

by agreement of the parties themselves, conventional authority is vested in the Arbitrator to decide the issues in dispute.

The revised statute cited above imposes upon the Interest Arbitrator the duty, *inter alia*, to:

"... g. The arbitrator or panel of arbitrators 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 or panel of arbitrators shall indicate which of the factors are deemed relevant, satisfactorily explained why the others are not relevant, and provide an analysis of the evidence on each relevant factor.

(1) The interest 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:40A4-45 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 the public employment in the same or similar comparable jurisdictions, as determined in accordance with Section 5 of P.L. c. (C.) (now pending before the Legislature as this bill): provided, however, that each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

[(b) in comparable private employment.

(c) In public and private employment in general.]

(3) *The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused leaves, insurance and pensions, medical and hospitalization benefits, and all other economic benefits received.*

(5) *The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering these factors are the limitations imposed upon the employer by P.L. 1976, c.68 (C.40A:4-45. 1 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 required to fund the employees' contract in the proceeding 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 of 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 monies have been designated by the governing body in a proposed local budget, or (c) initiate any new programs and services for which public monies have been designated by the governing body in a 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 or employment through collective negotiations and collective bargaining between the parties in the public service and in private employment. . ."*

PROCEDURAL CHRONOLOGY

P. B. A. Local 109A (hereinafter referred to as "the Union", "P. B. A.") is the bargaining unit for the Superior Officers employed at the Hudson County Correctional Facility. A collective bargaining agreement between the Local and the County of Hudson (hereinafter referred to as "the County") expired December 31, 1998. Prior to expiration the parties attempted to negotiate a successor agreement. Numerous mediation sessions occurred between the representatives of each side. However, an agreement was never reached.

On May 21, 1999, the Union filed a petition for interest arbitration with the Public Employment Relations Commission requesting an arbitrator be assigned to hear interest arbitration on the issues pursuant to the applicable New Jersey statutes. Arbitrator Daniel J. Hussey was assigned as the arbitrator. Thereafter, the parties met with Arbitrator Hussey who attempted to mediate a settlement of the dispute. This attempt was unsuccessful.

The parties agreed to postpone the arbitration hearing until an award was issued in the interest arbitration litigated by the rank and file officers at the Hudson County Correctional facility. That award was entered on March 23, 2001. Thereafter the parties once again met with Arbitrator Hussey who attempted to mediate a settlement. When those efforts failed, dates were set for taking of testimony. The parties agreed that the only issue to be submitted to the arbitrator would be wages and that all other issues were resolved by agreement that the terms and conditions of the prior agreement would remain the same and incorporated into the new agreement.

Testimony was taken on the dates, of February 14, 2002, April 23, 2002, April 30, 2002 and May 30, 2002. The parties did not agree upon an acceptable terminal procedure under the New Jersey Fire and Police Arbitration Act.

N.I.S.A. 34:13A-14, et seq. Thus, the arbitrator issues his award on conventional grounds, choosing either of the parties' offers or constructing his own award.

N.I.S.A. 34:13A-16(d)(2). Prior to the hearing on April 30, 2002 the parties did enter into a stipulation resolving one issue of the arbitration regarding the one year lag in pay for newly appointed Sergeants. The County agreed to eliminate that provision on January 1, 2002. A written stipulation was drafted and signed by the parties which is cited below and made a part of this Award.

At the conclusion of the hearing of May 30, 2002 Arbitrator Hussey ordered the parties to submit final offers on June 7, 2002. Briefs were to be filed postmarked July 15, 2002. Thereafter, the time for filing briefs was extended to August 16, 2002 by mutual agreement. Further delay resulted in a misunderstanding between the parties. Ultimately briefs and well in excess of 120 exhibits were received and reviewed.

BACKGROUND

Local 109A represents a bargaining unit of thirty-eight Sergeants, nine Lieutenants, six Captains and one Deputy Warden. They are presently working under a four-year agreement collective bargaining agreement which expired December 31, 1998. Captain David Krusznis testified that he is the president of Local 109A. He described the physical layout of the jail. A sergeant is assigned to supervise the day-to-day operations of upwards of 1000 prisoners at a given time while supervising 12 to 14 officers. The officers work three different shifts, eight to four, four to twelve, and twelve to eight. He described the various duties of a sergeant. The jail houses a whole spectrum of inmates ranging from dead beat dads and immigration detainees to federal and state felony inmates who have either been convicted or are awaiting trial.

Krusznis described the duties of a Lieutenant as the overseer of the operation of the four pods in the jail and the sergeants assigned to each pod. Lieutenants are also responsible for providing on-the-job training for sergeants. Captains are assigned as tour commanders and are also in charge of the overall security, gang intelligence, training and staff development and act as federal liaisons. He also described the working conditions and responsibilities of the superior officers in the Hudson County Correctional Facility.

The bargaining unit has one deputy warden who will be the last deputy warden to remain a member of the bargaining unit as a result of a settlement of a petition for unit clarification previously filed by the County. All future deputy wardens will be non-bargaining unit personnel and are to be considered management.

HUDSON COUNTY'S FINAL OFFER

TERMS OF CONTRACT: January 1, 1999 through December 31, 2003

SALARY INCREASE:	1/1/99	3% increase
	1/1/00	3% increase
	1/1/01	3% increase
	1/1/02	3.5% increase
	1/1/03	3.5% increase

P. B. A. LOCAL 109A'S FINAL OFFER

TERMS OF CONTRACT: January 1, 1999 through December 31, 2003

SALARY INCREASE:	1/1/99	4.5% increase
	1/1/00	4.5% increase
	1/1/01	4% increase
	1/1/02	4% increase
	1/1/03	4% increase

Miscellaneous: Holiday Pay to be included as regular wages
for pension purposes.

THE POSITION OF THE PARTIES

Under the statutory requirements the parties argued each of the criteria listed within the statute in support of their positions. These arguments are summarized below.

THE POSITION OF P. B.A. LOCAL 109A

Stipulation of the Parties

Counsel acknowledges there are two stipulations between the parties. The Agreement reached on April 30, 2002, recited below, and the five year term of the contract.

The Lawful Authority of the Employer

Counsel argues that the County is not under any CAP restraints under N. J. S. A. 40A:4-45.1 No issue was raised by the County nor were any arguments advanced. by the County..

The Cost of Living

Counsel notes that very little was introduced or argued by the County as to the cost-of-living. He does claim that the number of exhibits introduced relating to the Consumer Price Index are either outdated or inapplicable. Further note is made that much of the evidence the County relies on relating to the financial conditions of towns within its jurisdiction confirm that a significant percentage of their budgets is spent on

law enforcement personnel. Evidence of this claim is seen in Jersey City's budget which dedicates 22% of all appropriations to law enforcement.

The Continuity and Stability of Employment

Acknowledgement is made by the PBA that turnover in the superior ranks is not comparable to that seen in the rank and file. It is nevertheless argued that quite often the prospect of significantly higher salaries in the superior ranks of other jurisdictions that leads to those very defections from the Corrections rank and file.

Interest and Welfare of the Public

The Hudson County P. B. A. argues that awarding its final offer will improve the moral of the superior officer's bargaining unit and it will encourage qualified individuals to seek employment as correction officers. The union asserts that overtime will be reduced as an indirect result of attracting career oriented candidates who are willing to remain on the job knowing financial rewards are in place in the superior ranks.

Comparison of Wages, Salaries, Hours, and Conditions of Employment.

Public or Private Sector Employment

Counsel argues that no testimony was presented by the County on any private sector comparisons. Even if such comparisons appear in exhibits or are considered by the arbitrator the fact remains that the evidence is irrelevant. The unique nature of a correction officer's duties do not lend themselves to comparison with the private sector. Counsel quotes Arbitrator Robert E. Light's Award in the rank and file interest arbitration that "*Because of the unique nature of a correction officer's duties, it is extremely difficult to make a meaningful comparison between how they are compensated versus other*

public or private employees." (See County of Hudson & P. B. A. Local 109; Docket # IA-99-124; 3/23/01).

County Employment

Counsel surveys recent settlements and awards that apply to comparable Hudson County law enforcement units. Note is made that the Sheriff's Superior Officers negotiated a four per cent increase for each of four contract years (1999 – 2002) followed by 4.5% for the final contract year (2003) totaling 20.5% - barely short .5% in total of that sought here by the union.

Similarly, the Hudson County Sheriff's Officers were awarded 4% increase over a four year period to certain officers who achieved certain steps.

The rank and file jail guards bargaining unit increase awarded by Arbitrator Light further dispels any pattern argument the County might seek to advance in this matter. In addition to being awarded three 3% increases followed by 3.5% for the final two years a salary step system was installed which resulted in substantial percentage increases for the officers. The Superiors contend that depending on the year of implementation the total increase of the rank & file contract represents anywhere from a 27.03 % increase to a 76.55% increase over the unit's 1998 base. Counsel cites a specific example of a first step officer hired in 1998 at \$21,947 who would earn \$31,188 in 2003 which represents a 42% increase over the term of that contract. In summary PBA counsel argues the cost of the rank & file award far exceeds that sought by the Superiors herein.

Out of County Superior Correction Officers

The PBA's main comparison is with Superior Correction Officers in the "surrounding jurisdictions" of Passaic, Ocean, Monmouth, Morris, Mercer, Camden, and Union counties. PBA counsel's argument states that assuming the County's final offer were awarded, the Hudson County Superior officers would continue to be underpaid by 8.45% to 42.6% in Passaic County; 3.97% to 12.38% in Ocean County; 6% to 21% in Monmouth County; even to 27.55% in Morris County; negligible to 6% in Mercer County; and 1% to 20% in Union County. Finally, the PBA argues that even if its final offer is to be awarded, a Hudson Superior Officer's pay would still not exceed the above cited wages from those seven cited counties.

Public and Private Employment

As to comparability with public or private sector employees and their wages counsel notes no testimony was presented by the County to afford a basis for such comparisons. To the extent that any exhibits submitted by the County may contain data purporting to represent a basis of comparison, the Union submits the evidence is irrelevant to this arbitration. Based on all of these arguments the P. B. A. respectfully urges that its position is the more reasonable and should be awarded.

Overall Compensation

Counsel concedes that the Superior Officers receive a \$500 yearly uniform allowance; longevity payments ranging from \$200 after five years to \$1000 after 25 years; 14 days holiday pay and for officers working a 5 & 2 schedule, an additional 14 days wages. Counsel alleges six New Jersey counties provide higher longevity pay. While others pay significant shift differential pay where as Hudson does not. Counsel reiterates the PBA's final offer demand that the 14 days holiday pay be folded into base

pay to “close the gap in benefits” between the overall compensation paid by Hudson County and the comparable counties.

Financial Impact on the Governing Unit

Specifically the Union entered a spread sheet (Ex. U-1) detailing the total base salary and increases over the five year proposed contract length at the percentage increases sought in its final offer. That chart can best be summarized as follows:

1998 Grand Total	\$3,478,546
1999 Grand Total w. 4.5% increase	\$3,636,314
2000 Grand Total w. 4.5% increase	\$3,783,659
2001 Grand Total w. 4% increase	\$3,950,605
2002 Grand Total w. 4% increase	\$4,108,630
2003 Grand Total w. 4% increase	\$4,299,806

Counsel asserts that what must be kept in mind is the relatively small difference in overall cost between the final offers of the County and the Union. Relying on the County’s calculations (C-15 & C-16) PBA counsel asserts that the entire amount in dispute represents in total a \$175,428 differential between the parties final offers for the life of the contract.

Several arguments spring from what the Association contends is this insignificant dollar difference. To begin with since 1.8 million dollars represents a tax point for the County the \$175,000 will not have any significant impact on a three hundred million (\$300,000,000) dollar budget.

Slippage is a controversial subject the PBA also relies on to minimize the higher cost of its final offer. Briefly defined, slippage represents budgeted wages and benefits

the County does not have to pay between a guard's leaving the County's employ and his eventual replacement being hired, trained and assigned. Although the vast majority of slippage relates to the rank and file its existence can be acknowledged as a benefit to the County's correctional department's budget. Union counsel argues as long as it represents a savings to the Corrections Department it matters little that it arose from attrition in the rank & file because it benefits the Correction Department's general funds.

Emphasis is placed by the P. B. A. on the role of the jail facility as a revenue source for Hudson County. Note is made of the fact that in 1999 and 2001 the County took in 10.7 million and 9 million dollars from the federal government for housing either federal prisoners or INS detainees. Argument is made this can only logically be expected to increase in light of new found concerns about foreign visitors overstaying their visas. This relationship is further evidenced by a nine million dollar grant Hudson County received from the feds to expand the existing jail to assure places for 384 federal inmates for the next fifteen years.

Expectedly PBA counsel views Finance Director Wayne Frazee's testimony on the state of the County as portraying the glass half-empty. P. B. A. counsel notes that the surplus has increased 230% over the past 15 years; the tax rate as a percentage of the budget has remained virtually constant; the County had a \$75 million surplus last year which earned an additional three million in interest earnings. Clearly the PBA and Vincent Foti, its' financial expert, would have us view the glass as more than half full.

Finally emphasis is placed on the recent redevelopment of downtown Jersey City in which 8500 jobs have been created and new office buildings and a new hotel have recently been constructed.

Counsel specifically points to the factors on which Vincent Foti bases his conclusion that Hudson County, through the excellent stewardship of Wayne Frazee,

enjoys a stable fiscal basis. Among the indices Foti cites as proof of his conclusion are the County's ability to replenish surplus every year; its consistent growth of surplus; positive results of operations from 1996 through 2001; and a consistent tax rate.

In conclusion Counsel argues Hudson County can well afford the raises the P.B.A seeks without any negative impact on the residents and taxpayers and accordingly its final offer should be awarded.

THE POSITION OF THE COUNTY OF HUDSON

Financial Impact on the County

Counsel relies on the certification and the testimony of County Finance Director, Wade Frazee, to the effect that any award above the County's final offer would result in "severe stress" on the County's already strained budget. Counsel cites Arbitrator Mason's and Arbitrator Mastriani's comments recognizing their concern about the impact of awards on the financial condition of Hudson County. (See Hudson County Prosecutor & PBA Local 232, IA-99-74, dated 4/28/00; and Hudson County Sheriff's Office & PBA Local 334, IA-99-75, 2001, dated 4/26/01 respectively.)

Heavy emphasis is given to the County's prior financial history. The assertion is made that it is inappropriate to view just a snapshot of the County's current financial condition in assessing its ability to pay. It is only appropriate to view the financial history of the prior ten years to fully appreciate the financial impact of any award which exceeds the County's final offer. Counsel discusses at length the financial history of the County during the 1990's. Among those indicia that portray an accurate picture of this financial history carrying up to recent events are cited the following:

- In April 2002 Frazee was directed by the then County Executive, Bernard Hartnett, to pursue a lay-off plan to try to control budget expenditures.
- The 1996 Municipal Distress Index ranks 10 of Hudson County's 12 municipalities among the one hundred most distressed communities in New Jersey; 3 of which were in the top 10 of those most distressed.
- Hudson County ranks 19th in per capita income of 21 counties in the state.
- In recent years the County has survived on "one time, non-recurring" revenue sources such as the sale of buildings and hospitals to meet its budget expenditures.
- From 1991 through 1998 tax rates decreased 23% which precipitated a 74% increase in the tax rate.
- Extensive use of PILOT programs (Payment In Lieu of Taxes) significantly reduces the tax base by excluding the amount of the abated improvements. In Jersey City alone such abatements amount to 1.5 billion dollars.
- Bond ratings have resulted in higher costs to the County.

The above economic points were argued at length in testimony, exhibits presented and in counsel's brief to establish that the County's offer is the more reasonable of the parties final offers.

Turning to the PBA's final offer counsel notes that the Union's proposal to have holiday pay as part of regular wages is so unreasonable that the PBA's financial expert did not even address it in his testimony.

Counsel notes that the federal grant the PBA points to that the County is to receive for renovation of its prison does not guarantee any additional revenue to the County. The County's share of expanding the jail is twenty seven million dollars. There are no guarantees of increased revenues resulting from housing Federal

prisoners. The balance of 18 million dollars needed for construction has to come from the County. The County even asserts that it costs more per day to house a state prisoner than the reimbursement they receive.

The County introduced an exhibit representing its cost out of the respective final offers of the PBA and the County. In Exhibit C-15, based on its five year 3%, 3%, 3%, 3.5% and 3.5% offer, it contends the percentage increase amounts to 17.06% over the term of the contract. For those first year sergeants whose salaries were adjusted under the stipulation the parties entered into during the interest arbitration process the figure increases to 24.06%. The claim is made that the County's economic uncertainty dictates against any Award higher than the County's final offer.

Comparability

Counsel argues the percentage increases contained in the County's final offer are more reasonable than the PBA's and are in line with increases received by other employees within and without the County's employ. As to non-uniformed County bargaining units the claim is made that the present offer is higher than the pattern of settlement received by these units. Once again relating back to pre-two thousand salary increases note is made that the following five year pattern was the rule among all non-uniformed County units: 1996's increase was 0%; 1997 increase was 2.75%; 1998, 1999, and 2000 increases were 3% for each year. Counsel sites numerous non-uniformed units who virtually all agreed to 3% raises for the years 2000 through 2003.

With respect to the uniformed bargaining units within the County, Arbitrator Mason, in recognizing the County's economic distress, awarded wage increases of 30.5% over 5 years. The Sheriffs' superior officers received 4% increases each year

covering the period from 1999 through 2003. What labor counsel argues is what must be borne mind, namely that the bargaining unit employees salaries in those units "still pale in comparison to those of 109A ..." Counsel calculates these differences, ad infinitum, over the course of the five years. Assuming acceptance of the County's final offer, a Corrections Sergeant would average approximately an additional five to six thousand dollars per year when all factors are considered over that of a comparable Sheriff's officer.

As to comparability with other public and private employees the assertion is made that the County's offer is reasonable when the economic climate of Hudson County and the prevailing Consumer Price Index are considered. The County's overall wage increase offer for the 5 year contract averages 17.06% and 24.05%. With the CPI ranging at 2% to 2.4% over the 1997 to 2000 period, the County's proposal fairly and adequately provides a reasonable wage increase.

County counsel makes note of awards and settlements of comparable or less generous percentages when compared to Hudson's final offer. Highlighted are Arbitrator Scheinman's award which ordered a 2 year pay freeze (in a multi-year contract) for police in Atlantic City along with the limited increases agreed to by some 40,000 State workers. Counsel dismisses the Union's evidence relating to their peers in Ocean, Monmouth, Mercer, Union and Camden Counties. It is claimed that beyond salary no valid comparisons to overtime, prisoner population or the number of Superiors in those counties is made to support a true comparability argument with those units.

Public Interest and Welfare

The County argues the increases sought by the Union are unreasonable and not in the public interest. It contends that the per capita income, the unemployment rate, the percentage of residents living in poverty and the prospect for layoffs of police or others must be considered in judging the more reasonable of the parties' offers.

Emphasis is placed on the Structural Deficit that has "loomed over the County for years". Claim is made the County has been in a "precarious financial situation" for the past decade and the public interest would not be served by increasing the tax burden on County taxpayers. Consequently, it is argued, the public interest and welfare of the residents of Hudson County mandate the selection of the County's final offer.

Continuity of Interest Criteria

Counsel considers different criteria such as overall salary structure, employee turnover and the likelihood of layoffs under this heading in his brief. He argues that a clear distinction exists between the Prosecutor's Office and the Corrections Department which justified the higher percentage increase provided for in the Mason arbitration award. He notes the Prosecutor was losing too many experienced investigators who possessed expertise and skills in crime investigation – talents not required of Correction Superiors. The Prosecutor's increases were awarded to stem this attrition. Testimony also clearly established that there is virtually no turnover in the Superior's unit.

Moreover many Superiors have no contact with prisoners and of nine reported on-the-job injuries in 2001 none resulted from prisoner attacks on officers. In summary note is made that Superiors supervise rank and file guards who deal more directly with the inmates. Under the distinctions portrayed any alleged justification for any wage increase above the County's final offer arising out of job duties simply doesn't exist.

The CAP Law

Counsel notes the CAP law as it applies to counties limits the amount that may be raised by taxation to the lesser of 5% or the index rate but does not limit expenditures as the municipal cap law does. While claiming the law places a significant limitation on a county's ability to raise taxes "if necessary" and thus forces a county to consider other options to balance a budget, no assertion is ever made that the Union offer, if awarded, would in any way threaten the county's lawful authority as the statute sets the bar in this category.

The Slippage Chart Fails To Support The P. B. A.'s Final Offer

As noted earlier a tempest arose in a teapot over this issue. The County reiterates arguments previously made in correspondence between the parties and the Arbitrator. In brief his arguments are that the union's reliance on "slippage" to support the reasonableness of its final offer are based on the transcript taken from the rank & file arbitration hearing. County Counsel additionally argues that the PBA's claimed slippage figure is speculative; relates solely to rank and file unit in 1999; could not apply to PBA 109A; and was not identified by Arbitrator Light as a factor he weighed in his final decision to award the rank & file's final offer.

In conclusion to his brief County Counsel argues that the County of Hudson's Final Offer is more reasonable under the statutory criteria and therefore must be awarded.

DISCUSSION

This Award is based upon a reasonable determination of the two sole issues in dispute, viz., the parties final offers as to percentage of yearly wage increases for the five year tenure of the collective bargaining agreement and the PBA's request that holiday pay be included as regular wages for pension purposes. The parties provided testimony in support of their key arguments, introduced approximately 130 exhibits filed post-hearing briefs and engaged in a post-brief correspondence and conference call arguments over the "slippage issue." The most relevant of the statutory criteria was addressed in depth and all criteria was considered and each was given the weight deemed appropriate as noted below.

Holiday Pay Issue

The burden is on the party proposing a change to justify it. Little mention and no testimony or justification was offered by the PBA to support this demand. The issue of a potential legal infirmity of this request was not dealt with and need not be addressed. The simple fact remains that the request was totally unsupported and accordingly is denied outright.

Stipulation of the Parties

The parties entered into the following stipulation:

"Effective January 1, 2002 Article XIII of the Collective Bargaining Agreement shall be amended to reflect that the starting salary for Sergeants (to be decided in the Interest Arbitration) shall be one level, in other words, there will no longer be a one (1) year salary lag for corrections officers promoted to Sergeant.

/s/ Howard Moore - County

/s/ David Krusznis - L129A.

/s/Anthony Staltari - County

/s/ Thomas Cammarata - PBA Counsel

/s/ Sean Dias - County attorney

The parties stipulated that wages were the only issue submitted to the Arbitrator and all other terms and conditions of employment of the prior contract were adopted and accepted by the parties in the new agreement. No other stipulations were entered into by the parties.

The Lawful Authority of the Employer

The PBA asserts the County has not raised the CAP issue by way of submitting testimony or exhibits alleging any violation. The PBA notes its own financial expert's testimony that the CAP does not apply to counties on the spending side.

The County does raise the CAP law as it relates to counties to the extent that, unlike municipal caps, it limits the amount that may be raised by taxation albeit not limiting expenditures. In brief although explaining generally that the CAP places a limitation on counties to raise taxes if necessary the County makes no argument that any award in this interest arbitration would or could violate the CAP law. Accordingly it bears no relevance to the issue at hand.

Comparison of Wages, Salaries, Hours, and Conditions of Employment.

The general consensus is that there are no truly comparable jobs in the private sector. As Arbitrator Light noted in County of Hudson & P. B. A. Local 109; Docket # IA-99-124 :

"It is clear that the Corrections employees work long hours, day and night, and face threats to their safety. Because of the unique nature of a correction officer's duties, it is extremely difficult to make a meaningful comparison between how they are compensated versus other public and private sector employees." (County of Hudson Award, op cit., p34).

Nevertheless an attempt at a comparison should be made as prescribed in the statute. Note is made that the most recent statistics comprised by the New Jersey Department of Labor in its report on private sector average annual wages for Jobs Covered by Unemployment Insurance for Hudson County covering 2000 to 2001 shows an actual decline of -0.3% (\$48,010 to \$47,857) of average wages in the private sector.

This contrasts with the statewide figures which show an average wage increase of 1.2%. The county by county breakdown contained in the report appears to present anomalous figures. While Atlantic County showed a 5.1% average wage increase, Morris County demonstrated an 11.9% loss. Conversely when viewing the major industry division chart similarly compiled by the New Jersey Department of Labor for the 2000 to 2001 period it shows 6.9% wage increase in construction; and 4% wage increase in retail trade salaries. Losses were seen in manufacturing and transportation. Most relevant for our comparison here however are the following increases noted in the study: statewide increases for average annual wages from 2000 to 2001 in local, state and federal employment respectively is reported as 2.6%; 5.3% and 3.6%. This equates with an average 3.83% increase for public employment in general.

While these figures present a broad backdrop against which to compare the final offers of the parties the most relevant assessment must come from comparisons within law enforcement in the county and in the superior ranks of other counties' correction departments.

PBA counsel introduced nine exhibits comparing salaries of Hudson's Correction Superiors with their counterparts in other counties. The following findings have been made. Hudson is second only to Essex in the entire state in the number of prisoners in confinement. As of February 14, 2002 Essex housed 2,675 in two facilities;

followed by Hudson with 2052 (in one facility), Camden 1920, Passaic 1700, Atlantic 1179, Union 1114, and Monmouth 1049. The remaining fourteen counties house well under 1000 each. Using only the Sergeant rank for comparison from the exhibits submitted by the P. B. A. it is clear that Hudson's sergeants fall behind their counterparts from comparable surrounding departments from a few percentage points to upward of 20% in certain instances. Note is made that by no means could the comparison offered by the P. B. A. be claimed as being thorough as to any provisions other than salary. At best it is limited to Hudson's relative standing vis a vis other counties' department's salary compensation for superior correction's officers.

County counsel goes to great lengths to compare the salaries of the County Sheriff's department with Corrections. The argument is made that comparable ranks within the Sheriff's office make \$5,000 to \$6,000 less per year than their counterparts in Corrections. The union in response successfully points out the different burdens each of these law enforcement positions place on an officer. Being familiar with their respective duties and working environments the Union argument is credited. In brief the Sheriff's officers attend court sessions assigned to judges, transport one or two prisoners, and work primarily day time hours. In fairness others attend to other duties such as delivering warrants and subpoenas. The mere fact that the salary differential between these departments has developed over time appears to confirm all parties recognition of the difference in the degree of difficulty each job entails.

County counsel's arguments with reference to numerous contracts between the county and various non-law enforcement groups carries little weight. To begin with many of these contracts County counsel cites reflected periods in the mid to late 1990's when Hudson County was enduring financial difficulties. The same is true of County Counsel's references to the State CWA and other pacts cited. Moreover these

dealt with massive bargaining units, 40,000 in the case of the State and the CWA bargaining unit and none entailed law enforcement units.

Particularly noteworthy in evaluating this statutory criteria is the Public Employment Relations Commission's Salary Increase Analysis covering the period from 1/1/96 through 9/30/02. For the relevant period under consideration in this Interest Arbitration, viz. 1/1/99 through 9/30/02, 76 awards issued and the average of salary increases equaled approximately 3.73% per year. Over that same period 168 voluntary settlements produced average salary increases of 3.89%. These averages are clearly in line with the Award issued below for the reasons set forth herein.

In assessing all of the arguments advanced by the parties under the criteria of comparability to other bargaining units within and without law enforcement, within and without the county and within and without the private and public sectors the conclusion is reached that the final offer of the P. B. A., while not awardable per se, is the less unreasonable and the more appropriate of the two final offers. It is believed that the most appropriate and reasonable economic wage package has been fashioned below at a range between the parties' final offers.

Continuity of Employment

I have considered the issue of continuity and stability of employment. There appears to be minimal turnover in the Superior Officer ranks of the Correction Department. Whatever attrition is noted appears to be limited almost exclusively to death or retirement. The Union has not directly argued that wages in any way effects stability of employment. At best it only offers an inferential argument that the allegedly inadequate pay in the superior ranks leads the best and the brightest of the rank and file to leave for greener pastures. No direct testimony was offered to support

this hypothesis. Recognition is given to the limited relevance of this issue. This conclusion certainly weighs in favor of the County's final offer.

Cost of Living

The statistical evidence demonstrates that the Consumer Price Index as determined by the U. S. Department of Labor for the appropriate years involved in the contract in question are as follows: 1999 2.1%; 2000 3.4% and 2001 2.8%. This totals 6.9% or an average of 2.76% for three of the five years in question. Final statistics for 2002 have yet to be announced.

The County cites different figures, specifically *"..at or below 2% per year for the period 1997-1999 and only 2.4% in 2000"*. These figures are difficult to glean from the exhibit counsel cited to support them. For the sake of argument the County's figures are assumed. The P. B. A. fails to cite any CPI statistics other than calling attention to the County's own statistics showing the high percentage of appropriations spent by Jersey City, for example, within the County on law enforcement which fact is of little or no relevance on this criteria. Regardless of any dispute over the actual CPI for this period no contention can be made that either final offer does not exceed the inflation for the covered years. In terms of assessing the more reasonable final offer under this criteria the County's is clearly the more reasonable.

Some factors must be considered when making a one on one comparison of the two final offers against the CPI. Note is made as is recognized in the government's own figures that the cost of living is the highest in the northeast. The vast majority of the increases to be paid under the Award below will be retroactive. The County technically has had the use of this money; the bargaining unit employees have not. Although these factors temper the difference somewhat, the county offer is still nearer the mark than is the PBA's under this criteria.

Overall Compensation

A review of the parties contract reveals that the unit members receive the traditional benefits of vacations, medical coverage, direct wages, a pension plan, and appropriate compensation for holidays. Neither side presented any demands on these issues except for the union's demand that holiday pay be folded into salary - which demand has been rejected.

It is clear that the overall compensation provided for the Superior Officers is comprehensive. There appears to be no major deviation from other counties law enforcement employees. Based on the benefit coverage provided and the consistency of the same among County employees this criteria is of little relevance but what relevance it contains weights slightly in the County's favor.

The Interest and Welfare of the Public

The statutory criterion requires that the arbitrator examine the interest and welfare of the public engaged against both parties proposals. As prior arbitrators have noted this criteria is somewhat akin to a quality of life assessment. Although the financial impact on the community is of primary importance and can so weigh an evaluation under this standard so as to be solely determinative that is rarely the case. Rather where, as here, the economic issue does not compel one outcome as opposed to the other, the evaluation hereunder requires a determination of whether the final offer selected or the compromised award forged is in the best interests of the public. In this arbitration the public can generally be defined as the residents of Hudson County although adjacent towns could very well be considered.

The jail apparently operates efficiently and without any overwhelming administrative issues. The compromise award fashioned below would appear to serve to reinforce the prison's operational efficiency. Morale appears to be satisfactory

witness the lack of any significant attrition among the superior ranks. Certainly the critical nature of this department's essential mission is of primary importance. Its continued faultless operation is to be desired. It is concluded that the Award issued below is in the best interest and welfare of Hudson County.

Contrasted with the small increased tax burden that might be visited on the taxpayers, I conclude that the interest and welfare of the public would most reasonably be served with the increases found below in the Award section.

The Financial Impact on Governing Unit, Its Residents and Taxpayers.

The fiscal condition of Hudson County dictates that this criteria is one of the more important, if not the most important, in the analysis of the final offers and my reaching of the Award found below. Both parties experts understandably presented cases most favorable to their side.

Determining the actual cost of the respective packages over the five year term of the contract is the first step in assessing the reasonableness of the positions. The Union entered a spread sheet (Ex. U-1) detailing increases for each individual bargaining member for the five year proposed contract length at the percentage increases sought in its final offer. Note is made that the chart was complete, including as it did not only the percentage increases sought but also the stipend for holiday pay and, where appropriate, "5 & 2" pay. That chart is summarized as follows:

1998 Grand Total – last year - prior contract	\$3,478,546
1999 Grand Total w. 4.5% increase	\$3,636,315
2000 Grand Total w. 4.5% increase	\$3,783,859
2001 Grand Total w. 4% increase	\$3,950,605
2002 Grand Total w. 4% increase	\$4,108,630
2003 Grand Total w. 4% increase	\$4,299,807

The County introduced a similar spreadsheet (Ex C-15) with figures as follows:

1998 Grand Total – last year - prior contract	\$3,478,547
1999 Grand Total w. 3% increase	\$3,582,903
2000 Grand Total w. 3% increase	\$3,690,390
2001 Grand Total w. 3% increase	\$3,801,102
2002 Grand Total w. 3.5% increase	\$3,958,985
2003 Grand Total w. 3.5% increase	\$4,097,547

Several conclusions can be drawn from a comparison of these spreadsheets. The total cost of the Union's final offer over five years amounts approximately to \$619,000 or approximately \$123,800 per year. Neither sides figures factor in those unavoidable "roll ups" or additional costs such as overtime, pension contributions, or health insurance some of which are calculated on base or hourly wage rates. In 2001 six officers exceed \$100,000 in their total W-2 wages which gives an indication that excessive overtime existed at least for that year. The arbitrator has taken into account the inevitable existence of such additional costs even though neither counsel argued them.

Analysis of Final Award

1998 Grand Total – last year - prior contract	\$3,478,547
1999 Grand Total w. 3.75% increase	\$3,608,992
2000 Grand Total w. 3.75% increase	\$3,744,329
2001 Grand Total w. 3.75% increase	\$3,884,741
2002 Grand Total w. 3.75% increase	\$4,030,418
2003 Grand Total w. 3.75% increase	\$4,181,559

Several factors led to the conclusion that the award stated above would be the most reasonable wage rate increase for the Correction Department's Superior Officers

for the 1999 through 2003 contract term. These factors will be cited and explained herein. To begin with I share the sentiment expressed by Arbitrators Mason, Mastriani and Light all of whom were involved with Hudson County law enforcement interest arbitrations in the past three or so years. It is clear and evident that the County endured significant financial hardships in the early through mid 1990's. But as Arbitrator Mason noted most of the County's attempt to prove its dire straits related solely to those years in the early to mid 1990's. County counsel himself seems to concede this fact when he urges that we simply not look at today's snapshot of its economic condition but rather judge the past ten years in concluding its final offer must be awarded. Aside from the undeniable points related to the budget and fiscal management of the county highlighted by Vincent Foti in his testimony and quoted above, note is made of the exhibits the PBA offered from the Hudson County Economic Development Corporation and the Chase Manhattan's Financial Digest. The former notes that since 1991 91% of all jobs created in urban areas occurred in Hudson County where five million square feet of office space has been leased within the past six years. The Chase report notes that within the past three years 15,500 private sector jobs have been created.

Other factors beyond the relative health of the county's fiscal condition lead to setting the wage increases noted above. As cited earlier PERC's Salary Increase Analysis from January 1995 through September 2000 shows the average interest award at 3.93% and the average of voluntary settlements at 4%. This award comes in at or below those averages. This award involves only one issue. Therefore the only cost issue is reflected in the wage increase awarded.

The other recent Hudson County law enforcement award discussed within generally settled at greater cost to the County. Both the Prosecutor's office and the

rank and file correction officers involved problem issues, namely retention of personnel. Arbitrator Mason awarded 3% in 2000, 2002, 2002 and 3.5% in 2003. He also awarded a salary program which by his own calculations added \$185,000 to the County's total cost over its final offer. This additional cost would only be incurred after 2001. He equates that impact as representing a 5.4% impact on the 2003 payroll. This analysis is only intended to show that the Mason Award deviated from any suggestion of a 3% to 3.5% pattern within the County. It is not used as a one on one comparison between the units. In its final brief in the Prosecutor's case the County altered its earlier final offer to include changes to the step system which Arbitrator Mason calculated as requiring a 26.3% increase for the five year period. He then adopted his own plan which he viewed ultimately as being more reasonable than either of the final offers. That step system together with the step system is claimed to have represented a 30.5% increase over the five year period. See Prosecutor & PBA Local 232, IA-99-74, dated 4/28/00.

Arbitrator Light in County of Hudson & P. B. A. Local 109; Docket # IA-99-124; (3/23/01) awarded the 3%, 3%, 3%, 3.5% and 3.5% the County is offering in the present interest arbitration. However he granted the rank and file's request for a salary step program providing automatic increment increases effective on January 1, 2001. Although it was only to be effective for the final three years of the contract it clearly substantially increased the total five year cost out of the wage and increment increases.

Arbitrator Mastriani in Hudson County Sheriff's Office and PBA Local 334, IA-99-75, (2/26/01) encountered an unbelievable complex problem of turnover of personnel and low morale due to an extremely low wage schedule. His confrontation of the issue was creative. Attempting to set a percentage cost of the increases which resulted is problematic. The Sheriff was as troubled as the bargaining unit due to the

fact that he was faced with a constant problem of understaffing and fruitless recruiting. In brief Arbitrator Mastriani substantially raised the starting salary, reduced the number of salary levels and created a progressive wage structure while limiting the contract to a four year term. The cost of his Award resulted in a total less than the union's proposal but greater than the County's. It is of little worth to attempt to relate it and compare it to the present arbitration other than to note that no pattern argument exists within law enforcement agencies within Hudson County.

Although the "slippage" issue technically supports the union's final offer, no consideration has been given to it in sculpting the final Award.

Attention must be paid to the actual cost of the parties' final offers and the cost of the increases fashioned in this Award. Hudson County's proposed final offer of 3%, 3%, 3%, 3.5% and 3.5% equates with a 17.06% increase (17.79% and 24.05% in six of fifty-six unit employees) over five years at a cost of \$619,000 or \$123,800 average per year of a 54 employee unit. The PBA's final offer of 4.5%, 4.5%, 4%, 4% and 4% equates with a 22.89% increase over five years at a cost of \$794, 429.20 or \$158,885.84 average increase per year. The increases issued in the Award below of 3.75% for each of the five years costs out at \$703,013.65 or \$140, 602.73 per year. The percentages set forth in that Award are deemed to be the most reasonable between the opposing offers after all of the statutory criteria have been reviewed. For the reasons cited above I issue the following:


AWARD

1. The term of this contract shall be from January 1, 1999 to December 31, 2003.
2. The salary increases are awarded as follows:

3.75% effective 1/1/99
3.75% effective 1/1/00
3.75% effective 1/1/01
3.75% effective 1/1/02
3.75% effective 1/1/03

3. Any and all other provisions sought by either party, if any, are hereby denied. The stipulation of the parties as commemorated herein is hereby made a part of this Award.

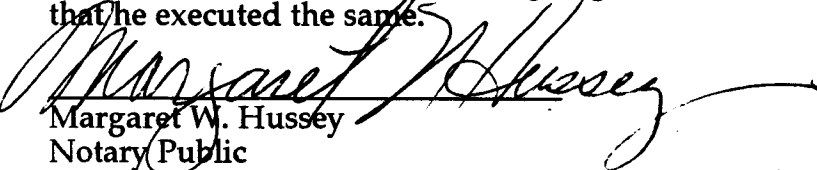
The arbitrator retains jurisdiction for 90 days for the settlement of any disputes that may arise concerning the interpretation or implementation of this Award.



Daniel J. Hussey, Esq.
Arbitrator
Dated: January 27, 2003

STATE OF NEW JERSEY:
COUNTY OF MIDDLESEX:

On this 27th day of January 2003, personally came and appeared DANIEL J. HUSSEY to be known and known to me to be the individual described herein and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



Margaret W. Hussey
Notary Public
My commission expires 8/4/2003