargaining units which follow a pattern of salary increases averaging at (or below) 3% per year. (S83 to S99). The pattern also includes employee contributions to medical insurance. Eleven (11) of those bargaining units settled in accordance with the pattern of medical contributions, with all units currently contributing \$10.00 per month on the single plan for current employees and two percent (2%) of salary for new hires, \$20.00 per month on the husband/wife and parent/child plan for current employees and two and a half percent (2.5%) of base salary for new hires and \$40 per month on the [family] plan for current employees and three percent (3.0%) of base salary for new hires. (2T:16:2 to 13). The only units who collective bargaining agreements were recently negotiated which do not follow the medical pattern are

Local 32 OPEIU and Local 1032 (Nutrition-Meals on Wheels), which collectively represent approximately forty (40) employees, as those agreements were negotiated prior to the County requesting medical contributions. (2T:14:22 to 25; 2T:15:1 to 3). [County Brief, p. 23].

Counsel indicates that thirteen (13) of the twenty (20) other bargaining units in the County, representing two-thirds (2/3) of the County's unionized employees, have voluntarily accepted the established pattern. Counsel cites as support Asbury Park and Asbury Park Sheriff's Officers Assn, PBA Local No. 6, PERC Dkt. No. IA-88-92 (1989, J. Weisblatt) and Essex Cty and Essex Cty Corrections Officers, PBA Local 157, PERC Dkt. No. IA-84-93 (1985, J. Weisblatt).

Comparability

Counsel contends that the employees within the bargaining units "receive far better compensation than other employees in both comparable public sector jurisdictions and the private sector as a whole." [County Brief, p. 27]. Counsel acknowledges that some bargaining unit members perform special services that go beyond the traditional duties of Sheriff's Officers and Correction Officers. However, Counsel submits that evidence establishes that the "overwhelming majority" of these officers perform the duties set by statute. [See N.J.S.A. 40A:9-117.6; N.J.S.A. 2A:154-4]. Therefore, contrary to the Associations' claim, the bargaining units are best compared to Sheriff's Officers and Correction Officers employed in other counties. Counsel cites as support Essex

City and Essex City Sheriff's Officers, PBA Local 183, PERC Dkt. No. IA-2003-037 (R. Glasson).

Counsel compares the Associations to the other law enforcement units in the County: PBA Local 203 (Weights & Measures); PBA Local 265 (Detectives, Investigators & Sr. Investigators of the County Prosecutor); Passaic County Prosecutor's Superior Officers Association (Superior Officers of County Prosecutor). Counsel indicates the following:

PBA 265 and the Passaic County Prosecutor's Superior Officers Association and the County are currently in interest arbitration proceedings for a successor collective negotiation agreement and are covered by one Collective Negotiations Agreement. The Passaic County Sheriff's Officers and Correction Officers receive similar benefits (i.e. vacation, holiday, longevity) as PBA Local 265 but the Sheriff's Officers and Correction Officers have a better terminal leave benefit and have greater overall compensation than PBA 265. It should also be noted that the Passaic County Prosecutor's Office has been affected by the budgetary issues that the County is facing. The Prosecutor's Office was ordered by the County to cut \$2.7 million out of its 2008 budget. As a result, the Prosecutor had to initiate layoffs among the Investigators, Assistant Prosecutors and Clerical staff. [Footnote omitted]. [County Brief, p. 31-32].

Counsel submits that the County does not have turnover issues or problems filling vacancies. However, Counsel points out that the cost of compensated absences for the Sheriff's Department and the County Jail have increased dramatically from over \$14 million in 2005 to over \$23 million in 2008.

Counsel contends that when the Associations are compared to other Sheriff's Officers and Correction Officers they rank among the highest paid in the

State. [See Exs. S-59 & S-71]. In support of its position, Counsel compiled the following charts based upon Exhibits S-230 through S-297.

TOP PAY – SHERIFF'S OFFICERS

COUNTY	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
	TOP SALARY	TOP SALARY	TOP SALARY	TOP SALARY
ATLANTIC	\$52,868	\$55,000	\$60,528	\$62,949
BERGEN	\$83,916	\$87,273	\$90,677	\$94,304
BURLINGTON	\$50,747	\$52,777	N/A	N/A
CAMDEN	\$64,992	\$67,592	\$70,296	\$73,107
CAPE MAY	\$49,882	\$54,607	\$57,338	\$63,210
CUMBERLAND	\$42,540	\$44,670	\$48,000	\$49,920
ESSEX	\$65,997	\$68,637	\$71,382	\$74,238
GLOUCESTER	\$51,561	\$55,381	\$56,765	\$58,185
HUDSON	\$57,425	\$59,580	\$61,637	\$63,208
HUNTERDON	\$52,550	\$54,361	\$56,535	\$58,796
MERCER	\$66,786	\$70,102	\$73,081	\$76,187
MIDDLESEX	\$66,664	\$71,411	\$73,910	\$76,896
MONMOUTH	\$70,000	\$74,180	\$79,637	\$82,343
MORRIS	\$67,679	\$70,479	\$73,279	N/A
OCEAN	\$71,398	\$74,075	\$78,538	\$81,620
PASSAIC	\$72,171	\$75,779	\$79,568	N/A
SALEM	\$47,000	\$52,500	\$60,000	\$65,000
SOMERSET	\$65,846	\$68,480	\$71,219	\$74,068
SUSSEX	\$54,282	\$57,505	\$60,579	\$63,723
UNION	\$70,814	\$73,647	\$76,593	\$79,657
WARREN	\$52,254	\$56,177	\$58,284	\$60,470
AVERAGE	\$60,827	\$64,010	\$67,892	\$69,882

TOP PAY – SHERIFF'S SUPERIOR OFFICERS

COUNTY	<u>2004 Salary</u>	<u>2005 Salary</u>	<u>2006 Salary</u>	<u>2007 Salary</u>
ATLANTIC	Sgt: N/A Lt: \$68,036 Cpt: \$73,262	Sgt: N/A Lt: \$70,928 Cpt: \$76,375	Sgt: \$66,278 Lt: \$73,765 Cpt: \$79,430	Sgt: \$69,244 Lt: \$76,716 Cpt: \$79,430
BERGEN	Sgt: \$91,468 Lt: \$99,700	Sgt: \$95,127 Lt: \$103,688	Sgt: \$98,838 Lt: \$107,733	Sgt: \$102,791 Lt: \$112,043
BURLINGTON	Sgt: \$54,747 Lt: \$56,247	Sgt: \$56,777 Lt: \$59,777	N/A	N/A
CAMDEN	Sgt: \$67,638	Sgt: \$70,343	Sgt: \$73,157	Sgt: \$76,083
CAPE MAY	Sgt: \$55,641 Lt: \$60,518 Cpt: \$66,849	Sgt: \$60,476 Lt: \$65,476 Cpt: \$70,476	Sgt: \$64,925 Lt: \$69,925 Cpt: \$74,925	Sgt: \$68,021 Lt: \$73,021 Cpt: \$78,021
CUMBERLAND	N/A	Sgt: \$58,474 Lt: \$61,822 Cpt: \$65,302	Sgt: \$59,790 Lt: \$63,213 Cpt: \$66,771	Sgt: \$62,510 Lt: \$66,090 Cpt: \$69,810

ESSEX	N/A	Sgt: \$75,433 Lt: \$86,752 Capt: \$99,765	Sgt: \$78,450 Lt: \$90,222 Capt: \$103,755	Sgt: \$81,588 Lt: \$93,830 Capt: \$107,905
GLOUCESTER	Sgt: \$56,717 Lt: \$62,573 Cpt: \$69,900	Sgt: \$60,770 Lt: \$69,899 Cpt: \$75,692	Sgt: \$62,289 Lt: \$73,045 Cpt: \$79,461	Sgt: \$66,720 Lt: \$76,421 Cpt: \$82,739
HUDSON	N/A	N/A	N/A	N/A
HUNTERDON	Sgt: \$57,787	Sgt: \$60,098	Sgt: \$62,502	N/A
MERCER	N/A	Sgt: \$79,916 Lt: \$91,104	Sgt: \$83,312 Lt: \$94,976	Sgt: \$86,853 Lt: \$99,012
MIDDLESEX	Sgt: \$76,912 Lt: \$88,449 Cpt: \$101,716	N/A	N/A	N/A
MONMOUTH	Sgt: \$94,000 Lt: \$98,000	Sgt: \$94,000 Lt: \$98,000	Sgt: \$102,000 Lt: \$106,343	Sgt: \$110,694 Lt: \$115,000
MORRIS	Sgt: \$84,617 Lt: \$90,208 Cpt: \$93,777	Sgt: \$87,417 Lt: \$93,008 Cpt: \$96,577	Sgt: \$90,217 Lt: \$95,808 Cpt: \$99,377	N/A
OCEAN	Sgt: \$77,260 Lt: \$85,083 Cpt: \$92,905	Sgt: \$80,157 Lt: \$88,274 Cpt: \$96,389	Sgt: \$83,363 Lt: \$91,805 Cpt: \$100,245	Sgt: \$89,298 Lt: \$98,077 Cpt: \$106,854
PASSAIC	Sgt: \$84,015 Lt: \$92,113 Cpt: \$103,538	Sgt: \$93,231 Lt: \$100,835 Cpt: \$109,233	Sgt: \$97,892 Lt: \$105,876 Cpt: \$114,695	N/A
SALEM	Sgt: \$51,000 Lt: N/A	Sgt: \$56,500 Lt: N/A	Sgt: \$70,000 Lt: \$72,000	Sgt: \$77,000 Lt: \$81,000
SOMERSET	N/A	Sgt: \$77,142 Lt: \$84,838 Cpt: \$97,543 Chief: \$117,018	Sgt: \$80,227 Lt: \$88,231 Cpt: \$101,445 Chief: \$121,699	Sgt: \$82,714 Lt: \$90,967 Cpt: \$104,590 Chief: \$125,472
SUSSEX	Sgt: \$64,964 Lt: \$67,653	Sgt: \$68,658 Lt: \$71,465	Sgt: \$72,556 Lt: \$75,484	Sgt: \$75,831 Lt: \$75,831
UNION	Sgt: \$78,460 Lt: \$87,080 Cpt: \$96,405	Sgt: \$81,598 Lt: \$90,563 Cpt: \$100,261	Sgt: \$84,862 Lt: \$94,186 Cpt: \$104,271	Sgt: \$88,256 Lt: \$97,953 Cpt: \$108,441
WARREN	Sgt: \$60,493 Lt: N/A	Sgt: \$62,307 Lt: N/A	Sgt: \$67,240 Lt: \$72,956	Sgt: \$69,762 Lt: \$75,692
Average	Sgt \$70,381 Lt \$73,512 Cpt \$87,294	\$73,245 \$82,428 \$88,761	\$77,661 \$85,973 \$92,437	\$80,491 \$87,975 \$92,223

TOP PAY – CORRECTION OFFICERS

COUNTY	2004 TOP SALARY	2005 TOP SALARY	2006 TOP SALARY	2007 TOP SALARY	2008 TOP SALARY
Atlantic	\$50,000	\$51,900	\$54,400	N/A	N/A
Bergen	\$83,916	\$87,273	\$90,677	\$94,304	\$98,076
Burlington	\$50,747	\$52,777	\$54,888	\$57,584	\$60,387
Camden	\$57,204	\$59,491	N/A	N/A	N/A
Cape May	N/A	\$54,607	\$57,338	\$60,205	\$63,210
Cumberland	\$44,100	\$46,305	\$48,620	\$51,050	N/A
Essex	\$63,554	\$66,096	\$68,740	\$71,490	N/A
Gloucester	N/A	\$51,940	\$54,918	\$60,295	\$62,104
Hudson	\$62,084	\$64,591	\$68,517	\$71,257	\$74,107
Hunterdon	N/A	\$56,000	\$58,240	\$60,570	\$62,992
Mercer	N/A	\$69,868	\$72,838	\$75,933	\$79,161
Middlesex	N/A	\$66,974	\$69,318	\$72,090	\$74,974
Monmouth	\$70,000	\$72,625	\$78,967	\$81,929	\$85,001
Morris	\$67,679	\$70,479	\$73,279	N/A	N/A
Ocean	\$72,242	\$74,075	\$77,038	\$80,120	\$83,324
Passaic	\$72,171	\$75,779	\$79,568	N/A	N/A
Salem	\$17.44 per hour	\$18.22 per hour	\$18.91 per hour	N/A	N/A
Somerset	\$63,936	\$66,493	\$69,153	\$73,302	\$81,471
Sussex	\$53,500	\$56,689	\$59,731	\$62,837	\$66,814
Union	N/A	\$70,668	\$70,668	\$70,668	\$74,201
Warren	\$50,241	\$52,251	\$54,341	\$57,650	\$61,161
Average	\$61,526	\$63,344	\$66,381	\$68,830	\$73,355

TOP PAY – CORRECTION SUPERIOR OFFICERS

COUNTY	2004 TOP SALARY	2005 TOP SALARY	2006 TOP SALARY	2007 TOP SALARY	2008 TOP SALARY
Atlantic	Sgt: N/A Lt: \$64,729 Capt: \$77,983	\$61,274 \$67,318 \$81,103	\$63,909 \$70,011 \$84,346	\$66,785 N/A N/A	\$69,657 N/A N/A
Bergen	Sgt: \$91,468 Lt: \$99,700 Cpt: \$112,840 D.Ward: \$122,996	\$95,127 \$103,688 \$81,103 \$127,915	\$98,838 \$107,733 \$122,048 \$133,032	\$102,791 \$112,043 \$126,930 \$138,353	\$106,903 \$116,524 N/A N/A
Burlington	Sgt: \$56,000 Lt: \$61,000	\$59,110 \$66,203	\$61,475 \$68,852	\$64,754 \$72,483	\$67,883 \$76,000

Camden	Sgt: \$63,608 Lt: \$74,981 Cpt: \$79,935 D.Ward: \$90,957	\$66,152 \$77,980 \$83,133 \$94,595	N/A	N/A	N/A
Cape May	Sgt: \$53,990 Lt: N/A Capt: N/A	\$58,976 \$65,476 \$70,476	\$61,925 \$69,925 \$74,925	\$65,021 \$73,021 \$78,521	\$68,267 \$76,267 \$82,267
Cumberland	Sgt: N/A Lt: N/A Cpt: N/A	N/A	\$62,371 \$65,565 \$68,884	\$65,490 \$68,843 \$72,328	\$68,764 \$72,286 \$75,945
Essex	N/A	Sgt: \$66,664 Lt: \$76,671 Capt: 88,166	N/A	N/A	N/A
Gloucester	Lt: \$62,573	\$66,889	\$69,732	\$72,609	\$75,605
Hudson	Sgt: \$76,241 Lt: \$78,913 Cpt: \$82,859	\$79,321 \$82,101 \$86,206	\$84,143 \$87,093 \$91,448	\$87,508 \$91,883 \$96,477	\$91,008 \$95,558 \$100,336
Hunterdon	Sgt: \$60,788 Lt: \$69,115 Cpt: \$74,997	N/A	N/A	N/A	N/A
Mercer	Sgt: N/A Lt: N/A	\$79,379 \$90,483	\$82,745 \$94,329	\$86,261 \$98,338	\$89,928 \$102,517
Middlesex	Sgt: \$76,029 Lt: \$86,317 Cpt: \$99,266	N/A	N/A	N/A	N/A
Monmouth	Sgt: N/A Lt: N/A	N/A	\$85,000 \$106,343	\$96,384 \$115,000	\$107,768 \$119,312
Morris	Sgt: \$84,617 Lt: \$90,819 Capt: \$95,678	\$87,417 \$93,619 \$98,478	\$90,217 \$96,419 \$101,278	N/A	N/A
Ocean	Sgt: \$77,261 Lt: \$85,083 Capt: \$92,678	\$80,158 \$88,274 \$96,153	\$83,364 \$91,805 \$99,999	\$89,298 \$98,077 \$106,599	\$92,870 \$102,000 \$111,129
Passaic	Sgt: \$88,791 Lt: \$96,033 Capt: \$104,032 D.Ward: \$117,141 Ward: \$121,523	\$93,231 \$100,835 \$109,233 \$122,997 \$127,598	\$97,892 \$105,876 \$114,695 \$129,146 \$133,977	N/A	N/A
Salem	Sgt: N/A Lt: N/A Capt: N/A	N/A	\$54,350 \$68,952 \$71,675	\$60,673 \$68,952 \$76,837	\$66,996 \$76,003 \$81,999
Somerset	Corp: \$67,087 Sgt: \$74,107 Lt: \$81,517 Capt: \$89,669	\$69,770 \$77,071 \$84,778 \$93,256	\$72,561 \$80,154 \$88,169 \$96,987	\$76,894 \$84,963 \$93,459 \$102,806	\$81,123 \$89,636 \$98,599 \$108,461
Sussex	Sgt: N/A Lt: N/A	N/A	N/A	\$75,831 \$80,881	\$83,266 \$85,266
Union	Sgt: \$83,004 Lt: \$90,783 Capt: \$99,239	\$86,324 \$94,414 \$106,682	\$86,324 \$88,169 \$106,682	\$86,324 \$94,414 \$106,682	\$90,640 \$101,435 \$112,016

Warren	Sgt: \$57,800 Lt: \$63,978 Capt: \$70,000	\$60,112 \$68,233 \$75,000	\$62,516 \$72,689 \$81,000	\$65,017 \$77,324 \$86,600	N/A
Average Sgt	\$64,000	\$70,021	\$77,051	\$83,042	\$84,122
Lt	\$78,967	\$81,796	\$84,479	\$86,951	\$92,105
Capt	\$89,931	\$92,103	\$92,830	\$94,864	\$96,021
D.Ward	\$110,364	\$128,014	\$131,089	\$138,353	

Counsel draws a comparison with this group over other benefits such as personal/administrative leave, holidays, education allowance, and longevity. [Ex. S-62, S-63, S-66, S-67, S-74, S-75, S-78, S-79]. Counsel indicates the Associations' benefits are comparable to or better than provided in the comparison group.

Counsel submits there is a growing trend of Sheriff's Officers and Correction Officers being required to contribute toward medical insurance benefits. [Ex. S-179]. Medical contributions were included in the following recent interest arbitration awards: City of Trenton and PBA Local 11, PERC Dkt. No. IA-2007-60 (J. J. Pierson, Esq.); Borough of North Arlington and PBA Local 95, PERC Dkt. No. IA-2007-050 (J. Mastriani); Borough of Point Pleasant Beach and PBA Local 106, PERC Dkt. No. IA-2007-088 (R. Glasson); Borough of Mountainside and Mountainside PBA Local 126, PERC Dkt. No. IA-2007-044 (J. Weisblatt); and New Jersey Transit Corporation and PBA Local 304, PERC Dkt. Docket No. IA-2007-029, (J. Weisblatt). Moreover, medical contributions were included in the following voluntary settlements: Borough of Haddon Heights and Haddon Heights PBA Local No. 328, PERC Dkt. No. IA 2007-051; and City of East Orange and the East Orange Superior Officer's Association, Local No. 16, January 2008.

As to a comparison of the Associations to all other bargaining units representing employees employed by the County, Counsel compiled the following chart:

Unit	Number of Members	Total Base Pay	Average Base Pay
Corrections Rank & File	290	\$20,102,460	\$69,318
Corrections SOA	45	\$4,684,111	\$104,091
Sheriff's Officers	205	\$16,010,620	\$78,100
Sheriff's SOA	43	\$4,490,832	\$104,437
Prosecutor Clerical	61	\$3,222,444	\$52,826.95
Assistant Prosecutor	45	\$4,491,713	\$99,815.84
1199 J Nurses	95	\$4,686,605	\$49,332.68
1199 J Supervisors	17	\$1,350,151	\$79,420.65
11 IBT (Other) Teamsters	160	\$6,281,489	\$39,259.30
11 IBT Teamsters PARA Transit	29	\$928,142	\$32,004.90
PBA 265 Prosecutors	91	\$7,127,576	\$78,325.01
Local 32 OPEIU	29	\$1,505,184	\$51,902.89
Local 153 Clerical	115	\$4,750,045	\$41,304.74
Local 911 Supervisors Operations	42	\$2,529,738	\$60,231.86
AFSCME-AFCIO Supervisors	20	\$1,183,698	\$59,184.90
Local 1032 CWA	215	\$8,661,679	\$40,286.88
Weights & Measures	4	\$257,377	\$64,344.25
Jail Professionals JPF	156	\$7,188,036	\$46.00 - \$77.15

[See Ex. S-82].

Addressing the private sector, Counsel presented recent settlements for companies (i.e. Jersey City Power & Light, Hozion Blue Cross Blue Shield of New Jersey). The annual wage increases for all of Counsel's private sector comparisons ranged from 2.64% to 3.5%. Some of these settlements included deferred increases or wage re-openers. [See Exs. S-130 through S-136].

Financial Impact

Counsel emphasizes the following:

It is clear that the County is in a deep financial crisis. The County is experiencing a \$20 million overall budget hole. Consequently, the County has had to cut the 2008 budget of all County departments, including the Sheriff's budget. The Sheriff's Department was directed by the County to cut \$21 million dollars out of its 2008 budget which has left the Sheriff trying to find alternative revenues. To address the crisis, layoffs have been instituted throughout Passaic County including the Sheriff's Office. In addition, the Sheriff has lost a major source of revenue to the County Jail and has had to defend lawsuits arising from the layoffs. The County does not see a silver lining to this budget crisis anytime in the near future. [County Brief, pp. 49-50].

Counsel indicates that even though the County's Aaa bond rating has not changed the County's outlook by Moody's Investor Services has changed from "positive" to "neutral" to "negative". Counsel points out that the County intended to meet its deficit with the sale of its golf course for \$20 million. The Appellate Court, however, enjoined the sale. As a result, the County decided that it was necessary to layoff employees.

Counsel states that the County "has little control over revenue sources except for the tax levy...." [County Brief, p. 52]. Counsel provides a comparison of revenues:

Comparison of Revenues (net of grants)

	2007	2008	% Change
Surplus	\$9,563,504	\$14,931,589	56.13%
Local Revenues	\$12,723,703	\$14,358,487	12.85%
State Aid	\$1,160,000	\$1,300,000	12.07%
State Assumptions of Cost	\$33,495,170	\$31,721,579	-5.30%
Other Special Items of Revenue	\$61,217,658	\$55,147,772	-9.92%
Tax Levy	\$253,177,230	\$277,340,015	6.54%
TOTAL	\$ 371,337,265	\$394,799,442	6.32%

[Ex. S-25]. Counsel points out that the County no longer houses federal inmates at the County Correctional Facility. As a result, the County received \$8.6 million less in 2008 than in 2007 for federal inmate housing. Counsel emphasizes that the County has "raised taxes to the maximum".

In addressing the fund balance, Counsel indicates that the County's surplus has decreased from \$16.8 million in 2006 to \$9.5 million in 2007. It is

projected that the County's surplus for 2008 will "mirror" 2007. Counsel submits that the County's proposal will enable the County to maintain acceptable fund balance levels.

Counsel contends that statistics such as the following provide a "bleak outlook" for the County:

- 14.3% of persons below the poverty level resided in the County.
- The per capita income in the County is \$23,305, compared to the State average of \$43,771.
- The earnings of the Associations' bargaining unit members are approximately two (2) to three (3) times the per capita income of County residents.
- The median household income for County residents is \$51,016, which is approximately 20.9% less than the State average.
- In 2007, fixed costs (i.e. debt service, pension costs and utilities) represent 20% of the County's budget.
- In 2006, the Sheriff's Office and the Correction Department represented approximately 30% of the total budget.
-

[County Brief, pp. 54-56; See Exs. S47-S57, S-20].

Addressing the tax levy/fax cap, Counsel emphasizes that the County raised taxes to the maximum level each year from 2003 to 2008, with an average annual increase of \$20 million. Counsel points out that the County has been restricted by the new tax cap law because its maximum of 4% yielded a levy \$2.5-3 million less than the old tax cap law. Counsel provides a chart depicting the summary of increases in tax levy for 2008:

Increase in Deferred Charges	\$ 8,932,465
Increase in Pension Costs	\$ 8,376,699
Increase in Health Care	\$ 3,230,216

Costs	
Increase in Utilities Costs	\$ 1,248,750
Increase in Stranded Debt (PCUA)	\$ 1,300,000
Decrease in Revenues	\$ 700,608
Increase in All Other Appropriations	\$ 374,046
TOTAL	\$ 24,162,784

Counsel next discusses the increase in health insurance cost incurred by the County for its self-funded plan:

Year	Cost of Medical Plan Only	Total Cost (Medical, Dental & Prescription Plans)
2004	\$26,860,164.40	\$35,059,552.00
2005	\$31,570,681.32	\$40,872,523.33
2006	\$32,861,744.96	\$42,890,666.96
2007	\$39,386,899.51	\$50,540,206.36
2008(projected)	\$42,438,758.28	\$54,661,377.08

Counsel provides a chart outlining its obligations associated with pensions, social security, and unemployment:

	2007	2008	%Change
P.E.R.S.	\$ 4,287,625	\$ 7,553,943	76.18%
Social Security	\$ 12,500,000	\$ 12,875,000	3.00 %
Unemployment	\$ 675,000	\$ 675,000	0.00 %
P.F.R.S	\$ 8,021,602	\$ 12,756,983	59.03 %
Judicial Pension	\$ 5,000	\$ 5,000	0.00 %
TOTAL	\$ 25,489,227	\$ 33,865,926	32.86%

As to County debt, Counsel points out that the County's debt service increased from \$38.26 million in 2004, to \$39.98 million in 2005, to \$40.46 million in 2006, to \$44.41 million in 2007.

Based upon all of the above, Counsel submits that the County's fiscal challenges and restraints demonstrate the need for "strict financial planning".

Interests and Welfare of the Public

Addressing this criterion, Counsel reiterates the fact that the County has raised taxes to the maximum allowed. Counsel submits that the County must gain hold of its budget while at the same time providing competitive, affordable salary increases to the bargaining units. Counsel provides a comparison of the average base salaries to the average per capita income for the County of \$21,370:

For 2008:

Sheriff's Officer - \$78,100

Sheriff's Superior Officer - \$104,437

County Correction Officer - \$69,319

County Correction Superior Officer - \$104,091

[See Exs. S-7 & S-48]. Counsel contends the County's offer will best serve the public's interest and meets the County's budgetary needs.

Cost of Living

Counsel, in addressing this criterion, provides a comparison of the average salary increases for the bargaining units to the cost of living statistics for 2004 through 2007:

Year	Salary Increase	CPI Increase (year end July)	Percentage by which salary increase exceeded CPI increase
2004	4-6%	3.0%	+1 - 3%
2005	5-7.5%	3.2%	+1.8 - 4.3%
2006	5.0%	4.1%	+.9%
2007	3.0%	2.4%	+.6%

[See Ex. S-168]. Counsel maintains the County's offer remains consistent with the trend shown above.

Stipulations

Counsel indicates that the parties did not make any substantive stipulations in this matter.

Lawful Authority

Counsel submits that the "Arbitrator must address the [County's] budget CAP situation, as well as the statutory requirement that the [County] prepare a balanced budget each year." [County Brief, p. 67]. Counsel refers to Moody's negative outlook on the County, and the fact that the County has raised taxes by the maximum amount permitted by the tax cap. Counsel contends that the

Associations' request for 5% per year is not consistent with the County's need to remain at or below the 4% tax cap established by the legislation. Counsel emphasizes the following:

The 2009 budgets are complete; it would be imprudent to go back in time and increase that budget beyond the amount already allocated. Moreover, by the time this award is issued, likely one-quarters of the budgetary year will be completed. Therefore, any award in excess of the funds budgeted by the County will need to come mostly from the 2010 budget, leaving the County a very limited area in which to make the budgetary reductions necessary to fund such an award. The PBA's salary proposal of 5% annually far exceeds the County's Final Offer, and the reasonable amount budgeted by the County for this unit. The total cost of the PBA's wage proposal over the five (5) year life of the contract for Sheriff's Officers is calculated as \$4,253,305.90 (including additional employer contributions for PFRS of \$333,208.30). The total cost of the PBA's wage proposal over the five (5) year life of the contract for Sheriff's Superior Officers is calculated as \$1,464,328.18 (including additional employer contributions for PFRS of \$114,716.95). The total cost of the PBA's wage proposal over the five (5) year life of the contract for Correction Officers calculated as \$7,134,877.07 (including additional employer contributions for PFRS of \$221,298.55). The total cost of the PBA's wage proposal over the five (5) year life of the contract for Correction Superior Officers is calculated as \$1,509,777.66 (including additional employer contributions for PFRS of \$118,277.51). For all four bargaining units combined, the total cost of the PBA's wage proposal over the life of the contract is \$14,362,288.81 (including additional employer contributions for PFRS of \$1,125,156.20). Should the Arbitrator award the PBA's proposal, or provide an award in excess of the pattern of settlement already established within the County, the County will be forced to layoff employees and cut other expenditures (other public service), as the County cannot raise taxes as the County has reached the tax cap. [County Brief, pp. 68-69].

Overall Compensation

Addressing N.J.S.A. 34:13A-16(g)(3), Counsel submits that bargaining unit members have a full complement of benefits. Counsel refers to the average base salaries for 2008 discussed above, and the various County exhibits that set forth the economic benefits currently provided. [See Exs. S-7, S-8, S-58, S-59, S-62 through S-68, S-70, S-71]. Counsel emphasizes that compensated absences for the Sheriff's Department and the County Jail had a combined price tag of over \$24 million in 2007 and \$23 million in 2008. Counsel submits that the current compensation and benefits for the bargaining units, even without any increase, are substantial.

Continuity and Stability of Employment

Counsel indicates that the turnover rate for its Sheriff's Officers and Correction Officers is low. Counsel claims that the County "has attempted to minimize the number of Sheriff's Officers and Correction Officers affected by the reduce budget...." Counsel avers that the Associations' proposals, if awarded, may require further layoffs.

Statutory Restrictions

Addressing N.J.S.A. 34:13A-16(g)(9), the statutory restrictions imposed upon the County, Counsel reiterates that "the County has raised taxes to the maximum amount permitted by the tax cap." As addressed above, Counsel

claims the Associations' proposal is not consistent with the new tax cap law, and could set an unacceptable pattern for the County's contract that will be negotiated with PBA Local 265 (Prosecutors).

Other Economic & Non-Economic Issues

As referenced above, the County's Final Offer proposes several changes to the Associations' other economic and non-economic benefits. The County provided rationale and support for its position in its post-hearing brief. [See pp. 75-85]. The basis for the County's position on these issues is incorporated by reference herein.

For all of the reasons above, Counsel asserts the County's proposals are reasonable and urges their acceptance.

DISCUSSION

Prior to reaching this decision, the Interest Arbitrator carefully weighed all of the evidence in the case including the testimony of the witnesses at the hearing, the arguments of respective counsel as set forth both at the hearing and in their submissions, the contract itself and the numerous exhibits introduced. Each criterion of N.J.S.A. 34:13A-16(1) through (9) was considered and given the weight that I determined to be appropriate. Based upon my assessment of this matter, the following criteria were given greater weight than the others: the interest and welfare of the public, the comparability between the Associations and other comparable bargaining units consisting of Sheriff's Officers and Correction Officers (as well as Superiors), and the financial impact of the terms of this Award on the governing unit, its residents and taxpayers. To summarize, I am confident that the changes awarded below fit within the statutory limitations and represent a reasonable resolution to the parties' impasse.

Interest and Welfare of the Public

The interest and welfare of the public is not solely determined by the County paying its officers the most or the least of any comparable group. The morale of the County's officers will inevitably impact the quality of services rendered. On one hand, the County offers salary increases that, on a percentage basis, are lower than the average voluntary settlement or awarded

amount through interest arbitration over the relevant time period. On the other hand, the Association seeks increases that are beyond the going rate. In sum, my analysis leads to the conclusion that the interests and welfare of the public will be best served by accepting neither party's proposals in their entirety, but rather, determining a reasonable but competitive compromise based upon the factors that will be more fully discussed below.

Cost of Living

The United States Department of Labor Bureau of Labor Statistics indicates that the annual CPI-U for the Northeast (January to January) was 4.1% for 2006, 2.3% for 2007, 3.9% for 2008, and 0.5% for 2009. The Associations' wage proposal exceeds these figures. On the other hand, the County's wage proposal includes, among other things, employee contribution toward medical insurance that results in a lesser net annual wage increase than proposed by the County. Given the above, neither party's economic proposals prevail under this criterion.

Continuity and Stability of Employment

Up until the County's recent layoff actions, County employment has been relatively stable. It is evident that the current and past compensation and benefits package received by the County's officers has encouraged them to remain with the County. When compared to sheriff's officers and correction officers in other Counties, the County's officers are fairly compensated.

Although the County has taxed at the maximum since 2003, the County has managed to maintain healthy fund balances over the years. I conclude that there is no reasonable basis for providing an Award that would significantly deviate either from the recent settlement trends for sheriff's officers and corrections officers around the state, or the recent settlements for employees of the County. In sum, neither party can be said to have prevailed under this criterion.

Stipulations of the Parties

The parties made no substantive stipulations as that term appears under the statutory criteria.

Lawful Authority of the Employer/Statutory Restrictions on the Employer

Based on the extensive financial data supplied and the relevant expert testimony, I conclude that the Award outlined below will not exceed the statutory restrictions or cause a CAP problem for the County.

Overall Compensation

The parties' agreement has been reviewed. The Associations enjoy a broad spectrum of benefits: medical coverage, pension, vacations, bereavement and sick leave, longevity, paid holiday, personal days, etc. When reviewed in their entirety, these benefits are not only adequate; they are

competitive no matter which comparison group is considered. On the other hand, the County has not proven that the host of changes it proposes to the current compensation and benefits package are necessary. Neither party prevails under this criterion.

Comparability

Each party presented a comparison group. Notwithstanding the special services provided by some of the employees within these bargaining units, the Associations have not proven that municipal law enforcement officers, while a relevant general comparison, comprise of the best comparison group in this matter for the purposes of reviewing maximum salaries. This criterion leans in favor of the County's assertion that "the appropriate comparison is other County Sheriff's Officers, Sheriff Superior Officers, Correction Officers and Correction Superior Officers." [County Brief, p. 36]. Even so, neither comparison group supports awarding the lower than average salary increases presented by the County or the higher than average increases proposed by the Associations. Having reviewed all the relevant comparisons under this criterion, including the other County bargaining units and the private sector, the County's officers receive competitive wage and benefits that fall within an acceptable range.

Financial Impact

The economic health and welfare of the County must be taken into consideration. Extensive review has been undertaken of the testimony and exhibits relating to the economic well being of the County. The County emphasizes the basis for its recent layoffs and the fact that it has taxed at the maximum since 2003. On the other hand, the Associations point out the healthy amount of surplus the County continues to regenerate despite its fiscal challenges. My independent analysis leads me to the conclusion that the Award rendered below will not produce prohibitive financial effects on the County.

For the reasons expressed herein, I hereby issue the following:

AWARD

A. Economic Package

1. Duration – Five (5) Years - January 1, 2007 to December 31, 2011.

2. Salaries

Effective April 1, 2007, a four percent (4.0%) across-the-board increase at each rank, step, and position on the Salary Guide.

Effective April 1, 2008, a four percent (4.0%) across-the-board increase at each rank, step, and position on the Salary Guide.

Effective April 1, 2009, a four percent (4.0%) across-the-board increase at each rank, step, and position on the Salary Guide.

Effective April 1, 2010, a four percent (4.0%) across-the-board increase at each rank, step, and position on the Salary Guide.

Effective April 1, 2011, a four percent (4.0%) across-the-board increase at each rank, step, and position on the Salary Guide.

3. Medical Benefits – The County presented sufficient evidence as to the rising costs of health benefits and has shown a need for cost containment.

~~Compensation~~ Article 15, Medical Benefits, Section A. Amend the existing language as follows:

Effective the issuance date of this Award, the County has the right to implement a co-pay program for all employees as follows:

- (i) Ten Dollars (\$10.00) per month for single coverage;
- (ii) Twenty Dollars (\$20.00) per month for Husband/Wife, One (1) Parent and One (1) Child, Employee/Domestic Partner;
- (iii) Thirty Dollars (\$30.00) per month for Family coverage.

Article 15, Medical Benefits, Paragraph C. Amend this Paragraph as follows:

Effective the issuance date of this Award, the co-pay under this plan shall be Five Dollars (\$5.00) for generic drugs and Ten Dollars (\$10.00) for brand name drugs. Mail order generic drugs shall have a co-pay of Ten Dollars (\$10.00) per prescription (for a 3 month supply). Mail order brand name drugs shall have a co-pay of Twenty Dollars (\$20.00) per prescription (for a 3 month supply). The coverage shall include family members.

4. ALL OTHER ECONOMIC PROPOSALS. To the extent to which either party's economic proposals are inconsistent with the changes awarded above they are DENIED.

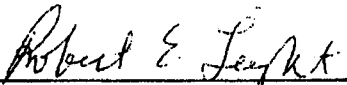
B. Non-Economic Proposals

Little, if any, justification has been offered to convince me that the County's non-economic proposals are necessary or require an awarding of same. ALL of the County's non-economic proposals are DENIED.

B. Non-Economic Proposals

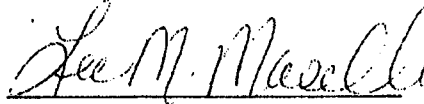
Little, if any, justification has been offered to convince me that the County's non-economic proposals are necessary or require an awarding of same. ALL of the County's non-economic proposals are DENIED.

Dated:


Robert E. Light

State of New Jersey }
County of Somerset }ss:

On this 25th day of August, 2009, before me personally came and appeared Robert E. Light to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed same.



LEE M. MASELLI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires January 20, 2010