STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between	
OCEAN COUNTY BOARD OF CHOSEN FREEHOLDERS	
"the County"	**INTEREST ARBITRATION DECISION AND AWARD**
AND	
OCEAN COUNTY SHERIFF	
"the Sheriff"	
AND	
NEW JERSEY STATE PBA, LOCAL 379 SHERIFF'S OFFICERS	**Docket No: IA-2011-014**
"the PBA or Union"	

Before: Robert M. Glasson, Arbitrator

APPEARANCES

FOR OCEAN COUNTY & OCEAN COUNTY SHERIFF:

Robert T. Clarke, Esq.
Apruzzese, McDermott, Mastro & Murphy
Of Counsel and on the Brief
Robert J. Merryman, Esq.
On the Brief

FOR PBA LOCAL 379:

David J. DeFillippo, Esq.
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Of Counsel and On the Brief

Procedural History

The County of Ocean (the "County"), the Ocean County Sheriff (the "Sheriff") and PBA Local 379 (the "PBA") are parties to a collective negotiations agreement (the "CNA") which expired on March 31, 2010. (J-1). Negotiations for a successor agreement reached an impasse, and the PBA filed a petition with the New Jersey Public Employment Relations Commission ("PERC") on November 9, 2010, requesting the initiation of compulsory interest arbitration. (J-2). The parties followed the arbitrator selection process contained in N.J.A.C. 19:16-5.6 that resulted in my mutual selection and appointment by PERC on November 23, 2010, from its Special Panel of Interest Arbitrators. (J-3).

I conducted several mediation sessions which proved unsuccessful. Formal interest arbitration proceedings were invoked and hearings were conducted on July 7 and November 18, 2011, when the parties presented documentary evidence and testimony in support of their positions. Both parties filed post-hearing briefs and the record was closed on April 10, 2012.

The parties did not agree on an alternate terminal procedure. Accordingly, the terminal procedure is conventional arbitration. I am required by N.J.S.A. 34:13A-16d(2) to "separately determine whether the net annual economic changes for each year of the agreement are reasonable under the nine statutory criteria in subsection g. of this section."

Statutory Criteria

The statute requires the arbitrator to:

> decide the dispute based on a reasonable determination of the issues, giving due weight to those factors listed below that are judged relevant for the resolution of the specific dispute. In the award, the arbitrator or panel of arbitrators 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 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 condition of employment of the employees involved in the arbitration proceedings with the wages, hours and condition of employment of other employees performing the same or similar services 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 jurisdictions, as determined in accordance with section 5 of P.L. 1995, c. 425 c. 34:13A-16.2); provided, however, each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

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

(4) Stipulations of the parties.

(5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976, c. 68 (C.40A:4-45.1 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 municipality, the arbitrator or panel of arbitrators shall take into account to the extent the 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 budget year with the award for each income sector of the property taxpayers on the local unit;

that required under the award for the current local budget year; the impact of 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 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 factor are the limitations imposed upon the employer by Section 10 of P.L. 2007, c. 62 C. 40A:4-45.45)

PBA's Last Offer

1. **Term of Agreement:** April 1, 2010 to March 31, 2015.

2. **Attendance at Association Meetings (Article 15):**

The following clauses shall be added to this Article:

It is agreed that the PBA President, Vice-President and Delegate shall be granted reasonable time off to investigate grievances, with prior notice given to the Sheriff or his/her designee.

The PBA President or his/her designee shall have the right to visit the various Department Divisions in order to represent or confer with officers within the bargaining unit. It is understood that said visits shall not unreasonably interfere with the operations of the Department.

Paragraph 1. This clause should be revised so as to provide the President and Delegate a total of twenty-four (24) days off, each, in a calendar year to attend to union affairs, meetings, etc.

Paragraph 2. This clause shall be revised so as to increase leave to conduct union business from five (5) to ten (10) days.

Paragraph 3. This clause shall be revised so as to provide leave to attend said conventions consistent with the provisions of N.J.S.A. 40A:14-177.

3. **Extradition and Transport (New Article):**

The parties' current practice and custom relative to that issue shall be memorialized in the collective bargaining agreement. Specifically, the Hotel Room Police established via Settlement Agreement (PERC Docket #CO-2005-141) shall be incorporated into the contact. Said Policy shall further apply to any officer attending training schools. Additionally, consistent with the parties' current practice, any duty-related travel in excess of 250 miles one way via automobile shall be scheduled for an overnight layover.

4. **Tours of Duty (New Article):**

In order to memorialize the parties' current practice, the following provisions shall be included in the collective bargaining agreement:

A. The normal work week shall consist of five (5) consecutive work days on duty followed by two (2) consecutive days off.

B. A normal work day shall consist of eight (8) consecutive hours.

C. Work shifts shall not be unilaterally changed by the Sheriff or his designee without reasonable notice to the affected employees. Obviously, this section shall not apply to overtime and shall not be utilized by the Department as a means to avoid overtime.

5. **Notification of Shift Change (New Article):**

In order to memorialize the parties' current practice, the following provision shall be added to the new collective bargaining agreement:

Ten (10) days notice shall be provided for changes in regularly scheduled shift assignments except in emergent circumstances. The purpose of the aforesaid ten (10) day period is to provide the affected officer(s) with ample opportunity to make the appropriate adjustments in his/her personal affairs. The ten (10) day period shall begin to toll when the officer is advised of said schedule change. In the event that these changes occur without the appropriate notice, the affected officer shall be paid at the rate of time and one-half (1 ½) hours. Each change shall be individually noticed.

6. **Uniform Maintenance Allowance (Article VI):**

This clause shall be modified so as to require the Sheriff to provide and replace bulletproof vests, in accordance with the manufacturer's recommendations. Moreover, said vests shall be of at least the same quality as the initial vests issued to the officers. Moreover, the County shall provide each newly-hired officer with the bulletproof vest immediately upon graduation from the Academy.

The employer agrees at its expense to repair or replace uniforms, equipment and County and personal property damaged or destroyed on duty unless gross negligence can be shown on the part of the employee.

7. **<u>Overtime Compensation (Article 7):</u>**

The following clauses shall be added to this article:

> No employee shall have his/her regular work week schedule changed for the purpose of avoiding payment of overtime.
>
> Overtime shall be compensated in cash payment at the rate of time and one-half (1 ½) hours. However, it is expressly understood that the employee may elect, in his/her discretion, to be paid for said work in compensatory time in lieu of cash.
>
> The Sheriff or his/her designee shall not discriminate in offering overtime assignments to any Officer on account of an officer's willingness to accept compensatory time or cash payment, nor shall the Sheriff or his/her designee attempt to influence any Officer's election to receive either compensatory time or cash for overtime worked.
>
> Compensatory time off shall be administrated, scheduled and made available in the same fashion vacation is administered, scheduled and otherwise made available.

In order to maintain parity with the Corrections Officers, the second paragraph contained in Paragraph A shall be deleted.

Paragraph B shall be revised so as to provide as follows:

> The Sheriff or his/her designee, at his/her discretion, may require a doctor's certificate for any sick day taken by an Officer during a twenty-four (24) hour period within which the Officer has worked overtime and the sick day was actually used as a compensable day for the purpose of computation of overtime.

In order to reflect the parties' current practice, Paragraph D shall be revised so as to provide as follows:

> The Sheriff or his/her designee shall endeavor to equally distribute overtime among all bargaining unit members. Division specific overtime will be equally distributed among all members of that Division. All non-unit specific overtime shall be distributed through a single Department wide overtime list. The list shall be in order of seniority and Officers shall have the option of adding their names to said list.

8. Sick Leave Incentive (Article 13):

A new clause shall be added to this Article so as to refer to and otherwise incorporate the County's Employee Sick Leave Liability Reduction Program. This policy permits employees to sell back sick leave to the County.

9. Special Duty Assignments (New Article)

Officers shall be permitted to participate in special duty assignments. The vendor shall pay an administrative fee set by the County, as well as the hourly rate which shall be $65. It is understood that Officers shall be considered on-duty for such purposes as workers' compensation and pension while performing said special duty assignments.

10. Seniority (Article 26):

Paragraph E shall be revised as follows, in order to reflect the parties' current practice:

> Officers shall have the right to bid for their preferred shifts and days off on an annual basis. Bidding for shifts will be conducted on a yearly basis and run from October 1st through September 30th. The shift bidding process will be based on seniority. The Sheriff shall retain the sole authority for the assignment of Officers to sections, divisions or units within the Department.

11. On-Call, Extradition and K-9 Assignments (Article 29):

Paragraph A. On-call compensation shall be increased from $225 to $275.

Section C. K-9 compensation shall be increased from $275 to $325.

12. Salaries - Appendix A:

Each step of the salary guide shall be increased by the following percentages, all retroactive to April 1, 2010, and applicable to any and all employees who have separated from employment or expired since said date:

YEAR	PERCENTAGE INCREASE
2010	3.0%
2011	3.0%
2012	2.75%
2013	2.75%
2014	2.75%

13. **Use of Facilities (New Article):**

The employer shall provide the PBA the following assistance to facilitate PBA business:

1. The employer shall provide a room, reasonable in size, in order to accommodate a desk and file cabinet(s) for the purpose of storing PBA items and materials at no cost to the employer.

2. The PBA President, Vice President, Secretary and Treasurer shall maintain the room.

3. The employer shall permit the use of the Department's Xerox and facsimile machines.

County's Last Offer

1. **Term of Agreement:** April 1, 2010 to March 31, 2012.

2 **Salary:**

Article 6, Section shall be deleted and replaced with the following language:

Effective April 1, 2010, those employees eligible to move to the next step on the salary schedule set forth in the Collective Bargaining Agreement as Appendix A shall move. Those employees at Step 8 shall remain at that salary.

Effective April 1, 2011, those employees eligible to move to the next step on the salary schedule set forth in the Collective Bargaining Agreement as Appendix A shall move. Those employees at Step 8 shall remain at that salary.

Effective March 30, 2012, the salary schedule shall be eliminated from the Collective Bargaining Agreement.

3. **Longevity:**

Effective April 1, 2011, Article 16 shall be deleted from the Agreement and replaced with the following:

All employees hired on or after April 1, 2011 shall not be eligible for longevity pay. Any employee hired before April 1, 2011 shall receive longevity pay based upon the following schedule:

15 years	-	$4,000
20 years	-	$5,000
25 years	-	$6,000

4. **Holidays:**

Article 12, paragraph 1, shall be deleted and replaced with the following:

Each full-time employee covered by this Agreement shall receive the State employees' holiday schedule with pay.

5. **College Credit:**

Article 17 shall be deleted from the Agreement.

6. **Health Benefits:**

Article 9, Hospital, Surgical, Prescription and Major Medical Benefits shall be changed to "Hospital Surgical, Major Medical, Prescription and Retirement Benefits:" Section A through E shall be deleted and replaced with the following:

A. All full-time employees shall be permitted to enroll in health benefits two (2) months from their date of hire. The County of Ocean currently provides medical coverage to the County employees through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits, including employee premium sharing.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent to the plan in effect at the time of the change. The parties recognize that if the County leaves the State Health Benefits Plan the HMO plans offered by the new plan provider may be different.

C. All current and future employees who retire on or after April 1, 2010 in order to be eligible for health benefits upon retirement, must have served a minimum of fifteen (15) years with the County and have twenty-five (25) years or more of service credit in a State or locally administered retirement system at the time of retirement.

Effective April 1, 2010, the following changes will affect all new hires:

Employees will be offered the NJ Direct 15 plan, or its replacement. New Hires may elect a higher level of coverage at their expense. Continuation of spousal coverage after the death of the retiree will no longer be offered at the County's expense. The County will no longer reimburse retiree Medicare Part B premiums.

D. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

E. When an employee is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

Delete Section 5 and replace with the following:

Employees after the first month following their full months of employment shall be eligible for the same prescription benefits as are provided to County employees in general.

PARTIES' POSITIONS

PBA POSITION

The following are the PBA's arguments and contentions in support of the statutory criteria:

Interests and Welfare of the Public

The PBA submits that N.J.S.A. 34:13A-16(g)(1) requires the Arbitrator to consider the interest and welfare of the public. In order to properly analyze this factor, the Arbitrator must be aware of just "who" constitutes the "public" in Ocean County. In Exhibits B, L and M, the PBA attached numerous documents defining the County and its residents.

Ocean County is the second largest county in the State in terms of size.The County is in close proximity to two of the Nation's largest metropolitan centers: New York City – approximately 60 miles to the north – and Philadelphia – roughly 50 miles to the west. Moreover, Atlantic City is located approximately 50 miles to the south. Since the opening of the Garden State Parkway in 1954, Ocean County has enjoyed extensive development. Primarily a rural county in 1940 – with a population of just 37,675 – Ocean County's population soared to 510,916 by 2000. In fact, during the 50-year period between 1950 and 2000, Ocean County was the fastest growing county in the State. The growth within the County has not been limited to its population. Ocean County's "economic base has become increasingly diverse, with a variety of industries now supplementing traditional tourist related businesses." The County's website states:

> The growth in employment opportunities within Ocean County is now becoming as notable as the population growth in the recent past. Over the last 10 years, Ocean County has one of the fastest increases in new jobs in the State. The Health Care Industry has been by far the fastest growing employment sector and is now the top employer in the County...Ocean County will continue to be at the forefront of New Jersey employment growth well into the next decade. (B-1a).

The PBA showed that the per capita personal income among County residents grew exponentially in the decade between 1999 and 2008. The per capita income for Ocean County residents was $27,511 in 1998. In 2008, the per capita personal income rose to $39,521 – an increase of nearly 40%.

Ocean County has enjoyed a AAA bond rating in recent years. The County's excellent financial shape is illustrated by its rising property values. Ocean County continues to be a magnet for new residential development. Between 2003 and 2009, the County has averaged 2,491 building permits for residential units. (B-10).

The PBA exhibits also show that the County has enjoyed rapidly increasing property values. In Exhibit M, the PBA traced the average residential sales price for each and every municipality within the County between 1998 and 2010. The following excerpt of this data illustrates the fact that the value of Ocean County residences has soared over the past decade:

Year	Average Sales Price
2010	$378,971
2008	$368,485
2005	$320,827
2002	$193,580
2000	$157,878
1998	$135,340

Accordingly, the average residential sales prices in Ocean County rose from $135,340 in 1998 to $378,971 in 2010 – an increase of nearly $250,000.

The PBA asserts that Sheriff's Officers have a very dangerous and demanding job and that law enforcement is one of the most stressful occupations in America. County Sheriff's Officers must be properly compensated in order to ensure that the County will continue to attract and retain high caliber officers.

The PBA notes that the Sheriff's Office is a very large and diverse operation. The PBA produced an up-to-date roster of all Sheriff Officers assigned to the various divisions, units and bureaus within the Office. Despite the dangers and challenges posed by the nature of their job, Sheriff's Officers have had to "do more with less" in the last several years. The PBA notes that as of April 1, 2011, 15 officers had terminated employment and each of these positions has not been filled by the County. (C-5).

In Exhibit C, the PBA provided an overview of the Sheriff's Office. These documents detailed the wide variety of services performed by members of the PBA. The Office is not only responsible for the security at each of the County's courthouses but also operates a Communications Division; Emergency Management; a Warrant/Criminal ID Bureau; Criminal Investigation Division and Civil Division. (C-5). For example, the Warrants

Division is responsible for executing the service of all arrest warrants, subpoenas and extraditions of Ocean County Warrants. Moreover, the Sheriff's Office makes on average 1,100 arrests each year as well as 100 extraditions annually. (C-7). The Criminal Identification Bureau is the central repository for criminal records in Ocean County and is a 365-day operation. (C-9). The Criminal Investigation Unit (CIU), historically, is one of the trend setters in law enforcement investigations. Indeed, in 1991, the Office's CIU "was the first in New Jersey to begin in-house DNA testing." (C-10). The Department also oversees a Communications Division which is also a 24-hour, 7 day a week operation. (C-11). The Judicial Division provides various services including a courtroom function; prisoner transportation and money transfers. In fact, approximately 230 arrests are made annually by Sheriff's Officers/Court Officers in and around the courthouse. (C-28).

Despite its scenic and family-oriented character, serving as a law enforcement officer in Ocean County presents numerous dangers and challenges. In 2009, a total of 18,282 arrests were made in Ocean County. (L-7). Among these arrests were 3 for murder; 14 for rape, 113 for robbery; 232 for aggravated assault and 1,606 for theft. (L-6; L-7). Indeed, Ocean County's 2009 crime rate, per 1,000 inhabitants, was 32.1. (L-10). Significantly, this crime rate represented a 9% drop from 2008's totals. Moreover, in 2008, 47 County law enforcement officers were assaulted in the line of duty – with 30 sustaining injury. (L-27).

The dangers of serving as a law enforcement officer in New Jersey are easily illustrated by just a scant review of the following headlines in Exhibit K:

- "Officer shot, Clifton resident killed."
- "Off-duty Fairfield Police Officer wounded in exchange of gunfire is identified."
- "4 New Jersey Police Officers shot in Lakewood serving search warrant."

- "5 Officers injured, 1 mortally, in Jersey City shootout."
- "Funeral honors Belleville Police Officer killed in crash."
- "60 Police motorcycles lead way to cemetery for Perth Amboy Cop's funeral."
- "Injured New Jersey Officer remains critical."

Police work has been rated among the most stressful occupations in America – ranking up there with such positions as US President; race car driver; surgeon and astronaut. (K-37). Separate and apart from the dangers of police work, are the demands of the job which contribute to the officers' enhanced risk for heart disease and other health problems – all of which serve to reduce his/her life expectancy. Indeed, studies have shown that "policemen in the US have a life expectancy of 53-66, depending upon which research one decides to embrace." (K-41). Moreover, "heart disease is the single greatest cause of early retirement and the second greatest cause of limited duty assignments" for police officers. Sadly, law enforcement officers also have a significantly higher risk of suicide and divorce. Indeed, the "divorce rate" is a whopping 80% among all law enforcement marriages. Not surprising, suicide rates among law enforcement officers is also dangerously high. (K-52).

Despite all of the risks, dangers and personal sacrifices, Ocean County law enforcement officers – including the hardworking and dedicated members of the PBA – have been extremely effective in combating crime within the County.

Accordingly, Sheriff's Officers have an extremely busy and dangerous job and, therefore, deserve to be properly and more importantly, fairly compensated for their efforts.

Comparisons

N.J.S.A. 34:13A-16(g)(2) requires a comparison of wages, salaries, hours and conditions of employment for employees in both the public and private sectors. The PBA set forth in Exhibits N through U, as well as the detailed expert report of Joseph Petrucelli, CPA, information concerning the rising personal income of the private sector, increases in consumer costs and other general information regarding wages for employees in both the private and public sectors.

In January 2010, PERC issued its Biennial Report on the Police and Fire Public Interest Arbitration Reform Act. Attached to the Report was a summary of the salary increases resulting from both interest arbitration awards as well as voluntary settlements.(Exhibit N). Over the last decade, voluntary settlements have run slightly higher than those set forth in interest arbitration awards – both, however, hovering around an annual average of approximately 4.0%. This is illustrated by the following chart:

Year	Average % Awarded[1]	Average % Settlements[2]
2009	3.75%	3.60%
2008	3.73%	3.92%
2007	3.77%	3.97%
2006	3.95%	4.09%
2005	3.96%	3.94%
2004	4.05%	3.91%
2003	3.82%	4.01%
2002	3.83%	4.05%
2001	3.75%	3.91%

As illustrated above, the average salary increase in all Awards between 2001 and 2009 was 3.84%. The average salary increase in all voluntary settlements during the same period was 3.93%.

PERC's Biennial Report also analyzed salary increases for those in private industry. In 2007, the PBA/SOA proved that wages in the "total private sector" increased by 4.3%! Those employees in the construction (4.6%); manufacturing (6.9%); information (5.1%); finance/insurance (6.4%); real estate-rental-leasing (4.5%); professional/ technical services (5.1%) and management of companies/enterprises (6.8%) all earned salary increases above the 4.3% average. Federal government employees in New Jersey enjoyed salary increases of 5.2% in 2007. While employees of local government earned salary increases of 3.5% in 2007, state government employees enjoyed wage increases of 5.0%. (Exhibit N-19).

The PBA demonstrated that fair and appropriate salary increases continued in 2008 as total private sector wages climbed another 2.5%. Those employees in utilities, construction, information, administrative/waste service, healthcare/social assistance and art/entertainment/recreation all earned raises above the 2.5% average. Significantly, state government employees in New Jersey earned a 5.8% wage increase in 2008. The news was equally good for those employed by local governments in New Jersey. As the PBA demonstrated, said employees earned 3.4% increase in wages in 2008. (–15).

Ocean County Sheriff's Officers must be afforded adequate pay raises in order to keep pace with the rising cost of living in New Jersey as well as the salary increases being extended to public and private sector employees. By providing Sheriff's Officers with fair and competitive wages, the County will not only be able to continue to attract and retain qualified law enforcement officers to maintain its status as an "elite" agency. In doing so, the County will reap the double benefit of maintaining not only an experienced, but also a highly efficient and competent investigative staff capable of serving all of the needs of its residents and business owners.

N.J.S.A. 34:13A-16(g)(2) mandates that the Arbitrator conduct a comparison of salaries with other employees "in public employment in the same or similar comparable jurisdiction" and (c) with other employees "in public and private employment in general." Therefore, a comparison of Ocean County Sheriff's Officers with other Ocean County law enforcement officers as well as other County Sheriff's Officers is extremely relevant to this analysis.

The salary for Sheriff's Officers is set forth in Appendix A of the 2006-2009 collective bargaining agreement. The current salary guide contains 10 steps – starting with Probation ($41,839) through Senior Officer ($88,157). An officer progresses through Steps 1-8 on an annual basis but does not progress to the Senior Officer Step until completing 15 years of service. The PBA proposes that each step of the salary guide be increased, retroactive to April 1, 2010, as follows:

2010	3.0%
2011	3.0%
2012	2.75%
2013	2.75%
2014	2.75%

The County's proposal, on the other hand, is much more draconian. In 2010 and 2011, the County proposes 0% salary increase at maximum. Effective March 30, 2012, the County actually seeks to eliminate the salary schedule entirely from the parties' CBA.

As discussed herein and confirmed through the testimony of PBA President Claudette Vasquez, the Ocean County Sheriff's Office, and its expert staff, provide invaluable service to not only the residents and business owners of Ocean County but also the municipal police agencies within the County. Respectfully, the PBA members have earned their status as an elite law enforcement agency. Indeed, the County has benefitted greatly from the fact that there has been very little turnover within the PBA's ranks.

Clearly, the unreasonable salary proposals advanced by the County, coupled with its desire to stretch the contract for only two years (concluding on March 31, 2012), if awarded, would drastically – and adversely – alter this scenario for years to come. The phrase: "penny wise and pound foolish" aptly describes the County's approach. If awarded, the County's unreasonable salary proposals will cause the PBA's membership to drop considerably in comparison with their law enforcement brethren not only within the County but also statewide. Officers would no longer have any incentive to remain with the Sheriff's Office for their entire careers but, instead, would likely opt for "greener pastures" after a few years on the job. Additionally, it would be extremely difficult – if not impossible – for the County to continue to entice the most talented candidates to join its ranks.

In sharp contrast, it is respectfully submitted that the salary proposals advanced by the PBA are much more reasonable and, in the long run, more beneficial to the residents, business owners and property owners within Ocean County.

As detailed below, the Sheriff's Officers have historically lagged behind the Prosecutor's Detectives. In 2006 the average 10-year Ocean County Detective earned a base salary of $81,112 while both the Correction Officers and Sheriff Officers earned a salary of just $77,038. In 2007, the 10 year Ocean County Prosecutor's Detective earned a base salary of $84,357 while Correction Officers and Sheriff Officers with the same years of experience earn a salary of just $80,120. In 2008, this trend continued as a 10-year Prosecutor's Detective earned a salary of $87,731 while both Correction Officers and Sheriff Officers in Ocean County earned a salary of just $83,324.In 2009, Prosecutor's Detectives continued to earn salaries above and beyond the Sheriff's Officers. The 10-year Ocean County

Prosecutor's Detective earned a salary of $91,240 in 2009 – far above the $86,657 earned by Sheriff Officers and Correction Officers. (O-1 to O-4).

The PBA's exhibits included an analysis of the base salary and longevity earned by the Prosecutor's Detectives, Correction Officers and Sheriff Officers. The above trend continued due to the fact that each law enforcement group earned the same longevity after 10 years of service – 3%. In fact, 15-year, 20-year and 25-year county law enforcement officers all earned the same percentage longevity. The net effect being that the "total salary" of Ocean County Prosecutor's Detectives continued to outdistance those provided to Correction Officers and Sheriff Officers within the County by a large margin. If the County's salary proposals are awarded, the Sheriff's Officers will fall further behind the Prosecutor's Detectives.

In Exhibit P, the PBA compared the base salary of all 10-year (i.e., top paid) Sheriff Officers throughout the state of New Jersey. In Exhibit Q, the PBA's comparison included base salary and longevity for 10-year, 15-year, 20-year and 25-year Sheriff Officers throughout the State. These documents show that Ocean County Sheriff Officers earned among the higher salaries and "total salary" packages provided throughout the state. However, if the County's proposal is awarded, the County will no longer be able to maintain its status as an elite agency in the state.

In 2008, the average salary increase for Sheriff Officers in New Jersey was 4.52%. (Q-1). Although Ocean County Sheriff Officers' base salary of $83,824 ranked 4th in the state, it must be noted that their 4% wage increase was not only below the state-wide average but was among the lowest percentage increases in the state that year. (P-1; Q-1).

In 2009, the average New Jersey Sheriff Officer received a base salary increase of 4.26% - once again higher than the 4% increase afforded to Ocean County Sheriff's Officers. (Q-2). Nevertheless, the 2009 base salary of Ocean County Sheriff's Officers of $86,657 was 3rd highest in the state. (P-2).

In 2010, New Jersey Sheriff's Officers received an average wage increase of 3.76%. This is significant as the PBA really seeks only a 3% increase in wages for that year. Thus, even if the PBA's salary increase is awarded, our members will receive a wage increase which is significantly below the state average. Indeed, the proposed 3% wage increase would represent the 2nd lowest percentage increase in the entire state (exceeding only the 2.75% increase afforded to Passaic Sheriff's Officers). (Q-3). Obviously, the 0% wage increase advanced by the County would cause the PBA's membership to receive the absolute worst percentage increase in the state for that year.

For 2011, the PBA once again seeks a 3% wage increase while the County advocates a 0% wage increase. It is significant to note that the 2011 average wage increase for Sheriff Officers in New Jersey was 3.17%. (Q-4). Thus, once again, the PBA's own wage proposal is below the state-wide average.

For 2012, the PBA seeks a 2.75% wage increase. This percentage increase is significantly below the state-wide average for 2012. The PBA proved that the average increase in 2012 among Sheriff Officers was 3.39%. (Q-5). In 2013, the PBA is seeking a 2.75% salary increase. This percentage increase would fall below the state-wide average of 3.33%. Indeed, the 2.75% wage increase sought by the PBA would be the 2nd lowest in the state for that year (exceeding only the 1.75% wage increase to Passaic County Sheriff Officers). (Q-6).

As the above data demonstrates, the wage increases advanced by the County are unwarranted, unreasonable and, in view of the County's fine financial shape, unjustifiable. In contrast, the PBA salary proposals are more in line with the state-wide averages as well as designed to maintain its members among the highest (but not the highest) paid in the state. In doing so, the County will continue to attract and retain qualified Sheriff's Officers.

<u>Lawful Authority of the Employer</u>

Pursuant to <u>N.J.S.A.</u> 34:13A-16(g)(1), (5) and (9) an interest arbitrator must analyze the "lawful authority of the employer." This analysis generally focuses on whether the PBA's economic proposals will create any "cap" difficulties for the County. Specifically the "spending" cap as well as the "tax levy" cap. Here, the PBA proved through the submission of a detailed report of financial consultant Joseph Petrucelli that its proposals will not present any spending cap nor tax levy cap problem for Ocean County. Further, the PBA demonstrated that the County has the financial wherewithal to fund the fair and appropriate wage increases contained in its Final Offer.

The PBA notes that the County's fine financial shape is illustrated by its AAA bond rating in recent years. As detailed by Petrucelli, the County has regenerated millions of dollars of surplus each year and has also spent less in Sheriffs' salaries and wages than budgeted (creating reserves); spent less in Sheriff's "other expenses" than budgeted (again, creating reserves); collected miscellaneous revenues not anticipated regularly; enjoyed rapidly rising tax revenue and has historically collected more revenue than initially budgeted and/or spent less than initially budgeted for appropriation for several years. Additionally, as Petrucelli demonstrated, the Sheriff's Department has the unique feature of actually representing a significant revenue source (rather than merely acting as a revenue consumer) for the County.

The PBA cites the following excerpts from Petrucelli's Report to show the County's excellent financial status:

1. The County had nearly $1.7 million in reserves for Sheriff Officers' salary and wages in 2009 and 2010.

2. The County receives its full budgeted revenue to be raised by taxation each year. Thus, there is no need for a reserve account for uncollected taxes. The County's budgeted revenue to be raised by taxation increased by $54 million (or 22.59%) between 2005 and 2011.

3. The County regenerated surplus between January 1, 2009 and December 31, 2009 by a whopping $13.1 million and another $17.2 million between January 1, 2010 and December 31, 2010.

4. The average value of a house in Ocean County increased by approximately 51% between 1999 and 2010.

5. The ten (10) year inflation average from March 1, 2001 to March 1, 2011 was 2.68%.

6. The County budget raised by taxation represents only 23.26% of the average tax bill of the municipalities within Ocean County. Moreover, the Sheriff's Office and related services account for only 1.4% of the average total residential tax bill within the County, or an estimated $81.89 a year based on the average tax bill – or roughly $6.82 a month (.22¢ per day) for the PBA's services.

7. The Sheriff's Department generated $1.5 million in revenue for the County in 2010 – the highest level since 2006.

8. In 2010, the County enjoyed $17.2 million in excess results from operations – an increase of $4 million over 2009.

9. The value of new construction within the County in 2010 and 2011 totaled more than $3.3 million!

On pages 21 through 23 of his Report, Petrucelli further illustrated that neither the spending nor tax levy caps represent a barrier to an award of fair and appropriate wage increases for Sheriff's Officers despite the fact that the County could have utilized the full 3.5% COLA rate in 2010.

Based on the above data, the PBA asserts that the County has sufficient financial resources to fund the PBA salary proposals. Petrucelli's Report proves that Ocean County is in fine financial shape and, further, that the Arbitrator is not prohibited by either the Spending Cap or the Tax Levy Cap in awarding the wage increases proposed by the PBA.

Other Issues

Duration of Agreement

The predecessor CBA spanned four years from April 1, 2006 to March 31, 2010. The PBA proposes a 5-year agreement, covering the period of April 1, 2010 to March 31, 2015. The County proposes a two-year agreement which would expire on March 31, 2012.

The PBA asserts that its 5-year proposal must be awarded. The parties have already gone two years without a successor agreement. Under the County's two-year proposal, the parties would have no respite from the rigors of contract negotiations and interest arbitration. Instead, upon the issuance of the Arbitrator's Award, representatives of the County and the PBA would once again be at the bargaining table almost immediately.

The PBA's 5-year contract represents only one additional year beyond the prior 4-year contract. As PBA President Vasquez testified, the proposed 5-year agreement would provide both sides an additional year of labor stability. Moreover, as Vasquez emphasized, the lengthier contract would increase morale and minimize uncertainty and anxiety which arise among the workforce during contract negotiations.

Thus, it is respectfully submitted that the 5-year proposal advanced by the PBA represents the more logical and rational proposal.

Attendance at Association Meetings

Paragraph 2 of Article 15 provides the PBA President with five days off – in addition to attending meetings of the State, County and Local PBA – to conduct union affairs.

However, as Vasquez explained, five days is simply not enough to meet with members; investigate the basis for possible grievances and otherwise administer the terms of the CBA. As Vasquez testified, labor tension between the County and the PBA has risen in the last several years with the PBA filing many more grievances and unfair practice charges than in past years. Indeed, Vasquez testified that the union has filed more grievances and unfair practice charges in the last 2-3 years than in all the other years she's been on the job combined.

Moreover, the PBA's proposal to permit its President, Vice-President and Delegate "reasonable time to investigate grievances", coupled with providing the PBA President with "the right to visit various Department Divisions in order to represent or confer with officers" strikes a proper balance as said proposals specifically stipulate that "said visits shall not unreasonably interfere with the operations of the Department."

The PBA also seeks to revise the provisions of Paragraph 1 to provide the President and Delegate a total of 24 days off annually to attend to union affairs, meetings, etc. Currently Paragraph 1 provides the President and Delegate with two days a month, each, to attend various meetings of the State, County and Local PBA. Therefore, the PBA is merely proposing to convert the "2 days a month" leave to "24 days in a calendar year", to be utilized as needed and in the discretion of the President and Delegate.

Respectfully, there is no logical basis for the County to oppose this proposal as the PBA is not seeking to increase the aggregate 24 days of union leave. The PBA seeks to provide the President and Delegate with more flexibility to utilize said leave, as needed, and in their discretion.

For the above reasons, the PBA's proposal to increase the current allotment of five days in which to conduct union leave under Paragraph 2 must be increased to 10 days. As for the PBA's proposal relative to Paragraph 3, the PBA is merely seeking to replace an outdated statutory reference to "4A:6-1.3" to the current statute (N.J.S.A. 40A:14-177). As Vasquez explained, the reference to the current statute relative to convention leave will not effect any substantive change in the parties' current practice.

For the above reasons, the PBA asks that its proposals regarding union leave provisions be awarded.

Extradition and Transport

The 2006-2010 CBA is silent as to the parties' past practice and custom relative to extradition and transport by members of the PBA. The practice is outlined in a *Settlement Agreement* executed by the PBA and the County in October of 2006 setting forth eight separate points with respect to officers' rights during extraditions and transports – covering such topics as length of trip; hotel room accommodations; etc. (Exhibit V).

As PBA Vasquez testified, the PBA is not seeking to change, revise or otherwise improve upon the terms of the *Settlement Agreement*. The PBA is merely proposing to incorporate the policy into the parties' next CBA. Additionally, the PBA is also seeking to extend the existing current policy to those officers attending training schools.

Lastly, and unrelated to the parties' 2006 Settlement Agreement, the PBA seeks to codify another current past practice and custom, i.e., any duty-related travel in excess of 250 miles one-way via automobile shall be scheduled for a layover. As Vasquez testified, this, too, is consistent with the current practice and should be confirmed in the CBA.

Tours of Duty / Notification of Shift Change

The parties' current work schedule consists of a 5x2 work schedule under which a Sheriff's Officer works five consecutive 8-hour tours followed by two consecutive days off and then the cycle repeats itself. The CBA does not set forth or otherwise codify the work schedule. The PBA's proposal seeks to incorporate the current work schedule into the CBA. The PBA proposal also recognizes that an officer's work shift may be changed by the Sheriff or his designee upon reasonable notice. However, the Sheriff would be prohibited from changing an officer's work schedule simply as a means to avoid overtime costs.

As Vasquez explained, the Department's current practice is to provide an officer with at least 10 days advance notice prior to any schedule change – absent, of course, emergencies. Once again, the PBA is not seeking to expand the period of advance notice nor is the union attempting to otherwise curb the Sheriff's lawful ability to change an officer's work schedule in order to address a tangible operational need or managerial objective.

Vasquez testified that the PBA is seeking to memorialize the parties' current practice within the successor CBA. Due to the fact that the PBA's proposal relative to "notification of shift change" will not effectuate any substantive change, the County will not suffer any adverse consequence. Thus, the PBA proposal must be awarded.

Uniform Maintenance Allowance

The PBA seeks to modify the provisions of Article 6 to require the Sheriff to provide and replace bulletproof vests in accordance with the manufacturer's recommendations. Moreover, the PBA proposes that any replacement vest shall be of "at least the same quality as the initial vest issued to the officer." The PBA also seeks to require the County to provide a newly-hired officer with a bulletproof vest immediately upon graduation from the Police Academy. As Vasquez testified, and Chief Osborn confirmed, newly hired officers are typically assigned to court security. In these posts, these officers are exposed to all elements of society on a daily basis. Frankly, to place these officers in such a highly visible and public post without a bulletproof vest – which is part of the standard Ocean County Sheriff's uniform – is unwise and unsafe. With limited exceptions, Vasquez explained, officers are required to wear the vest at all times while in uniform. (Y-2c). Yet, newly-hired officers have been forced to wait several months after graduation from the academy before actually being fitted with a vest. Indeed, Vasquez testified that she was one such officer.

An additional component of the PBA's proposal would require the employer to repair or replace an officer's uniform, equipment and personal property which may be damaged or destroyed while on duty unless the damage resulted from the officer's own gross negligence. Respectfully, this proposal is amply supported by the record in light of the fact that members of the PBA do not receive a maintenance allowance nor do they receive any compensation for replacement of damaged uniforms, equipment, etc.

Accordingly, it is fair and appropriate to require the County to incur the cost of an item that is damaged while on duty and in the performance of his/her duties.

<u>Overtime Compensation</u>

The PBA's proposal seeks to give unit members the option to elect to be compensated for overtime in the form of cash or compensatory time. As Vasquez explained, the "comp time option" would benefit not only her membership but also the County – whose "cash" overtime costs would likely be reduced, perhaps significantly.

Vasquez further testified that an officer's use of compensatory time would be governed by the same rules as vacation. That is, the use of compensatory time would not be approved if, at the time of said request, it would require the Department to hire another officer on overtime in order to maintain any minimum staffing levels. Indeed, Officer Vasquez stated that the only division within the Department that actually has a minimum staffing level is court security. Additionally, the PBA proposes to delete the second paragraph of Article 7, Paragraph A. Respectfully, this proposal must be granted in order to achieve parity with Correction Officers.

The PBA's proposal on Paragraph B must be awarded to provide greater clarity. The revisions proposed by the PBA defining a "period" in which a sick day is utilized is much more logical and reasonable than the County's interpretation of same.

Finally, the PBA's proposed revisions to Paragraph D, as explained by Vasquez, more accurately reflect the parties' current practice and custom relative to the allocation of overtime opportunities. For instance, in the third sentence, the current text of Paragraph D refers to "warrant raids" as "not unit specific." However, as Vasquez testified, this is incorrect as such raids are specific to officers – such as Vasquez, herself – assigned to the Warrants Division. Moreover, in the third sentence, certain Road Detectives and other personnel are excluded from non-specific overtime lists currently. Accordingly, the PBA maintains that there is no justification to maintain the current language of Paragraph D given the confusing and inconsistent terms contained therein.

Sick Leave Incentive

Article 13 sets forth each PBA members' entitlement to annual sick leave (i.e., 1 and ¼ days a month). The PBA is not proposing to increase the number of sick days afforded to its members annually. Pursuant to Paragraph B of Article 13, officers are entitled to "cash out" unused sick days upon retirement on the basis of one-half pay for each sick day to a maximum of $15,000. Again, the PBA is not proposing to increase this payout amount. The PBA is merely seeking to incorporate the County's "Employee Sick Leave Liability Reduction Program" in the new CBA. (X-1 to X-3). Obviously, the Program – which was adopted by the County and applied to all County employees (except the PBA) benefits both the officers as well as the County as a whole. Although Chief Osborn testified that this program has been rescinded by the County, no such documentation or other proof corroborating same was ever entered into the record by the County.

Special Duty Assignments

It is a given that many law enforcement officers supplement their income by performing "special duty assignments" while otherwise off-duty for a private vendor. In such instances, as Vasquez explained, the County serves as a "middle man." In return, the employer receives an "administrative fee" for supplying not only an off-duty officer but also Department equipment to perform such tasks.

Historically, members of the PBA have been prohibited by the County from performing these type of "special duty assignments." The PBA proposes to lift this unfair ban by permitting officers to work such assignments at an hourly rate of $65 in addition to any reasonable administrative fee to be set by the County. The PBA respectfully submits that allowing officers to work Special Duty assignment would not only increase moral but also permit officers to off-set the economic impact of the statutory requirement to contribute to the cost of their health benefits. Moreover, the $65 hourly rate is consistent with the rate paid to many municipal police officers within Ocean County. (Exhibit W).

Seniority

The PBA seeks to revise Paragraph E in order to more accurately reflect the parties' current practice and custom. Currently, this clause permits officers to bid for their preferred shifts/days off when transferred into a Division. However, as Vasquez explained, this clause does not entirely reflect the parties' current practice as shift bidding is not limited to only when an officer is "transferred into the division." Rather, officers bid for shifts/days off on an annual basis (from October 1 to September 30 of the following year) and said bidding is done on a seniority basis. Therefore, the PBA is merely proposing to revise – albeit slightly – the text of Paragraph E so that it reflects the actual practice and custom of the parties.

On-call, Extradition and Canine Assignments

The PBA is seeking to increase the on-call compensation from $225 to $275 as well as the canine compensation from $275 to $325 given the rising cost of living.

Use of Facilities

The PBA proposes to require the County to provide it with a room in which to store union documents. The PBA's proposal stipulates that the union will be responsible for maintaining the room. The PBA is not seeking to require the County to purchase a Xerox or fax machine for the union – only to be permitted to use such County-owned machines in order to conduct union business.

For all of the reasons above, the PBA asserts that all of the "non-salary items" in its Final Offer are reasonable and amply supported by the record.

PBA Response to County Proposals

The following is the PBA's response to the County's proposals:

Longevity

The current longevity schedule is as follows:

7 Years	3.0%
12 Years	4.6%
17 Years	5.7%
22 Years	6.5%
27 Years	7.3%
32 Years	8.0%

The PBA's longevity compensation is identical to the longevity currently received by all other County employees. The County now seeks to not only eliminate longevity for all new hires (those hired on or after April 1, 2011) but also to significantly reduce the longevity schedule for current employees. Specifically, employees hired prior to April 1, 2011 would have their longevity compensation significantly curtailed in accordance with the following schedules:

15 Years	$4,000
20 Years	$5,000
25 Years	$6,000

The PBA asserts that there is no basis to award the County's longevity proposal. As detailed in Exhibit Q, the longevity provided to 10-year; 15-year; 20-year and 25-year Sheriff Officers is in line with similar compensation provided to Sheriff Officers state-wide. (Exhibit Q). For example, as detailed above, a 10-year Ocean County Sheriff Officer is entitled to longevity in the amount of 3% of his/her base salary. In 2011, the PBA proved that the average percentage of longevity for New Jersey Sheriff Officers was 2.69%. (Q-4). Moreover, the PBA demonstrated that the average percentage longevity for New Jersey Sheriff Officers in 2013 will also be 3% - or the exact same percentage as presently provided to our members. (Q-6).

For all the above reasons, the PBA submits that the County's proposal must be denied.

Holidays

Presently, Sheriff's Officers are provided with 14 paid holidays annually. The County seeks to revise Article 12 to provide employees with "the State Employees' Holiday Schedule." The County's proposal, in actuality, seeks to reduce the number of paid holidays to 11 per year.

The County advances this proposal despite the fact that the holiday compensation set forth under Article 12 of the PBA contract, once again, mirrors exactly the holiday leave entitlement set forth in the County's own Personnel Handbook. (Z-15). The PBA's exhibits also included a comparison of the holiday leave entitlements of all of New Jersey Sheriff's Officers. (R-2). This comparison illustrated that the PBA's 14 day paid holiday leave entitlement is consistent with the state-wide average of 13.8 holidays per year. Indeed, there are three counties – Passaic; Salem and Somerset – which actually provide their Sheriff Officers with 15 holidays per year. (R-2).

Accordingly, based on the above data, there is absolutely no justification to reduce the PBA's annual holiday leave entitlement, not only below the state-wide average for Sheriff Officers, but also rendering it inferior to all other law enforcement employees of the County.

College Credit

Presently, PBA members receive an annual educational incentive of $500 for an Associate's Degree; $800 for a Bachelor's Degree and $1,000 for a Master's Degree. The County proposes to delete Article 17 from the contract entirely but offered scant support in the record to justify same.

There is no suggestion that the educational incentives are unreasonable or otherwise inconsistent with the norm throughout the state. Accordingly, this proposal must be rejected.

Health Benefits

The County seeks to revamp the health benefits package currently provided to PBA members in a number of respects. Some of the more significant changes sought include:

1. Establishing, for the first time, an actual years of service threshold in order to qualify for post-retirement medical benefits;

2. Eliminating surviving spouse coverage at the County's expense for new hires;

3. Discontinuing the entitlement to be reimbursed for Medicare Part B premiums;

4. Limiting new hires to "NJ Direct 15 Plan" and obligating the County to provide merely "equivalent" plan coverage in the event of a change in carrier instead of the current "equivalent or better."

The PBA maintains that there is no justification in the record for any of the modifications, revisions or reductions in the level of health benefits. This is especially the case since all employees must now contribute toward the cost of their health insurance premiums and have been contributing since June 1, 2010. This statutorily-imposed premium contribution will have a significant impact on Sheriff's Officers for years to come as the contribution will surely increase each year.

Respectfully, the County cannot have it "both ways" by requiring officers to pay a significant amount toward the cost of their health insurance premiums and, at the same time, significantly limit, reduce and dilute the level of benefits provided under said coverage.

The proposal to eliminate surviving spouse coverage is especially troubling due to the fact that law enforcement officers nationwide have a significantly shorter life expectancy than the average person. For all of the above reasons, the County's health insurance proposal must be rejected.

Conclusion

For all of the above reasons, the PBA asks that its Final Offer must be awarded and that the County's Final Offer be rejected.

COUNTY POSITION

Economic Conditions

The Employer asserts that economic conditions that persist after the financial collapse in late 2008 will drive the result of this matter. As our economy continues its struggle to gain traction the negative effects of the business downturn have permeated the public sector. In New Jersey, for example, the discontentment of the taxpayer with "business as usual in the public sector" was a significant factor in the rejection of the Democratic incumbent governor and the election of the Republican to replace him. The public's desire for significant changes to control the escalating property taxes that residents simply can no longer afford has led to major changes in health insurance and pensions for public employees.

Thus, we now have significant pension and healthcare reform; including the imposition of salary contribution obligations to the cost of health insurance for public employees (C-99), and a 2% cap on increases in the tax levy effective January 1, 2011. (C-100) The legislature also enacted a provision in the Governor's tool kit imposing a two 2% per annum maximum on increases to base salary, which is defined to include Step increases and longevity that can be awarded by an interest arbitrator. (C-101) While the County understands that the statutory restriction does not technically apply to the instant proceeding, there is little doubt that the 2% limitation on increases to compensation represents the intent of both the legislature and the executive branch as to what is expected of counties and municipalities when it comes to increases in compensation for law enforcement employees. Therefore, the major changes in the private sector economy have now hit the public sector and the impact is significant. It is this economic impact that will drive the results of this interest arbitration proceeding.

Background

Ocean County has multiple labor contracts which it is legally obligated to renegotiate on a periodic basis. The current negotiating cycle commenced April 1, 2010. Among its many contracts the County has seven contracts with law enforcement units, including:

1. PBA 258 – Correction Officers;
2. PBA 258 – County Correction Superiors;
3. PBA 171 – Prosecutors, Detectives and Investigators Ass'n;
4. PBA 379 – Sheriff's Officers;
5. PBA 379A – Sheriff's Officers Superiors;
6. Prosecutor's Sergeants Ass'n;
7. Prosecutor's Superiors Ass'n;

The agreement with the Sheriff's Officers expired on March 31, 2010. In an effort to achieve meaningful cost containment, the County made a proposal to the PBA during mediation that provides for the continuation of movement on the salary guide for those officers eligible to move in 2010 and 2011, but seeks cost savings by the elimination of the existing salary guide and the unsustainable cost of movement along the steps beginning in 2011; changes to the longevity program to provide longevity only after 15 years of service and to provide longevity as a lump sum benefit rather than a percentage of base salary; and modifications to health benefits that have been accepted and implemented for most of the other bargaining units and the non-aligned employees. The County also seeks elimination of longevity for new hires, as well as the elimination of college credit and a change to the contract provision on holidays to bring the benefit in-line with what State employees receive.

This proposal was rejected by the PBA. The County submits that without meaningful cost containment changes in the contracts, particularly as they relate to longevity and movement on the salary guide, there was no way a voluntary settlement could be reached.

Moreover, without securing the proposed changes the County would have lost a critical 2-year period in which to address a compensation plan for Sheriff's Officers that is rapidly becoming unsustainable. Add to that the negative affect on the morale of all other County employees who had already made concessions and sacrifices and it is easy to see why the dispute has been placed in the hands of this Arbitrator for resolution.

In March 2011 the County was facing a significant budget crisis. In order to avoid the need for additional layoffs, the County proposed that each of the bargaining units that have salary guides with automatic increments agree that employees on the salary guide not receive their increment during the pendency of the interest arbitration proceeding. Local 379 rejected this proposal and insisted that all increments be paid. Those increments have been paid resulting in an increase in the cost of wages above the 2% cap that is the target for any wage increase for public sector employees. To offset its increased costs, including wage increases and increment cost, the County was forced to eliminate 62 positions in 2011 resulting in savings of $2,804,025. This was in addition to the 65 positions in 2010.

In order to allow the County to operate within its statutory restrictions and allow it to meet its budget obligations, in recognition of its declining surplus and increasing costs, the Arbitrator must address the salary guide movement in a fundamental way. Continuation of business as usual with respect to salary guide movement is no longer an option given the direction of the Governor and the legislature.

Rationale for County 's Final Offer

The County asserts that its final offer represents its best judgment of how to disburse what limited money is available for a new collective negotiations agreement with the Sheriff's Officers, how to reduce and limit costs and, because those means are so limited, that judgment mandates deference by this Arbitrator in the terms of his award. The County offered the following rationale in support of its final offer.

<u>Elimination of Salary Guide</u>: The County asserts that the single most important component of the compensation package for any employee is his/her salary. The 2009 salary guide for Sheriff's Officers provides for eight steps from date of hire with a maximum salary in 2010 of $86,657. The salary steps produce significant wage increases that greatly exceed what the County can afford and what could be considered "reasonable" by any measure. For instance, movement from the Probation Step for new hires to Step One provides a salary increase of $5,189 or twelve and four tenths (12.4%) percent. (C-106, pages 5-7) Movement between Step 2 and Step 3 provides an increase of $6,248, or twelve (12%) percent. (Id.) Movement from Step 3 to Step 4 provides a salary increase of $6,409 or eleven (11%) percent. (Id.) An officer hired at the Probationary step would, without any additional across the Board wage increases, see their base salary increase by $44,818, or 107% in only eight (8) years. (C-106, page 5) This represents an average annual increase of 13.38%. This is in addition to the across the Board increases provided to PBA 379 members, which total seventeen (17%) percent for the period from 2006 to 2009. (C-106, page 11)

The County contends that with the new restrictions imposed by the Governor's "Toolkit" and the restrictions imposed on tax levies that the County simply cannot sustain this significant increase in salary costs. Simply put, the County cannot comply with the tax levy CAP law while paying automatic increments of more than 13% annually. In order to meet the requirements of the new law imposed as part of the Governor's Toolkit, the County needs to slow down the increase in compensation and to bring the total cost of wage adjustments in line with the statutory limitation of 2%. To that end, the County has proposed a new salary guide structure that recognizes the restrictions now imposed on the County's ability to increase taxes and increase appropriations. For 2010, the current guide would remain in effect and employees on the salary schedule would move to the next step. Employees at the top of the salary guide (Step 8) would receive no increase in 2010.

For 2010, the current guide would remain in effect and employees schedule to move to the next step would move. Employees at the top of the Guide, Step 8, would remain at the salary for that step.

Effective April 1, 2011 those employees eligible to move to the next step on the salary guide shall move. Employees at Step 8 would remain at that salary. Effective March 30, 2012 the salary guide will be eliminated.

According to the County, this proposal meets squarely with the intention of the Governor and the Legislature when the toolkit legislation was adopted. It is overwhelmingly clear that the goal was to limit spending, including spending on compensation, to no more than 2% per year. That goal simply cannot be achieved if employees are able to move on a salary guide that provides increases in compensation of more than 12% per year. Allowing only those employees who have not reached the maximum salary step to move, while keeping all employees already at the top step in place, will increase the base salary cost by 5.4% in 2010 and by 3.6% in 2011. (Exhibit C-103) Freezing officers at the top of the guide and eliminating the Salary Guide in 2012 is crucial to sustaining a compensation plan for members of PBA Local 379 while maintaining the same number of Sheriff's Officers. In fact, when consideration is given to the new interest arbitration cap that will be applicable to the next contract if the County's two-year proposal is granted the new salary structure would eliminate the increment cost that would have occurred under the old guide and which must be accounted for in a future proceeding. Thus, the new guide actually helps incumbent employees as well as the County.

A review of the impact of the PBA's final offer and how the step guide will compound that impact is set forth below. As demonstrated, an Officer who was at the Step 1 in 2009 would see their base salary increase by 13.85% in 2010, 15.38% in 2011, 14% in 2012, 13% in 2013 and 12% in 2014. Over the course of four (4) years a Sheriff's Officer moving up from Step One would see their compensation increase by a total of ninety (90%) percent in just five (5) years under the PBA's Final Offer. Further, even those Sheriff's Officers no longer moving up on the Guide would see their compensation increase by more than $13,000 over the course of five (5) years or more than fifteen (15%) percent.

PBA Proposed Salary Guide

	2009	2010	2011	2012	2013	2014
P	$41839	$43094	$44387	$45608	$46862	$48150
1	**$47028**	$48439	$49892	$51264	$52673	$54122
2	$51981	**$53540**	$55146	$56663	$58221	$59822
3	$58229	$59976	**$61775**	$63474	$65219	$67013
4	$64638	$66577	$68574	**$70460**	$72574	$74751
5	$71044	$74175	$75370	$77443	**$79573**	$81761
6	$77371	$79692	$82082	$84340	$86660	**$89042**
7	$84582	$87119	$89733	$92201	$94736	$97341
8	**$86657**	**$89051**	**$91722**	**$94244**	**$96836**	**$99729**

Overall, the PBA's proposal would increase the total salary cost (including longevity and the college degree stipend) by 9.6 % in 2010, by 7.6% in 2011, by 7% in 2012, by 5.8% in 2013 and by 5.7% in 2014. The total five-year increase in the cost of salaries for the County would be 41% under the PBA's Final Offer (C-103)

Longevity: The County contends that longevity is a significant reason why the present compensation plan for Ocean County Investigators is unsustainable. The County argues that the additional cost of 5.7% or 6.5% above the top pay of $88,657 creates an unbearable financial burden. Further, the current contract provision on longevity actually allows for Sheriff's Officers to begin receiving longevity while they are still moving on the Salary Guide. This results in a Sheriff's Officer moving from his sixth year to his seventh year receiving not only a Step increase of $7,211, or 9.3%, but also receiving an additional increase of $2,357 or 3% based on the addition of longevity. (C-106, at Pages 4-10) Thus, without even considering across the board increases, the total compensation for a Sheriff's Officer moving into his or her seventh year is $87,119, an increase of 12.6% over their previous year's salary. (Id.)

Accordingly, the rationale for the County's position on the issue of longevity is to contain the cost increase of this item recognizing that it is impossible to budget within the required CAP with compensation continuing to increase at such a dramatic rate. The County also seeks to maintain longevity at a flat amount, without the upward pressure on longevity each time there is an across-the-board wage increase. Thus, the County has proposed three longevity rates that will be at a flat dollar amount and only after 15 years of service. Longevity will be eliminated only for new hires. Thus current employees will continue to receive longevity at a generous level but only after they have demonstrated their commitment to remain with the County for the long term, which is the original intent of longevity pay.

Term of Contract During times of fiscal uncertainty and turmoil it is imperative that a collective negotiations agreement is short-term. It is essential that the County be in a position to negotiate a new collective agreement in 2012, especially with the economy continue to falter as it is. The County proposes a two-year contract that will end March 31, 2012. Given the complexities and uncertainties of the current economic climate a two-year term provides a reasonable level of stability without long term commitments that may not be possible to fund. Beyond that the County's financial circumstances mandate that it have the means to negotiate savings that may be needed to enact a budget. The record demonstrates that the County's Surplus has been on a downward trend for the past five years. (C-120). The County has eliminated 127 employment positions over the past two years. (C-111 and C-117). In order to meet its financial obligations and to prepare a budget that is in compliance with the statutory restrictions, the County must have flexibility to negotiate with its bargaining units when it prepares its budget for 2012. The County's Chief Financial Officer, Julie Tarrant, testified that the 2012 budget year is bleaker than the 2011 budget year for the County. (Tr. at 352-54).

The legislature has enacted new procedures and limitations with regard to interest arbitration awards. Give the County's fiscal situation it is critical that it have the opportunity to negotiate and, if need be, arbitrate the terms of a new agreement within the legislatively imposed restrictions.

The County's proposal for a two-year contract is much more in line with how negotiations are handled in the private sector. When there is stability in the economy the parties are willing to agree to a long-term agreement. When there is instability the parties will agree to short term agreements. This leaves the employer in a position that it can afford the economic terms to which it has agreed. Further, it must be kept in mind that the taxpayers who will be funding the compensation package for the Investigators are themselves facing significant financial uncertainty. It is unfair to lock the County into a long term agreement that, depending on how quickly the economy can recover, may be difficult for its taxpayers to sustain.

The record reflects the problems the County faced in its 2012 budget. There is no support in the record to find that the County can afford any increase in 2012 or that the County would be able to pay increments in 2012. Unlike in prior years where a three (3) year agreement was not so uncertain because a public employer had the ability to increase taxes, had robust surpluses and a raging economy – the exact opposite is now true. The Arbitrator is urged not to go beyond March 31, 2012. An agreement beyond that date will only cause labor instability because the County will have no choice but to further reduce positions and services to County residents. Thus, a third year will cause labor instability. If the Arbitrator is inclined to award a third year, he should reopen the hearings to see what the status of the County's fiscal health is in 2012. These are dire times that justify only a two (2) year award.

Holidays The County's holiday proposal simply brings the County employees in line with the State of New Jersey with respect to holidays. Given the fact that the operations of the County, and in particular the Courts, are closely entwined with those of the State, it makes sense to align the two holiday schedules. Further, this change in Holidays has already been agreed to by six of the County's other bargaining units. (C-125).

College Credit College Credit. The parties' current agreement calls for Sheriff's Officers to receive an additional payment of $500 for an Associate's Degree to $1,000 for a Masters' Degree. This is separate from, and in addition to, the financial expense paid by the County in tuition reimbursement for Sheriff's officers who are working toward their degree. (Article 18) These are additional financial benefits that the County simply can no longer afford and that the public simply cannot be expected to finance.

Health Benefits The County will continue in the State Health Benefits Plan and will provide benefits to employees two months from their date of hire. The proposal clarifies that in order to receive retiree health benefits the employee must have a minimum of 15 years of service with the County and 25 years in a retirement system. This is consistent with the N.J.S.A. 40A:10-23, and is in line with the retiree health benefits provision agreed to by other bargaining units. (C-125). New hires will be offered the NJDirect 15 Plan or its replacement. New hires may elect another plan at their own additional expense. For new hires, the County will no longer provide spousal coverage at the County's expense after the death of a retiree, and the County will no longer reimburse retiree Medicare part B premiums. The County has limited its costs in continuing coverage for employees on an unpaid leave of absence by limiting the continuation of County paid coverage to four (4) months.

Cost Analysis of Final Offers

County Exhibit C-103e shows that the cost of the County's offer over the proposed 2-year term of the agreement would be $644,451. For 2010, the added cost of the County's offer is $378,815 or 5.4% percent. In 2011, the cost of base salaries will increase by $332,833 or 3.6%. However, after factoring in the savings obtained by the reduction in the cost of longevity and the elimination of the college credit, the total increase in cost over 2010 is only 265,636 or 3.6%. Thus, even with a 4.6% increase to base salary in 2011, the savings achieved by the County's offer will allow it to continue a very generous compensation package for its Sheriff's Officers.

Thus, over the two years, base salaries for Sheriff's Officers would increase by a total of $721,785 or 10.6% over the 2009 base salaries, with an average yearly cost increase of 5.3% per year. Divided among 97 Sheriff's Officers it averages to an increase of more than $7,441 in base salary per Officer over the two-year span.

By contrast the PBA proposal would cost the County $672,350 in additional compensation, or 9.6%, in the first year alone. (C-103e) In 2011, the total cost of the PBA's offer would increase by $585,079 over the 2010 cost and would include an increase of 7.6% in 2011. Thus, over the course of two-year span, the PBA proposal would cost the County an additional $1,257,429 which is $612,648 more than the County's proposal. The PBA's proposal represents a nearly 18% increase in the total cost of compensation for the Sheriff's

Officers over the course of just two years. Over the course of five years, the PBA's salary proposal would cost the County an additional $2,876,839 in compensation or an increase of 41%. Per year, this represents an average increase in cost to the County of nearly 8.2%.

Looking just at the impact on base salary alone, it is clear that the County's proposal actually exceeds what employees in both the private and public sector should reasonably expect and is beyond what the legislative restrictions now impose on the County. As the evidential record demonstrates, the County has had to cut other areas of the budget, including non-public safety jobs, to fund its final offer. Under the County's proposal, the increase to base salary in 2010 will be $388,952 or 5.7% over the 2009 base salaries. In 2011, the increase to base salaries would be $332,833 or 4.61% percent.

The PBA's five-year proposal would result in increases to base salaries in 2010 of $607,016 or 11.25%; an increase to base salaries of $576,325 or 7.75% in 2011; an increase to base salaries of $526,138 or 6.6% in 2012; an increase to base of $477,246 or 5.6% in 2013 and an increase to base salaries of $454,347 or 5% in 2014. Overall, the PBA's wage proposal will increase base salaries alone by $2,641,072 or 39% over the five-year term proposed by the PBA, or an average of 7.8% per year.

The County asserts that the PBA's proposal is neither reasonable, nor sustainable. The County simply cannot be expected to continue its operations and services and, at the same time, fund an increase in compensation for its Sheriff's Officers of nearly $2.9 million. The County cannot increase taxes anymore. Its cap bank for 2012 is $2,300. The only way that such a dramatic increase could be funded would be with further significant cuts in personnel. (Tr. 300:10 through Tr. 304:17; Tr. 323:19 through Tr. 326:16) Such cuts would negatively impact on the County's ability to provide services to its residents. Moreover, given the personnel cuts that have already had a negative impact on the County's operations, it seems clear that further cuts would require the elimination of some programs and services for County residents. All this to provide County Sheriff's Officers with a wage increase that is well beyond what employees in the private and public sector are receiving.

<u>Testimony</u>

The County cites the testimony of Vijay Kapoor in support of its proposals. Kapoor serves as Director of Workforce Consulting Works for Public Financial Management ("PFM") Group, which has served as the County's Financial Advisor for the past decade.

Kapoor noted that the Step system results in Officers receiving significant increases even if there is no change in the Steps. Thus, even if all Steps were frozen, an officer moving from Probation to Step 8 would receive increases totaling 107.3%. An Officer moving from Step 1 to Step 8 would receive increases totaling 84%. When longevity is factored in an officer moving from Probation to Step 8 would see salary increases of 113% while an officer moving from Step 1 to Step 8 would see increases totaling 90%. The value of each Step for an Investigator starting at the Probation Step, assuming that the steps remain frozen, is over $5,600. The average percent increase for each of the steps, assuming they remain frozen, is 9.6% percent for an Officer starting at the Probation Step and 9.2% percent for an Officer starting at Step 1. (Tr. at 172-174).

Kapoor testified that when the compounding of wage increases is considered, Sheriff's Officers have received at least a 17% percent increase since the start of the last CNA between the County and PBA Local 379 through the present. (C-106 at 11).

With respect to comparisons, Kapoor explained that there are a number of factors that must be considered apart from simply comparing labor contracts for employees in different counties performing the same job. He noted that one must consider key difference such as the relative community economics and demographics, difference in the labor markets from which employees are recruited, financial resources of the County and non-cash compensation levels. Kapoor noted that Ocean County is home to a significant population of older residents ranking 2nd among the 21 counties in New Jersey in percentage of population over the age of 65, 3rd highest in median age of population, 2nd to last among counties in percentage of population between the ages 15-24, and third to last among counties in percentage of population between the ages of 22-44 years of age. (Tr. at 177-178).

Economically, Ocean County ranks in the bottom third among the counties with regard to per capita income and median home value, and ranks 14th out of the 21 counties in median household income. Kapoor noted that the County is unusual in that although it is among the least wealthy counties in the State, it has been able to maintain a AAA bond rating, which is typically only found among the wealthiest counties. The County has done this by maintaining its reserves and through conservative fiscal management. (Tr. at 179).

According to Kapoor, the County's AAA rating allows it to borrow money at a cheaper rate. Unfortunately, the County has now been given a negative outlook by two of the rating agencies based on the reduction in the County reserves. (Tr. at 170-180).

Kapoor compared the compensation and benefits of Ocean County Sheriff's Officers to those in other counties. Overall, the Sheriff's Officers compare quite favorably. (Tr. at 180-185).

Kapoor highlighted the current economic conditions and the impact those conditions have on the County and the taxpayers' financial condition and the condition of its taxpayers. Mr. Kapoor noted that even if the County is now moving out of the worst recession since the Great Depression, history has shown that government revenues will lag behind economic growth. The U.S. lost 6.5 million jobs since December 2007. The metropolitan area that includes Ocean County has lost 75,800 jobs, which represents 7.3% of the labor work force that existed in 2007. The unemployment rate remains above nine and one tenth (9.1%)

percent and Ocean County's unemployment rate nearly doubled from December 2007 to September 2011 going from 5% to 9.5%. Ocean County had the 8th highest unemployment rate among New Jersey Counties. (C-106, pages 36-37 and C-106 a and b)

Kapoor explained that the economic picture in New Jersey remains bleak. According to the Rutgers Economic Advisory Service, it is anticipated that job growth in New Jersey will lag behind that of the rest of the Country, and it will take five more years to recover the jobs lost. (C-106, page 38) The personal income of New Jersey residents is expected to increase slower than the national average. (Tr. at 190-192).

With respect to the housing market, Kapoor explained that there is still a home foreclosure crisis. Home prices in the metropolitan area covering Ocean County are down nearly twenty-one (21%) percent as compared to 2006. (Tr. at 193-194).

The outlook for local governments is particularly bleak. Moody's, Standard and Poor and Fitch have all given a negative outlook for state and local governments. Kapoor explained that typically, after a recession it will take a significant period of time before tax revenues recover to pre-recession levels. For instance, after the 1990-91 recession, which lasted eight months, it took more than 18 months for state revenues to recover. After the 2001 recession, which lasted 8 months, it took more than three years for the state to recover its pre-recession level of revenues. The most recent recession lasted 18 months with State revenue declines of more than double those in previous recessions. Thus it is quite likely that it could take more than three years for State revenues to fully recover. (Tr. at 195-197).

The County submits that the economic pressures on local employers in New Jersey will continue given rising health care costs, particularly for retirees, rising pension costs, and reduced State revenues that leave less money available to counties and municipalities.

The County also cites the testimony of Julie Tarrant. Tarrant serves as Comptroller and Chief Financial Officer for Ocean County. Tarrant is responsible for the preparation of the budget. Tarrant explained that there have been changes in the restrictions imposed on counties in preparing their budgets. In 2010 and 2011 there were changes in the law with respect to CAP calculations. The County is required to prepare a Cap calculation based on the 1977 CAP law, and the new 2010 Cap law, and must abide by the lower of the two caps.

Tarrant testified about the County's regeneration of surplus. She noted that while there has been a regeneration of surplus each year, the numbers have been declining. From a high of $54 million, the surplus has declined to just about $34 million at the end of 2010. (Tr. at 265-266). Tarrant explained that a portion of the surplus comes from lapsed balances from the previous year's budget. Thus, whatever unexpended balance is left from the prior year's budget would become surplus for the following year. The County counts on those lapsed balances in formulating the next year's budget surplus. (Tr. at 217). Tarrant testified about some of the major revenue sources for the County. One source is that of investments, which has been significantly and negatively impacted by the low interest rates offered. Another source of revenue is County Clerk fees which have been down due to a lack of real estate sales. Sheriff's fees for foreclosures are also down for the current year due to a legal prohibition on foreclosures. Federal grants are also a source of revenue but are dedicated funds that cannot be used for other programs or services. (Tr. at 269-272).

The largest source of revenue for the County is taxation, which makes up over 80% of the budget. The Cap law does impact on the County's ability to raise taxes. To the extent the County increases its appropriations over the prior years budget by more than it actually spends it can bank any excess appropriations for the next two years. For 2012, the County has an available Cap bank of $2,300. (Tr. at 272-274).

In 2010 and 2011 the County used an index rate ordinance to raise additional funds. There is nothing else the County could have done to have a larger tax levy. The County is also limited by guidelines issued by the State with respect to budget preparation. The County cannot anticipate any more in revenue than it received in the prior year. (Tr. at 275-77).

Tarrant explained the CAP calculation for 2010 contained in Exhibit 108. The document sets forth calculations under the 2010 CAP law and the 1977 CAP law. The County is required to utilize the lower of the two calculations, which in this case was the 1977 law calculation. The initial calculation as to the amount that could be raised through taxation was $280,321,901. That number could be increased by the amount of the CAP bank, $3,058,898, and the 3.5% COLA resolution, which provided for an additional $3,621,656. The difference between the two caps was approximately $8.7 million. The County did raise taxes to the maximum allowed by law. (Tr. at 278-284).

Tarrant identified County Exhibit 110 which is a document prepared by the Department of Finance for the introduction of the 2010 budget. That document shows that the valuation of the County's property, otherwise known as ratables, decreased by 4% percent from 2009 to 2010. A reduction in ratables will reduce the amount the county can raise in taxes. Further, in order to raise the same mount of money the County would have to raise the tax rate. (Tr. at 287-294).

C-110 also shows the decrease in the County's surplus balance from $46,591,590 to $34,392,761, which represents a reduction of 26.18%. Because the County has traditionally used one-half of the surplus in the following year's budget, this left a $6 million hole the County had to make up. The County was forced to reduce the budget from 2009 to 2010 by $9.7 million. One reason was the reduction in surplus. Second was the reduction in revenues due to the decrease in Clerk fees and the lower interest on investments. Tarrant explained that an item listed as revenue in the 2010 budget is that of Added and Omitted Tax. She explained that an added tax would be improvements to homes that increase the value while an omitted tax would be a house that is torn down and not rebuilt. By including this item as anticipated revenue it reduced the following year's surplus since it previously had been treated as unanticipated revenue. (Tr. at 292-299). In terms of the appropriations in the 2010 budget, Tarrant explained that wages and salaries were kept flat from 2009, operating expenses were reduced by over $7 million while capital expenditures were reduced by $8.8 million. The reduction in capital expenditures was 45% of the total capital budget.

Tarrant explained that even though the County reduced the total budget in 2010 by approximately $9.7 million, the tax rate went up. This was due to the loss of revenues and the loss in the value of ratables. Thus the only revenue source that increased was that of tax revenues. (Tr. at 300-301).

The maintenance of the salary and wage line item at the prior year's level was due in large part to the elimination of 65 employment positions. The elimination of these positions saved approximately $3 million.

In 2011 the County again was required to abide by the CAP calculated in accordance with the 1977 law. (C-113). Tarrant explained that the difference in Cap calculations under the 1977 and the 2010 law was approximately $3.7 million. The available cap bank decreased from over $3 million in 2010 to $1.9 million in 2011. In addition, the Freeholders again passed another Index Rate Resolution, thereby doing everything they could to increase the cap to the maximum allowable by law. (Tr. at 310-312).

Tarrant explained that for 2012 the Cap bank will be reduced to about $2,300 from the nearly $2 million used in the 2011 budget. Tarrant also explained that the 1.5% health benefits contribution from the employees is, in accordance with State guidelines, included as a payroll agency account. That money is used to pay the bill for health benefits and cannot be used for any other expenses. (Tr. at 312-315).

Tarrant explained that the 2011 introduced budget called for an increase of $4.7 million. This was covered through additional taxes. In 2011 the County's valuation again declined by 1.1%. The surplus decreased by nearly $500,000 while the tax rate again increased. The County decreased the salary and wage line through the elimination of 62 positions which resulted in a savings of $2.8 million. Over the past two years, the County eliminated approximately 126 positions leaving a total of approximately 1,692 county employees. (Tr. at 323-326).

The County's anticipated revenues went down considerably in 2011 with the County losing more than $2 million in interest revenue on investments. The net loss in anticipated revenues was more than $1 million. The County saw a decrease in the added and omitted tax line of $407,162. On the expense side, the County saw an increase in group insurance of $348,481; an increase in the cost of utilities of over $1 million; an increase in pension contributions of more than $3 million; and an increase in capital expenditures of $650,000. When combined with the loss in revenues, the County was required to increase taxes by more than $6.2 million. (Tr. at 327-331).

With respect to the reduction in positions, Tarrant explained that only one position in the Sheriff's Office was eliminated and that position is not a bargaining unit position. (C-117) (Tr. at 335-336).

Tarrant explained that C-120 shows the surplus balance of the County from the end of 2006 the present. Starting with a surplus balance of $54,995,022 at the beginning of 2007, the county has seen its surplus decline to $49,074,868 in 2008, to $46,591,590 in 2009, to

$34,392,760 in the beginning of 2010 to an ending balance of $33,931,146 at the end of 2010. Tarrant explained that compared to 2007 when the County could use $31,552,382 in surplus in the new budget, by 2010 the County could only use $17,700,000 in the new budget. She also noted that the County is relying more and more heavily on the lapsed surplus balance from the prior year's budget. (Tr. at 336-341).

Tarrant explained that these numbers demonstrate why it is risky to rely upon trends of more than a few years in the budgeting process. Tarrant noted that in the 34 years that she has been involved in the budget process in Ocean County this is the most severe economic situation she has seen. (Tr. at 341-342). Tarrant explained that C-121 shows the anticipated and received revenues in the County for the years 2006 through 2010. She noted that in many years the revenue anticipated is more than that actually received while in other years the County may receive more revenue than anticipated. In 2008, 2009 and 2010 the County received considerably less in interest revenue than was anticipated. The column entitled MRNA Received stands for the miscellaneous revenues not anticipated. Tarrant explained that this would be items such as FEMA funds that would not be anticipated because they result from a hurricane or a severe snowstorm. It would be difficult to rely upon the MRNA as a fixed revenue because you never know what amount you will receive in any given year. (Tr. at 344-347),

Exhibit C-122 shows the changes in the County's valuation, tax rate, surplus and revenue over the past five years. Tarrant explained that the recent trend has been a decrease in the valuation, a decrease in the surplus anticipated and the surplus balance and an increase in the tax rate. As to the 2012 budget, Tarrant testified that the County is anticipating another decrease in the valuation of ratables of approximately 3.5%. This will require an increase in the tax rate simply to maintain the same revenue level as 2011. (Tr. at 349-353).

Tarrant explained that the lapsed appropriations in the Sheriff's Department referenced by the PBA's witness, Joseph R. Petrucelli, is relied upon to regenerate surplus. The fact that there has been lapsed appropriations is nothing new. The Sheriff's Department salary and wage budget actually went down in 2011. (Tr. at 355-356). Tarrant identified two statements for bonding. (C-123; C-124). One of the projects is a joint project with Kean College for a facility in Ocean County for which the County is sharing half the cost or $15 million. The other project is for general improvements to infrastructure. Both of these items will increase the County's debt service. (Tr. at 357-359).

Michael Osborn is the Chief of the Ocean County Sheriff's Office and reports to the County Sheriff. He has been Chief since 2008 serving as Sheriff's Officer, Sergeant, Lieutenant and Captain. He has been with the Sheriff's Department since August of 1990. Osborn reviewed the PBA's final offer in this proceeding. He reviewed the PBA proposal to increase time off for PBA officials. Osborn noted that the PBA President and delegate receive two days of leave time per month for union affairs, and that such days do not carry over from month to month. A guarantee of 24 days per year would likely result in more days off. Since the Department is down in the number of Officers, this could result in overtime or pull Officers from other divisions to cover certain duties. Similarly, a doubling of the number of days off for the PBA President would likely result in the need to call Officers in on overtime or pull Officers from other divisions. (Tr. at 460-463).

The PBA's proposal to guarantee overnight accommodations for training beyond a certain distance will likely reduce the amount of available training for Officers. Osborn noted that the Department's training budget is already down. Further, most of the training is requested by the Officers themselves. If the Department is forced to pay for accommodations for out of state training, it will be unable to provide such training. (Tr. at 463-464).

Osborn has concerns with the PBA's proposal to include a specific shift of eight hours and a schedule of five days on and two days off. Osborn testified that the Department needs flexibility in terms of scheduling to meet its operational needs. Further, the Chief is concerned with language that would prohibit an Officer's shift from being changed to avoid overtime. He noted that this could cost the Department more than $250,000 due to firearms training in the Spring and Fall. Since all of the firearms training is done either from 8 to 4 or 2 to 10, Officers who work other shifts will have their shifts changed to accommodate the firearms training. The PBA's proposed language may force the Department to pay overtime to Officers to participate in mandatory training. (Tr. at 465-468).

With respect to the proposed language on bulletproof vests, Osborn testified that all new hires will receive a bulletproof vest. However, due to the fact that Officers may drop out of the Academy, vests are not ordered until an Officer completes the police academy. Thereafter, it may take a few months to receive the vest. Normally, vests are available to new officers from other officers until the new vests arrive. (Tr. at 469-471).

Osborn testified that the Department does not allow for compensatory time for overtime. He is concerned about the impact compensatory time could have when the Department is short-staffed and there are posts that are mandatory and must be covered. Osborn is concerned about removing the second full paragraph in Article VII, Section A as requested by the PBA. He explained that having such language is important to control the use of sick time and prevent sick time abuse. (Tr. at 472-474).

Osborn testified that the language in Article VII, Paragraph D that the PBA seeks to change is actually language that the PBA had originally requested to be put in the parties' agreement. The Chief seeks to maintain the current language, which is more specific and which better serves to equalize overtime among the divisions. (Tr. at 475-476).

Osborn testified that the sick leave incentive program referenced by the PBA in its final offer no longer exists in the County. The Chief also testified that presently the Sheriff's Department has no available office space it could provide to the PBA as requested in the union's Final Offer. (Tr. at 476-477).

The County also cites the testimony of Keith Goetting. Goetting is the Director of Employee Relations for Ocean County, and has held this title since 1991. He has worked for the County of Ocean since 1982. Goetting explained that Ocean County currently has approximately 1,692 full time employees. With the exception of about 350 employees, all County employees are represented by bargaining units. (Tr. at 511-512).

Goetting explained that there are 21 bargaining units total in Ocean County and seven of these are public safety bargaining units. As of the date of the hearing, there were nine contracts that had not yet been settled. Only three of the CNAs have incremental salary guides. (Tr. at 512-519). Three of the nine contracts settled in 2010. These contracts included the OPEIU Local 32 White Collar Supervisors who agreed upon a three-year contract with a 1.5% salary increase each year; the FMBA Local 98 settled on a three-year contract with a salary increase of 1.9% in 2010, 2% in 2011 and a 2% increase in 2012. Similar terms were reached with the OPEIU Local 32 unit representing Juvenile Detention Officers. Again, none of these units have incremental salary costs. (Id.)

In 2011, eight contracts expired, and six of those contracts have now been settled with similar terms. All of the settled contracts agreed to contained salary increases of one and one half (1.5%) percent in each year of the contracts, 2011, 2012 and 2013 and no incremental salary costs. All of the units also agreed to eliminate longevity for new hires, eliminate the sick leave buy back program that the PBA is seeking in its final offer, and agreed to link their holiday schedules to the holiday schedule for State of New Jersey employees, which receive 12 holidays. None of these units have increments in their contracts. (Tr. at 520-525).

Goetting testified that all seven of the public safety units are in negotiations or interest arbitration. Goetting noted that the proposed changes to health benefits contained in the County's final offer have now been applied to all non-aligned employees and are included in 14 of the 21 CNAs. Thus, more than 1,300 of the County's employees have the changes in health benefits proposed by the County in its final offer. (Tr. at 529-530).

Goetting testified that the non-aligned employees received no salary increase in 2010. Further, none of the non-aligned employees have increments. Goetting also explained that none of the non-safety bargaining units has the language on college credits that the County seeks to eliminate from the PBA Local 379 agreement. (Tr. at 531).

Goetting testified that the County has not had an issue with Sheriff's Officers leaving their employment other than for retirement. Further, the County has had no problem recruiting new officers. (Tr. at 531-532).

Goetting testified that Corrections Officers, with whom the Sheriff's Officers seek parity with respect to compensatory time, and most other County employees, do not have compensatory time. Further, like the Sheriff's Officers, the Corrections Officers have assigned posts that must be filled. (Tr. at 536-537).

With respect to the PBA's proposal for extra duty assignments, Goetting explained that the County does not have any procedures in place to accommodate such assignments. The County does not have in place any mechanism for collection for such assignments or a payroll system to handle payment to the Officers. (Tr. at 537-538).

The following are the County's arguments and contentions in support of the statutory criteria:

Interests and Welfare of the Public

N.J.S.A. 34:13A-16g(1) provides that the Arbitrator must give "due weight" to "the interests and welfare of the public." The Appellate Division has interpreted this criterion as requiring the Arbitrator to consider, among other things:

> The priority to be given to the wages and monetary benefits of public employees within the municipality's budget and plans. Local 207 v. Borough of Hillsdale, 263 N.J. Super. 163, 188, (App. Div. 1993) aff'd. in part, rev'd. in part, 137 N.J. 71 (1994). See also Fox v. Morris County, 266 N.J. Super. 501, 516 (App. Div. 1993).

Thus, in ruling on this case, the Arbitrator must determine what is in the public's best interest. It is undisputed that the interest of the public is always a relevant and significant factor in deciding the outcome of an interest arbitration proceeding.

Arbitrator Joel Weisblatt stated in his decision In Borough of Ringwood and Ringwood PBA Local 26, that:

> The interests and welfare of the public is always a relevant criterion in resolving an interest arbitration dispute. There are numerous elements to the public interest factor but the arbitrator believes that the initial criterion is always worthy of substantial weight in determining the most reasonable resolution of the parties dispute.

Likewise, Arbitrator James Mastriani noted in his decision involving the State of New Jersey and its Correction Officers:

> In rendering the terms of this award, I have given predominant weight to the interest and welfare of the public criterion. That criterion includes, by reference, the financial impact of the cost of the award on the governing unit, its residents and taxpayers. The compensation aspects of the award have considered the overall compensation and benefits currently received, comparability evidence within state employment generally and in jurisdictions where similar work is performed within the State of New Jersey and in other state jurisdictions where correction work is performed. The terms of the award will maintain the continuity and stability of employment for Correction and Parole Officers employed by the State of New Jersey. The criterion covering the cost of living has also been considered.

According to the County, the issues in dispute in an interest arbitration proceeding always revolve around service to the public and how much it will cost to provide that service. Moreover, it is undisputed that the interest and welfare of the public require the services provided by the investigators who are represented by PBA Local 379. To meet that public interest the elected officials of the County must provide a reasonable compensation package for the employees providing that service. The County asserts that the record demonstrates that the County has provided a very generous compensation package for its Sheriff's Officers.

C-58 provides a scattergram of all Sheriff's Officers in 2010, with their total compensation including base pay, pay for vacation, sick leave, personal days, compensatory time, overtime and standby pay. Even considering the newest Officers, the average pay for the 99 Sheriff's Officers was $64,982. The average total compensation, including overtime, standby pay, call-in pay, and pay for various leave time, for each Officer was $87,013. When the County's cost for Medicare and FICA is factored in, the average total cost to the County for each Officer was $93,461.

The second part of C-58 demonstrates the dramatic salary increase received by a new Sheriff's Officer. A Sheriff's Officer hired eight years ago, in April 2003, would have seen his or her compensation package, including salary and longevity, increase by 268.64% over the course of eight years. While public sector unions often like to distinguish themselves from private employment by arguing that they do not see the same high salaries that exist in the private sector, it is difficult to imagine where in the private sector an employee in a position that does not require a college degree can expect to see their compensation increase by 268% in just eight (8) years. Moreover, the argument that public employees are underpaid simply no longer exists, especially with respect to Public Safety Officers.

The County maintains that it has fulfilled its public interest responsibility on this side of the equation by providing a very generous compensation plan for its Officers. The other side of that equation is the responsibility of the elected officials to the residents and taxpayers of Ocean County. It is the County's contention that it has met that responsibility by virtue of the terms of its final offer, which provide for reasonable economic improvement for its employees over the course of a two-year contract, and which also provide for reasonable cost containment incentives that will generate the necessary immediate and long-term savings for its taxpayers. It is the County's further contention that its entire package must be awarded so that the appropriate balance between employee and taxpayer can be achieved. .

The interest and welfare of the public is informed by many factors. What the County considers to be some of the more significant factors in this dispute are outlined below as follows:

<u>The 2% Tax Levy Cap</u> The Legislature and the Governor have determined that public interest requires a limitation on the County's taxing authority. The new Tax Levy Cap in effect as of January 1, 2011 is 2% with certain exclusions, including pension and health insurance increases that exceed 2%. The health insurance exclusion is also capped by the cost increases for State Health Benefits. (C-102).

By design, the State has greatly restricted Ocean County's ability to raise new revenue via taxation, which in turn has a direct and substantial impact on the amount of money that is available for pay raises for its Investigators and all other County employees. As noted above, the County is limited in how much it can raise in taxes. Further, unlike municipalities, the County must use the lower of the two possible cap calculations (based on the 1977 CAP law and the 2010 CAP law). These calculations (set forth in C-108 and C-113) demonstrate that the County's ability to raise revenues through taxation increased by a total of only 2.2%

percent from 2010 to 2011. In order to reach the total tax levy in 2011 the County used nearly all of its Cap Bank. Without the use of the CAP Bank, the County would have been limited to an increase in its tax levy of 1.5% over 2010. The County has no lawful ability to increase taxes beyond this limit. Moreover, given the fact that the County utilized nearly all of its Cap Bank in 2011, it will be unable to utilize a Cap bank to increase its tax levy in 2012.

Pension and Health Benefit Contribution. P.L., 2010 c. 2, which mandated a 1.5% of salary contribution to health care cost effective in May 2010 was followed by P.L., 2011 c. 78, which provides for increases in employee contribution to pensions, and a modification of health benefit contributions to a percentage of premiums beginning at 1.5 % percent of base salary. These laws are an expression from the Legislature and Executive Branch of State government of what is deemed to be needed by the taxpayers of New Jersey. The County contends that any claim by the PBA that they should be reimbursed via additional wage increases must be rejected out of hand.

Similarly, the cost of both pensions and health benefits for public employees are an enormous financial burden for counties and municipalities. C-105 demonstrates the dramatic growth in the cost of pension contributions. In just eight years, the County's obligation has increased by $17,388,640. Even from the point that the County started funding one hundred (100%) percent of its obligations for both PFRS and PERS in 2009, the pension obligations for both systems have increased by $5,685,950 or 47%.

With respect to medical costs, the cost of the State Health Benefits Plan has increased by more than 76% in just seven years. (C-127) Further, over the past decade the cost of health insurance premiums has increased by 113.9%. (C-106, page 43) The monthly rate for a family plan under the New Jersey Direct 10 will be $1,978 in 2012 or $23,746 per year. When such a large portion of an Officer's compensation package is increasing on average more than 10% per year every year, it is clear that a compensation system that provides for automatic salary increases in addition to negotiated salary increases is not sustainable. In order to control the growth of this item in its budget, the County must be able to pass some of these costs along to its employees, by way of limits on the plans offered at the County expense and modest reductions in benefits.

The Tool Kit At the strong urging of the Governor, the Legislature passed Chapter 105 of the Public Laws of 2010 which was effective January 1, 2011. This law brought about major changes to the interest arbitration process that were designed to expedite the process and curtail the costs of labor contracts associated with the process. Thus, for example, renewed emphasis was placed on the lawful authority of the employer with particular attention given to the new 2% Tax Levy Cap law. Beyond that, Chapter 105 precludes arbitrators from raising salaries more than 2% including the increased costs of longevity and step increases. The County contends that the legislative intent cannot be ignored. Clearly, the Legislature and the Governor did not intend that public employers and bargaining units, whose contracts expire on a specific date, will now be subject to the 2% cap, while employers and bargaining units who, by happenstance, have contracts that expire before the specified date can ignore the cap on compensation increase altogether. There should be no doubt that when considering a 2% cap on tax levies and a 2% cap on the growth of compensation that can be allowed in Interest Arbitration, a very clear and direct message has been sent to public employers, public bargaining units and interest arbitrators that the total increase in the cost of employee compensation must be no more than 2%.

Keeping the growth of overall compensation to 2% was the goal of the County in crafting its final offer, and it must be the goal of the Arbitrator in making his award.

Mind Set of the Public From the onset of the Great Recession until today, the public has been inundated with events and statistics that directly and substantially affect their lives. The anxiety created by continued weakness in the job market and high unemployment as outlined in Exhibits (C-87 through C-92) is real and ongoing. C-95 reinforces this point:

> Over the long term, analysts say it will take years for employment to recover and for labor force participation to return to its prerecession level, if it ever does.

The hope of an upturn in the economy has been tempered by slowdowns in manufacturing and continued job losses in both the public and private sector. (C-96) These job statistics are relevant to this proceeding because the public sector, including police departments, is not immune to layoffs as cities such as Camden, Trenton, Newark and Jersey City verify. The proposals set forth by the County in its final offer to the PBA are designed to prevent the need for additional layoffs by the County that will be even more difficult to absorb while allowing the County to continue providing a generous wage and benefit package for members of PBA Local 379. The County believes, therefore, that if its final offer is awarded it can address the public with a win-win business plan that will provide a reasonable wage and benefits package to current employees, while keeping the growth of the compensation package to the statutory limit of 2%.

County Demographics. The demographics of Ocean County are set forth in exhibits (C-1 through C-6, and C-106, pages 16-17), and show among other facts, that Ocean County has the second highest number of residents over age 65. Approximately 21% of the County's population is 65 or older and thus eligible for Social Security, which has not received a cost of living adjustment for two years. (C-1 and C-2). Nearly 25% of the County population is over age 62. This is a group that is most likely to be on a fixed income and, thus, more significantly impacted by tax increases.

Some 5.7% of families and 7.9% of individuals in Ocean County have income that is under the poverty level. (C-3). Further, only 24% percent of the population over age 25 has a Bachelor's Degree or better, 10% percent less than the State's average. (C-6). The County's median household income in 2009 was $59,706, nearly $9,000 less than the statewide median income of $68,342. The median home value is in the bottom third among all Counties in New Jersey. (C-106, at18). The unemployment rate in Ocean County has exceeded the rate for the State. (C-6).

These numbers are significant because they represent the residents who will be primarily responsible for funding the award. Any award must be cognizant of the difficulty experienced by the County residents as this economic downturn continues into a fourth year. Further, in crafting an Award it must be kept in mind that it is the public for whom the interest arbitration statute and procedures were enacted. The New Jersey Supreme Court has noted that while interest arbitration is "essentially adversarial, the public is a silent party to the process." Hillsdale PBA Local 207 v. Borough of Hillsdale, 137 N.J. at 82.

When all of these public interest factors are analyzed and applied to the facts of this case, it is clear that significant cost containment measures must be implemented. This is in large measure based upon legislated changes and revenue shortfalls that confront the County. The plan of the County to maintain the continued operation of its Prosecutor's Investigators as set forth in its final offer to the PBA constructively deals with those issues. The PBA's final offer simply makes a difficult situation even worse by adding excessive costs to the compensation plan with no effort at cost containment either now or for the future. Its proposal is completely self-serving and detrimental to the public interest and must, therefore, be rejected.

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

According to the County, comparability is not a factor in this dispute but the application of the criterion is supportive of the County's last offer. From the advent of interest arbitration police and fire unions have used the comparability criterion to advance their contractual economic demands – and overall quite successfully. In today's market, however, the watch word is moderation and control of costs of public sector employees. In 2009 Ocean County Sheriff's Officers earned a combined base salary and longevity of $89,257 after less than eight years of service. This does not even take into consideration the value of pension, health benefits and overtime (T-106, at 4). For the PBA to contend that such a package should be enhanced by 3% percent per year across the board wage increases based on the salaries and benefits received by Officers in some other county or municipal Police Officers who perform very different job duties does not resonate with this employer or its resident taxpayers. Nor should it resonate with this Arbitrator.

The County submits that the wage and benefit package provided to its Sheriff's Officers is very competitive. C-106 compares Ocean County with other counties, and shows that Ocean County's salary and benefits package is very competitive. Despite its significantly lower median income and its aging population, Ocean County ranks in the top four of the counties in the State in terms of cash compensation after 10 years of service. (C-106, at 20). With respect to vacation days, personal days and holidays, the County is on par with nearly every other county. (C-106 at 27-29). With respect to tuition reimbursement, Ocean County provides one of the most generous benefit provisions among the counties. (C-106, at 22)

On the issue of comparability, the statute requires the Arbitrator to compare "wages, salaries, hours and other conditions of employment of the employees involved in this arbitration with employees performing the same or similar services and with other employees generally." This comparison is to be done with private sector employees, public sector employees in general, and public sector employees in the same or similar comparable jurisdictions.

The County has presented extensive evidence on the issue of comparability, which demonstrates that its offer enables Sheriff's Officers to maintain a compensation plan that is very competitive with the private sector. Private sector wage increases have remained at record lows with average first year wage increases at 1.6% in 2010, and 1.5% in 2011. (C-45 and C-47) Moreover, these are actual wage increases and not percentage increases to which an increment is then added. When compared to private sector wage increases over the past six years, Ocean County Sheriff's Officers' salaries have faired very well. Salaries for members of PBA Local 379 have increased by 71.29% over the past seven years, when increments are considered, compared to an average increase of 19.7% nationwide. (C-38) Members of PBA Local 379 have seen their wages increase at a level nearly 48% higher than private sector employees in New Jersey. (C-39)

Moreover, even with the statutory imposition of a 1.5% percent salary contribution to health insurance costs, the private sector generally requires much more from its employees. (C-48 to C-51) Thus, despite what the union may characterize as a conservative offer by the County in this proceeding, when compared to past settlements, this offer is substantially greater than settlements in the private sector.

With respect to the public sector, bargaining unit members have again compared extremely well in terms of salary increases. While other local government employees saw their wages increase by a total of 18.4% over the past six years, the salaries of PBA Local 379 members increased by an average of 65.31% when increment are considered. (C-52)

Finally, when compared to other County employees, members of PBA Local 379 have fared extremely well. As was confirmed by the County Director of Employee Relations, Keith Goetting, PBA Local 379 is one of only three bargaining units, out of 21 bargaining units in the County, that has increment costs in its contract. Employees in the other 18 units receive straight percentage or lump sum increases added to their base salary without any increments. For 2011, the five bargaining units that recently settled their contracts with the County (which agreements were submitted after the arbitration hearing) agreed to wage increases of 1.5% percent. (Tr. 520:2-525:10)

Fourteen of the 21 bargaining units, representing two-thirds of the County employees, have now agreed to the changes to health benefits proposed by the County in its final offer. (Tr. at 526-530). Further, those changes have been imposed for the County employees not aligned with a bargaining unit. The six recently executed CNAs included language changing the holidays received by County employees to match the holidays provided by the State government. (Tr. at 520-525). This pattern of settlement is entitled to great weight by the Arbitrator. It certainly is not in the public's best interest to treat one group of employees more favorably than all others. Arbitrator Joel Weisblatt faced the issue of disparate treatment in <u>Township of Holmdel and PBA Local 239</u>, and found that:

> The Township presents a compelling argument with respect to the reasonableness of consistency among bargaining units under the public interest criterion. Consistency in treatment among bargaining units of the same employer is unquestionably a generally accepted element of good labor relations policy. Sound and consistent labor relations are certainly in the public interest. It prevents "whipsawing" in negotiations and it reduces the potential for the decline in morale, which often accompanies the perception of disparate

> treatment. The morale issue is a double-edged sword. Unreasonably favorable treatment of police units could likely cause the morale of the other public employees in the municipality to wane. Such a result would certainly not be in the public interest.

PERC has recognized the importance of maintaining a pattern of settlement among bargaining units of the same employer. In County of Union, IA-2001-46, 28 NJPER 459, 461 (¶33169 2002), the Commission emphasized that "[P]attern is an important labor relations concept that is relied on by both labor and management." The Commission noted that "[I]nterest arbitrators have traditionally recognized that deviation from a settlement pattern can affect the continuing and stability of employment by discouraging future settlements and undermining employee morale in other units." Id.

The regulations specifically require the interest arbitrator to consider the"[P]attern of settlement and benefit changes..." when considering the issue of comparability within the same jurisdiction. N.J.A.C. 19:16-5.14(c) (5). Thus, when, as is the case in the instant matter, the employer has demonstrated a clear pattern of settlement with respect to changes in benefits, the Arbitrator should give significant weight to such pattern. In fact, the Arbitrator is required to justify a departure from an internal pattern of settlement, and to show why such a departure, which would give compensation for law enforcement employees a priority over other employees, is permissible.

When comparing salary increases to other County employees, it is critical to note the significant disparity that now exists between Sheriff's Officers and employees in other bargaining units. Even a 2% salary increase for a Sheriff's Officer earning a base salary of $86,657 after eight years would be worth considerably more than three and one half percent 3.5% increase for an Equipment Operator earning $45,742 after 22 years; a Senior Electrician earning $46,323 after 18 years; or a Senior Data Entry Machine Operator earning $47,900 after 26 years. (C-60)

Thus, when comparing the compensation packages received by members of PBA Local 379 with other employees in the private and public sector, as well as within Ocean County, it is clear that the members of PBA Local 379 compare favorably, and will continue to do so under the County's Final Offer. Further, by awarding the County's Final Offer the Arbitrator will not only help to keep Sheriff's Officers' salaries from significantly outpacing the growth of other employee salaries, but will also keep Sheriff's Officers' benefits consistent with the pattern established among the County's other bargaining units.

Overall Compensation

The County submits that the overall compensation package provided to Sheriff's Officers is excellent. In 2010, a Sheriff's Officer with 15 years of service received a salary of $92,212. C-58 shows that on average Sheriff's Officers received $8,167 in overtime in 2010. This brings the total compensation up to nearly $100,379. This does not include the value of the health, prescription and dental benefits provided to Sheriff's Officers, or the value of the cost of the pension contributions made on their behalf by the County. In addition, the 15-year Sheriff's Officer is entitled to 14 holidays, 15 sick days, 20 vacation days and three personal days. These figures also do not take into account the value of health benefit coverage and pension benefits received by these Sheriff's Officers when they retire. At present a Sheriff's Officer can retire after 25 years of service, regardless of age, and receive health benefits for themselves and their family and a pension for the rest of his or her life. This is a benefit practically unheard of in the private sector. In this arbitration, an award of the PBA's proposal will substantially increase the base rate of pay, which in turn will have a significant impact on the value of the defined benefit pension entitlement for each retiring

Sheriff's Officers. Conversely, the County proposal includes improvements that will enhance the pension, but in a more modest and sustainable amount.

Lawful Authority and the Financial Impact on the Governing Unit, its Residents and Taxpayers

N.J.S.A. 34:13A-16g (5) requires the Arbitrator to give due weight to the lawful authority of the employer. In 1976, the Legislature passed N.J.S.A. 40A:4-45.1 et seq., commonly referred to as the Local Government Cap Law, which included the following declaration of policy:

> It is hereby declared to be the policy of the Legislature that the spiraling cost of local government must be controlled to protect the homeowners of the State and enable them to maintain their homesteads. At the same time the Legislature recognizes that local government cannot be constrained to the point that it is impossible to provide necessary services to its residents. In recognition that the two concepts may be at cross purposes, the Legislature recommends that the program proposed hereunder be instituted on an experimental basis with a review at the end of the period to adjust the program based upon experience.

The County submits that the concerns expressed in that legislative policy statement 34 years ago are even more compelling today. Currently, employees are required to pay 1.5% percent of salary as a contribution to offset a portion of the premium cost for those benefits. (C-99) The employees covered by this contract are subject to the law and, in fact, have been paying the 1.5% contribution since May 21, 2010. The 1.5% health benefits contribution provides no windfall to the County, however. As the County CFO explained, the 1.5% contribution is used solely to reduce the line item for the cost of health insurance. (Tr. at 312-315). The 1.5% is not an additional source of revenue for the County. It simply reduces, by a small amount, the overall cost for health benefits. It provides no additional relief from the tax levy cap. The passage of such legislation, however, signifies a number of important principles that the Executive and Legislative branches of State government agree upon.

1. Public employees, like their counterparts in the private sector, should contribute to the cost of their health insurance.

2. That contribution should be uniform in amount (at least in terms of a minimum amount of contribution) and it needs to be implemented promptly to provide needed relief.

3. As a statutorily mandated contribution it should not be used as leverage to justify payment of a corresponding wage increase to offset the new employee contributions.

On July 13, 2010, P.L. 2010, Chapter 44 was approved as "An Act concerning the calculation of the local tax levy cap and revising parts of the statutory law." The adjustment to the Tax Levy Cap that this amendment provides is to reduce that cap from 4% to 2% effective January 1, 2011. The law that was enacted provides for limited exclusions for items, such as health insurance and pension costs that exceed 2%, but otherwise provides for a 2% cap on the tax levy. (C-100 at 18).

On December 21, 2010, P.L. 2010, C.105, (C-101) amended and supplemented the Police and Fire Interest Arbitration Act. It was effective January 1, 2011 and applies to contracts that expire on or after the effective date of the legislation. The County submits that the spirit and intent of the legislation reflect current economic conditions and must be considered in these proceedings. Moreover, certainly the existence of this new law, regardless of its effective date, will impact on the County's funding sources. Thus, a statutory mandate that places a 2% percent cap on salary increases, including the cost of increments, longevity and senior officer pay requires serious reflection by the Arbitrator regardless of the current applicability of the terms of that statute.

The biggest restrictions placed upon the lawful authority of the County are the restrictions imposed by the tax levy caps. As noted, the County is required to use the lower of the two caps, the 1977 Cap or the 2% limit now imposed by the 2010 Cap law. The tax levy cap must be given great weight in deciding the issues here in dispute. Not only does the obligation of the County to comply with the lower of the two cap calculations present limitations on the major revenue source available to the County, but the Tax Levy Cap evidences a political direction or course for the future of this State that is being chartered by the Governor and the Legislature. The Arbitrator must give due deference to that direction in rendering his award, just as the County did in crafting its Final Offer.

Thus, the Arbitrator is not only legally required to consider the lawful authority of the employer, but once again is presented with the opportunity to use this criterion in a constructive way to make the interest arbitration process responsive to current economic conditions.

The Appellate Division in PBA Local 207 v. Borough of Hillsdale stated that the financial impact requirement in the statute does not equate with the public employer's ability to pay. 263 N.J.Super. at 188. In fact, the Supreme Court stated in Hillsdale that a public employer should not have to prove that it is not financially able to afford the PBA's Final Offer, 137 N.J. at 86. The County contends that it has shown that an award of the PBA's Final Offer would have an adverse financial impact upon the County's taxpayers and that the County cannot afford to pay the wage increases sought by the PBA.

The testimony and documents presented by the County clearly established that the County is in a precarious situation with respect to its budget. The County's surplus balance has been decreasing significantly each year. This leaves less surplus available for an emergency and less surplus that can be used as part of the budget to cover any shortfall.

The requirements of the legislatively imposed cap resulted in the County losing the ability to increase taxes by $3,500,000 in 2011. In 2012, the County has a cap bank of $2,800 to draw from for 2012 on a budget of $353 million.

The requirements of the legislatively imposed cap resulted in the County losing the ability to increase taxes by about $3,500,000 in 2011. In 2012, the County has a cap bank of $2,800 to draw from for 2012 on a budget of $353 million.

The reduction in the County's valuation (C-122) will reduce the amount of money the County can raise at the current tax rate by more than $3,000,000. Thus on the revenue side, the County is in a position that it cannot raise any more revenue even if it chose to increase taxes on its residents. On the expense side the County is again anticipating an increase in health insurance premiums. When combined with compensation increases for other County employees, there simply is no way that the County can absorb an increase in compensation costs of more than $575,000 or 8.2% per year as proposed by the PBA in its Final Offer. (C-103e). However, the County's offer will contain costs in 2011, and put the County in the position of budgeting salary increases within the constraints of the statutory caps and the County's financial condition going forward.

Cost of Living

The cost of living criterion has generally received but a passing reference in the interest arbitration process. This is particularly true over the past several years when increases in the cost of living have been relatively modest. For the past two years the cost of living has remained at levels below 1.7% annually. For the current year, the CPI-U has reached 2.5%. However, the index excluding more volatile food and energy demonstrated an increase of only 1.4%. (C-73).

The chart set out in C-63 demonstrates how the wage increases received by members of PBA Local 379 greatly exceeded the increase in the consumer price index. When the increment is included, salaries for members of PBA Local 379 increased by a total of 71.29% over the period from 2004 through 2010, compared to an increase in the CPI-U of 20% over that same time period. Even Sheriff's Officers who are no longer receiving increments, saw their wages increase by more than double the cost of living increase for the period from March 2006 to March 2010. (C-106, page 13)

A more significant development over the past two years has been the elimination of cost of living increases for those who receive Social Security Benefits and Pensions. In 2010 and 2011, more than 58,000,000 Social Security recipients saw no increase in their benefits for the first time since automatic adjustments were adopted in 1975. (C-74 & C-76). This was based on falling consumer prices. For a County like Ocean County, this is a significant development given the fact that 21% of the County's population is over age 65, and thus eligible for Social Security benefits. This means that more than one-fifth of the County's population received no increase in a significant part of their compensation in 2010 and 2011. Given the fact that one-fifth of the County residents did not receive an increase in their compensation based on the minimal change in the cost of living, there is no reason to expect that these same residents should be expected to pay more to guarantee significant wage increases for Sheriff's Officers far in excess of the cost of living.

Similarly, due to the fact that there was no increase in the CPI for the period from August 31, 2008 through August 31, 2009, there was no Cost Of Living Adjustment ("COLA") for retirees receiving benefits from any of the New Jersey administered retirement systems. (C-75) Thus, public sector retirees in New Jersey saw no increase in their pension or their Social Security benefits in 2010. Yet, under the PBA's offer, these individuals would be called upon to pay for significant wage increases for members of PBA Local 379. With the County's two-year final offer overall base salaries for the Sheriff's Officers will increase by a total of $721,785 or 10.6% over the 2009 base salaries, with an average yearly increase of 5.3% per year. This is very reasonable given the trend with respect to CPI over the past few years, and given the significant increases over the CPI-U that Sheriff's Officers have enjoyed over the past seven years.

In Hillsdale PBA Local 207 v. Borough of Hillsdale, 137 N.J. 71, 77-79 (1994) the New Jersey Supreme Court found the evidence of the relationship between the cost of living and recent salary increases very relevant to the decision making process under Section g(7) of the statute. As noted above, recent salary increases have exceeded cost of living to a significant extent. Moreover, the trend in changes in cost of living is down and the position of the County comports with that trend. When the Arbitrator applies this criterion he must conclude that the County proposal is supported by this statutory factor. Accordingly, the cost of living criterion provides strong, if not, dispositive weight to support a decision that awards the County's proposal.

Continuity and Stability of Employment

The County contends that this factor weighs heavily in favor of its Final Offer. Sheriff's Officers are well paid. There is little turnover and Sheriff's Officers have never been laid off. In addition, the salary increases received by Sheriff's Officers have consistently been higher than wage increases received by other public and private sector employees throughout the State and Nation.

The job security point bears particular notice. While it is of course possible that a New Jersey resident with a high school diploma could obtain a job with better salary and benefits than that of a Sheriff's Officer (although this is not easy to imagine), those "private sector" salaries and benefits, not to mention job security, are in no way guaranteed. This is what makes work as a County Officer, like other law enforcement positions throughout New Jersey, so attractive. County Officers simply do not lose their jobs when there is a change in the economy. Unfortunately, for other Ocean County employees this has not been the case. In order to meet its contractual obligations with respect to salary increases and increments, the County has been forced to eliminate 127 positions over the past two years. Going forward, the County has very little ability to increase its tax revenues, and is limited in how much it can increase its appropriations. This means that if employee compensation increases by more than 2%, the County will need to reduce its employee costs the only way it can, by eliminating additional employment positions. Besides the impact on our economy by the elimination of these jobs, the public has sustained a dramatic loss in services that would have been provided by these individuals.

Additional cuts simply are not an acceptable option. This is particularly true when cuts would be necessitated by the unreasonable demands of members of PBA Local 379 for salary increases, well beyond those received by other County employees and well beyond those seen in the private sector.

The situation in Ocean County provides a very clear cut choice with respect to the future of County finances and services. The County has reached the point where it can no longer increase the size of its budget to accommodate demands for increasing salary and benefits. The County's surplus has been steadily and rapidly declining. The County must rely less and less each year on its surplus to help make up revenue shortfalls in the budget. Further, there is no cap bank available to the County. The $2,800 left over from the 2011 budget is essentially meaningless when considering a budget of $353 million. This leaves the County and the Arbitrator with a very clear choice. Either control spending by way of limiting compensation increases, or cut staff even more in order to find savings to pay for larger increases in compensation. Choosing the latter, however, will not only unnecessarily impose hardship on those employees who will lose their jobs and benefits, but will also impose hardship on the County residents who will see both the quality and level of services decline due to the loss of employees.

The County asserts that its Final Offer is fully supported by all of the statutory criteria. It will keep the economic package or benefits received by Sheriff's Officers at a very competitive and generous level. It will assist the County in meeting its budget obligations without the need to make dramatic and harmful cuts in personnel, and it will set the County on a course so that it can continue to provide a generous salary and benefits package to its employees while controlling and limiting the growth of that salary and benefits package. Finally, the public, who is the single most important factor in this proceeding, will benefit the most from the County's Final Offer, which will help to continue the same level of all County services without requiring higher taxes that residents simply cannot afford.

For all of the above reasons, and in consideration of the evidence in the record, the County submits that it has proven its case and asks that its final offer be awarded.

Discussion

The parties presented testimony and hundreds of documentary exhibits totaling thousands of pages in support of their last offers. I am required to make a reasonable determination of the issues, giving due weight to the statutory criteria which are deemed relevant. Each criterion must be considered and those deemed relevant must be explained. The arbitrator is also required to provide an explanation as to why any criterion is deemed not to be relevant.

I have carefully considered the evidence as well as the arguments of the parties. I have examined the evidence in light of the statutory criteria. Each criterion has been considered, although the weight given to each factor varies. I have discussed the weight I have given to each factor. I have determined the total net economic annual changes for each year of the agreement in concluding that those changes are reasonable under the criteria.

I will set forth the award at this time so that, in discussing the evidence and applying the statutory criteria, the terms of the award will be the reference point. This will allow the reader to follow the analysis which led to the award. The parties related the evidence and arguments regarding the statutory criteria primarily to their own last offer and to the last offer of the other party. I will not do so because, in this conventional proceeding, the terms of the award will be the reference point rather than the parties' last offers. Conventional arbitration is a more flexible process which grants the arbitrator broad authority to fashion the terms of an award based on the evidence without the constraint of selecting any aspect of a final offer submitted by the parties. The prior statute required the selection of the final offer of one party or the other on all economic issues as a package and then to justify that selection.

A governing principle that is traditionally applied in the consideration of wages, hours and conditions of employment is that a party seeking a change in an existing term or condition of employment bears the burden of showing a need for such change. I shall apply this principle to all new proposals. The following are the terms of my award:

1. I shall award a three-year agreement. The duration of the new three-year agreement shall be April 1, 2010 to March 31, 2013.

2. I shall award the following changes to the salary and longevity schedules:

   (a) Effective April 1, 2010, Step 8 on Appendix A, the Salary Guide, shall be increased by 2.0%. The $1,500 Senior Officer differential shall be continued. All other steps shall be frozen.

   (b) Effective April 1, 2011, Step 8 on Appendix A, the Salary Guide, shall be increased by 2.0%. The $1,500 Senior Officer differential shall be continued. All other steps shall be frozen.

   (c) Effective April 1, 2012, Step 8 on Appendix A, the Salary Guide, shall be increased by 2.0%. The $1,500 Senior Officer differential shall be continued. All other steps shall be frozen. Article 4 shall be modified to make the "automatic incremental" salary increases effective December 1, 2012.

   (d) Article 4, Salaries, shall be modified as follows:

   The provisions of Article 4 shall be applicable to annual step guide movement in 2010-2011 and 2011-2012. The 2012-13 incremental increases shall be effective on December 1, 2012. The application of Article 4 shall be suspended effective January 1, 2013. This suspension shall be effective until the parties reach a voluntary agreement for a successor CNA or by the terms of an interest arbitration award.

   (e) Effective April 1, 2012, all new hires will be hired pursuant to a new Salary Guide (Appendix A-1) which will include three additional steps. The twelve-month "Probation" step shall be eliminated and replaced by Step 1 which shall be a full, twelve-month step. Thus, the new Salary Guide shall have twelve steps to maximum. The new Step 1 shall be $38,000. All other steps shall be equalized between Step 1 and Step 12, the maximum step of $91,961. The Senior Officer differential shall be eliminated for new hires.

   (f) All salary increases are fully retroactive to the above effective dates.

(g) Effective April 1, 2012, the longevity schedule for new hires shall be as follows:

Completion of 15 years	2% of base rate
Completion of 20 years	4% of base rate
Completion of 25 years	6% of base rate

3. Effective April 1, 2012, the On-Call pay shall be increased to $240 per week and the On-Call pay for K-9 assignment shall be increased to $290 per month.

4. The language of Article 9, Hospital, Surgical, Prescription and Major Medical Benefits, shall be replaced by the following:

ARTICLE 9
HOSPITAL, SURGICAL, MAJOR MEDICAL, PRESCRIPTION AND RETIREMENT BENEFITS

All full-time employees covered by this bargaining unit shall be permitted to enroll in health benefits two (2) months from their date of hire.

A. The County of Ocean currently provides medical coverage to the County employees through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent or better. Provided, however, that the parties expressly recognize that the components of HMO plans are changed periodically by the plan providers and that the County has no control over or any obligations regarding such changes.

C. All employees, current and future, who retire on or after January 1, 2013, in order to be eligible for the lifetime health benefits upon retirement, must have served a minimum of fifteen (15) of the required twenty-five (25) years with the County. This applies to all types of retirements, including disability.

D. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

E. When a member of this bargaining unit is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

F. In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

G Effective June 1, 2012, the following changes will affect all new hires:

1. Employees will be offered the NJ Direct 15 plan, or its replacement. New Hires may elect a higher level of coverage at their expense.

2. Continuation of spousal coverage after the death of the retiree will no longer be offered at the County's expense.

3. The County will not longer reimburse retiree Medicare Part B premiums.

5. All other proposals of the County and the PBA are denied.

Cost Analysis

The bargaining unit (at the close of the record) in 2011 includes 96 Sheriff's Officers. The total base pay salary for 96 bargaining unit members in 2009 is $6,831,330. The total cost of longevity in 2009 is $128,134. The salary cost-out shall be calculated on base salary including longevity of $6,959,464. In 2009, there were 69 Sheriff's Officers below Step 8, 20 Sheriff's Officers at Step 8 and 7 Sheriff's Officers at the Senior Officer step. The salary for the 27 Sheriff's Officers at Step 8 (excluding the $1,500 Senior Officer differential) in 2009 is $2,339,739. The salary for the 69 Sheriff's Officers on Steps 1-7 in 2009 is $4,619,725. (C-58; C-126; PBA-C; & Petruzelli Report).

The cost of incremental movement on April 1, 2010 for 69 Sheriff's Officers is $389,012. The cost of incremental movement on April 1, 2011 for 58 Sheriff's Officers is $332,782. The 2010 and 2011 increments have been paid by the County and are now in base salary. The cost of the increments, if implemented on April 1, 2012, is $280,437 for 48 Sheriff's Officers. The 2012 incremental cost does not include any Sheriff's Officers that may have been hired since 2009.

The following calculations do not assume any resignations, retirements, promotions or additional new hires. Changes since the close of the hearing are not relevant since the parties' salary proposals are based on the same complement of officers.

Historically, incremental costs have not been calculated in the cost of the annual increases by the parties. However, the cost of increments (when substantial as in this bargaining unit) have become a significant factor in recent and current negotiations and arbitration. The PBA bargaining unit has substantially above average incremental costs as 72% of the bargaining unit received automatic increments in 2010 and 60% of the bargaining unit received automatic increments in 2011. As discussed below, incremental cost must be balanced with maximum salary increases.

2010

The PBA proposed a 3.0% across-the-board increase to be effective April 1, 2010. The cost of the PBA proposal (excluding increments) in 2010 is $220,454. The County proposed no salary increase above the $389,012 incremental increases paid to the 69 Sheriff's Officers in 2010.

I awarded a 2.0% salary increase at Step 8 to be effective April 1, 2010. Thirty-eight Sheriff's Officers were on Step 8 in 2010. Eleven of the 38 Sheriff's Officers moved to Step

8 on April 1, 2010.The cost of the awarded 2.0% salary increase in 2010 is applicable to 38 Sheriff's Officers. This is equal to a $1,733 salary increase for a total cost of $65,854. The 2% salary increase is applicable only to Step 8. All other steps on the salary guide shall be frozen in 2010. I have frozen the steps to reduce the impact of incremental increases. 69 Sheriff's Officers (including the 11 Sheriff's Officers that moved to Step 8 on April 1, 2010) received incremental increases in 2010 totaling $389,012 which is 5.59% of the total salary base. More significantly, this is equivalent to an average increase of 8.4% for those 69 Sheriff's Officers that received incremental increases in 2010. There is simply no basis to add additional dollars to those Sheriff's Officers that received automatic incremental salary increases in 2010.

2011

The PBA proposed a 3.0% across-the-board increase to be effective April 1, 2011. The cost of the PBA proposal (excluding increments) in 2011 is $237,066. The County proposed no salary increase above the $332,782 incremental increases paid in 2011.

I awarded a 2.0% salary increase at Step 8 to be effective April 1, 2011. Forty-eight Sheriff's Officers were on Step 8 in 2011. Ten of the 48 Sheriff's Officers moved to Step 8 on April 1, 2011. The cost of the awarded 2.0% salary increase in 2011 is applicable to 48 Sheriff's Officers. This is equal to a $1,767 salary increase for a total cost of $84,816. The 2% salary increase is applicable only to Step 8. All other steps on the salary guide shall be frozen in 2011. I have frozen the steps to reduce the impact of incremental increases. Fifty-eight Sheriff's Officers (including the 10 Sheriff's Officers that moved to Step 8 on April 1, 2011) received incremental increases in 2010 totaling $332,782 which is 4.50% of the total salary base. More significantly, this is equivalent to an average increase of 8.2% for those 58 Sheriff's Officers that received incremental increases in 2011. There is simply no basis to add additional dollars to those Sheriff's Officers that received automatic incremental salary increases in 2011.

2012

The PBA proposed a 2.75% across-the-board increase to be effective April 1, 2011. The cost of the PBA proposal (excluding increments) in 2012 is $223,090. The County proposed no salary increase in 2012.

I awarded a 2.0% salary increase at Step 8 to be effective April 1, 2012. Forty-eight Sheriff's Officers were on Step 8 in 2011. The cost of the awarded 2.0% salary increase in 2012 is applicable to 48 Sheriff's Officers. This is equal to a $1,803 salary increase for a total cost of $86,554. The 2% salary increase is applicable only to Step 8. All other steps on the salary guide shall be frozen in 2012. I have frozen the steps to reduce the impact of incremental increases. The incremental cost for 48 Sheriff's Officers in 2012 is $280,437 if the automatic increments are paid on April 1, 2012. This includes the eight Sheriff's Officers that would move to Step 8 on April 1, 2012. This is an average increase of $5,842 for each of the 48 Sheriff's Officers. This is a disproportionate increase given the average $1,803 salary increase awarded to Sheriff's Officers on Step 8 in 2011-12.

Therefore, I shall modify Article 4 and make the "automatic" salary increases effective December 1, 2013. This will significantly reduce the impact of the incremental costs in 2012. This will reduce the cost of the incremental increase for the 2012-2013 contract year (April 1, 2012 to March 31, 2013) to an average payout of $1,948 which is more in line with the average $1,803 payout at maximum in 2012-13. The total cost of increments in the 2012-2013 contract year is $93,478. An additional consideration for the delay of the incremental increases in 2012-2013 is the fact that the 48 Sheriff's Officers have received their full increments in 2010-2011 and 2011-12. In both of these years, the Sheriff's Officers moving through the steps on the salary schedule received significantly higher salary increases than those received by Sheriff's Officers on Step 8. In 2010-11 and 2011-12, Sheriff's Officers on Step 8 received 2.0% increases for a total increase of 4.0% whereas Sheriff's Officers moving through the salary schedule received an average annual increase of 8.3% for a total average increase of 16.6% over the same two-year period.

Finally, I shall suspend the application of Article 4, Salaries, effective February 1, 2013. Article 4 provides as follows:

ARTICLE 4
SALARIES

A. Base annual salaries for employees covered by this Agreement shall be set forth in Schedule A annexed. Movement on the guide is automatic and is diagonal, except at maximum step, in every year.

B. Probationary employees shall be placed on Step 1 of the salary guide as of the one year anniversary date within the Department even in those instances where an employees's actual probationary period has not yet been completed due to scheduling constraints. It is further agreed that those probationary employees will receive any increases in the minimum salary which may have occurred during the interim period.

Examples: The following are examples of the automatic increment salaries guide:

a. EXAMPLE: Movement of probationary employees to step one (1) as referred to above.

b. EXAMPLE: An Officer at step one (1) on the salary guide on March 31, 2006 shall move up the guide to step two (2) on April 1, 2006 at the salary specified for step two (2) of the 2006 contract year.

c. EXAMPLE: An Officer at step two (2) on the salary guide on March 31, 2006 shall move up the guide to step three (3) on April 1, 2006 at the salary specified for step three (3) of the 2006 contract.

d. EXAMPLE: An Officer at step three (3) on the salary guide on March 31, 2006 shall move up the guide to step four (4) on April 1, 2006 at the salary specified for step four (4) of the 2006 contract year.

e. EXAMPLE: An Officer at step four (4) on the salary guide on March 31, 2006 shall move up the guide to step five (5) on April 1, 2006 at the salary specified for step five (5) of the 2006 contract year.

f. EXAMPLE: An Officer at step five (5) on the salary guide on March 31, 2006 shall move up the guide to step six (6) on April 1, 2006 at the salary specified for step six (6) of the 2006 contract year.

g. EXAMPLE: An Officer at step six (6) on the salary guide on March 31, 2006 shall move up the guide to step seven (7) on April 1, 2006 at the salary specified for step seven (7) of the 2006 contract year.

h. EXAMPLE: An Officer at step seven (7)on the salary guide on March 31, 2006 shall move up the guide to step eight (8) on April 1, 2006 at the salary specified for step eight of the 2006 contract year.

i. EXAMPLE: An Officer at the maximum step on the salary guide on March 31, 2006 shall move to the new or adjusted maximum step specified on April 1, 2006 of eh 2006 contract year.

j. The same shall apply in 2007, 2008 and 2009.

k. An Officer on Step eight (8) on the salary guide on March 31, 2006 will stay at step eight (8) until he/she has completed fifteen (15) years of service as a sworn Ocean County Sheriff's Officer, at which time, his/her salary shall be increased by $1,500 and they shall move to the Senior Officer Step, as evidenced in Appendix A.

C. If no new Collective Negotiations Agreement has been negotiated and implemented as of the expiration date of this Agreement, all Officers not at maximum shall automatically move to the next higher step of the salary guide, consistent with the practices set forth above which shall remain in effect until a successor Agreement is signed and implemented. (J-1 at 2-4).

This suspension shall be effective until the parties reach a voluntary agreement for a successor CNA to the 2010-2013 CNA or by the terms of an interest arbitration award. This will permit the parties to negotiate a successor agreement without the burden of paying out the increments. I am convinced that this will improve the parties' ability to negotiate a voluntary resolution. If not, it will give the interest arbitrator more flexibility in crafting an award that satisfies the needs of the Employer and the needs of all of the employees in the bargaining unit including those Sheriff's Officers at maximum.

Article 4, Salaries, shall be modified as follows:

> The provisions of Article 4 shall be applicable to annual step guide movement in 2010-2011 and 2011-2012. The 2012-13 incremental increases shall be effective on December 1, 2012. The application of Article 4 shall be suspended effective January 1, 2013. This suspension shall be effective until the parties reach a voluntary agreement for a successor CNA or by the terms of an interest arbitration award.

Interests and Welfare of the Public

The New Jersey Supreme Court in Hillsdale determined that the interests and welfare of the public must always be considered in the rendering of an interest arbitration award and that an award which failed to consider this criterion might be deficient. The amended statute specifically requires the arbitrator to consider the CAP law in connection with this factor. I have considered and fully discussed the relevance of the CAP law in the section on Lawful Authority but at the outset it is sufficient to state that the award will not cause the County to exceed its authority under the CAP law. The award can be funded without the County exceeding its spending authority.

The interests and welfare of the public require the arbitrator to balance many considerations. These considerations traditionally include the Employer's desire to provide the appropriate level of governmental services and to provide those services in the most cost effective way, taking into account the impact of these costs on the tax rate. On the other hand, the interests and welfare of the public requires fairness to employees to maintain labor harmony and high morale and to provide adequate compensation levels to attract and retain the most qualified employees. It is axiomatic that reasonable levels of compensation and good working conditions contribute to a productive and efficient work force and to the absence of labor unrest. The work of a Sheriff's Officer is undeniably and inherently dangerous. It is stressful work and is clearly subject to definite risks. Sheriff's Officers are certainly aware of this condition of employment. This is a given which is usually balanced by the appropriate level of increases in compensation to be received by a Sheriff's Officer from one contract to the next.

I agree with the analysis provided by Arbitrator Jeffrey B. Tener in an interest arbitration award in Cliffside Park. Arbitrator Tener's analysis:

> "The arbitrator is required to strike an appropriate balance among these competing interests. This concept has been included in the policy statement of the amended interest arbitration statute. N.J.S.A. 34:13A-14 refers to the 'unique and essential duties which law enforcement officers . . . perform for the benefit and protection of the people of this State' and the life threatening dangers which they confront regularly. The arbitration process is intended to take account of the need for high morale as well as for the efficient operation of the department and the general well-being and benefit of the citizens. The procedure is to give due respect to the interests of the taxpaying public and to promote labor peace and harmony." (In the Matter of the Borough of Cliffside Park and PBA Local 96, PERC Docket No. IA-98-91-14, page 45.)

I shall now discuss the issues with respect to the interests and welfare of the public factor and comparability.

Term of Agreement

I shall award a three-year agreement effective April 1, 2010 to March 31, 2013. The County seeks a two-year contract and the PBA seeks a five-year contract. Normally, I would be inclined to award a four-year contract given that a new contract would only be for two years going forward. This would provide stability in the relationship which can be undermined by continuous negotiations and interest arbitration. Another consideration favoring a longer contractual duration is the cost associated with negotiations and interest arbitration. However, the changing and difficult budgetary/funding issues do not favor the award of a four-year contract. Therefore, given that the award of a two-year CNA would mean that the parties will commence negotiations immediately, I shall award a three-year contract. This will give the parties some "breathing room" before commencing negotiations for a successor agreement.

Salary

The major issue in this matter is salary and the payment of increments. While I am required to evaluate the merits of the disputed issues individually, I am guided by criterion N.J.S.A. 34:13A-16 (g) (8) that directs the consideration of factors which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment. An element that must be considered is the totality of the changes to be made to an existing agreement. This is consistent with the statutory requirement that an arbitrator determine whether the total economic changes for each year of the agreement are reasonable under all of the criteria. Thus, any decision to award or deny any individual issue must be balanced with consideration of the reasonableness of each issue in relation to the reasonableness of the terms of the entire award and the requirement to balance all of the major components included in the award.

PERC has recognized that arriving at an economic award is not a "precise mathematical process" and given that the statute sets forth general criteria rather than a formula, the treatment of the parties' proposals involves judgement and discretion and an arbitrator will rarely be able to demonstrate that an award is the only "correct" one. See Borough of Lodi, 24 NJPER 466 (29214 1998). I have awarded the above salary increases and a new salary and longevity schedule for new hires for the following reasons:

First, salary and the cost of health care are often linked in bargaining. Modifications on health care influence the level of salary increases. It is undisputed that the cost of health insurance coverage is a significant component of employee benefits exceeded only by the cost of pension contributions. Health insurance is a costly fringe benefit that must be considered as part of the cost of employment and part of the overall wage and fringe benefit package of an employee.

Since the close of the hearing, P.L. 2010, c. 2 was amended by P.L. 2011 c.78. Chapter 78 mandates contributions from public employees to defray the cost of health insurance benefits. Chapter 78 further provides for a minimum contribution of 1.5% of base salary up to a maximum of 35% of the cost of the health insurance coverage. This will greatly increase the contributions to the cost of health insurance for the vast majority of the PBA bargaining unit members. The mandated contributions are phased in over four years. The mandatory contributions range from 3% to 35% of the cost of coverage. The percentage of contribution ranges from 3% of family coverage premium costs for an employee earning $25,000 annually to 35% of family coverage premium costs for an employee earning $110,000 or more annually. The following shows the percentage cost of family coverage:

$50,000 to less than $55,000	12% of the cost of coverage
$55,000 to less than $60,000	14% of the cost of coverage
$60,000 to less than $65,000	17% of the cost of coverage
$65,000 to less than $70,000	19% of the cost of coverage
$70,000 to less than $75,000	22% of the cost of coverage
$75,000 to less than $80,000	23% of the cost of coverage
$80,000 to less than $85,000	24% of the cost of coverage
$85,000 to less than $90,000	26% of the cost of coverage
$90,000 to less than $95,000	28% of the cost of coverage
$95,000 to less than $100,000	29% of the cost of coverage
$100,000 to less than $110,000	32% of the cost of coverage
$110,000 or more	35% of the cost of coverage

This means that a bargaining unit member earning $90,000 annually will be paying 28% of the cost of family coverage when Chapter 78 is fully implemented. 2012 is the second year of the phase-in at 50% of the annual contribution rate. Thus, a Sheriff's Officer earning $90,000 annually would contribute 14% of the cost of coverage. The cost to the County for Family coverage in the SHBP with prescription is $23,746 annually in 2012. In 2011 and 2010 the annual cost for same level of benefits was $21,090 and $18,288. Thus, the cost to a Sheriff's Officer with Family coverage with prescription earning $90,000 annually will be $1,662 annually in 2011, $3,325 in 2012, $4,988 in 2013 and $6,500 in 2014. This contribution is equivalent to 1.84% of salary in 2011; 3.68% in 2012; 5.54% in 2013; and 7.38% in 2014. The former 1.5% contribution in effect from May 22, 2010 through the first six months of 2011 was $1,350 annually.

The above numbers are based on the County's 2012 premium rates. However, if the premium rates increase in 2013 and 2014, the County will receive even higher contributions towards the cost of health insurance premiums from the Sheriff's Officers since the percentage contributions are applied to the premiums not a Sheriff's Officer's base salary. The above analysis shows that the enactment of Chapter 78 provides the County with substantial cost containment of health benefits. The County will realize a significant increase in health benefit contributions from Sheriff's Officers as the health benefit premium sharing is phased in between 2011 and 2014. The former 1.5% of base salary contribution will be equivalent to more than 7% of base salary for a significant portion of the bargaining unit by 2014.

The true value of increased cost sharing is shown by estimating the contributions in 2012, 2013, and 2014. In 2012, the base salary will be between $7.5 and $8 Million. The former 1.5% contribution would have yielded $112,500 in 2011. Under the new premium sharing formula (assuming an aggregate 24% premium contribution at the Family rate), the contribution will be approximately $273,600 in 2012 (50% phase-in); $410,400 in 2013 (75% phase-in); and to $547,200 in 2014 (100% phase-in).

The County will achieve a significant increase in health care contributions and its Sheriff's Officers will see a commensurate decrease in their net annual salary. This is equivalent to somewhere between 4% and 7% annually by 2014. Chapter 78, when fully phased in, will provide a significant offset against current premiums. It will also provide protection against future premium increases as such increases will be shared by the Sheriff's Officers.

I fully recognize, as argued by the County, that the savings to the County cannot be balanced by the award of salary increases to Sheriff's Officers to cover such increased premium sharing costs. The terms of my award provide for an average increase at maximum of 2.0% annually; the freezing of any increases in the steps on the salary guide; the award of a new salary guide for new hires; the award of a new longevity schedule for new hires; the elimination of the Senior Officer differential for new hires; and the suspension of the terms of Article 4 requiring the payment of increments on April 1, 2012. I have shown that I have not increased the salary of the County's Sheriff's Officers to offset the increased cost of premium sharing. The analysis of Chapter 78 simply shows the impact on both the County and the Sheriff's Officers.

Second, effective April 1, 2012, all new hires will be hired pursuant to a new salary schedule (Appendix A-1). The twelve-month "Probation" step shall be eliminated and replaced by Step 1 which shall also be a twelve-month step. Appendix A-1 will have three additional steps. Thus, the new salary schedule shall have twelve one-year steps to maximum. A new Sheriff's Officer, hired on or after April 1, 2012, will reach maximum salary after eleven full years of service. The new Step 1 shall be $38,000. All other steps shall be equalized between Step 1 and Step 12, the maximum step of $91,961. This is the same maximum salary on Appendix A applicable to all Sheriff's Officers hired before April

1, 2012. The new salary schedule (with three additional steps) will result in future savings to the County of $100,000 in cumulative earnings as each new Sheriff's Officer progresses through the steps of the salary schedule to maximum. The $100,000 calculation does not include "roll-up" costs nor does it include the elimination of the seven-year and twelve year longevity steps for new hires.

The cumulative salary savings generated by a new salary schedule also benefits the bargaining unit as a whole. Salary schedules that allow accelerated movement to the maximum step will eventually undermine the ability of the parties to negotiate salaries for maximum step Sheriff's Officers since a significant expenditure of available funds will be needed to pay less experienced officers' high increments. As maximum salaries have increased significantly in the last 15-20 years, it follows that additional steps must be added to ensure that experienced Sheriff's Officers continue to receive competitive salary increases. Ignoring this issue will create serious problems for the parties in future negotiations. This is becoming increasingly important as resources decline and the cost of annual increments becomes a bigger part of the funds available for salary increases. During the last several years, it has become commonplace to see arbitrated and negotiated contracts with extended salary schedules for new hires. The above analysis is applicable to my decision to delay the payment of step increases to December 1, 2012 and the suspension of their application on January 1, 2013 until such time as the parties reach a voluntary agreement or an interest arbitrator issues an award.

The modifications to the salary schedule will give the County considerable future savings which will offset the cost of senior Sheriff's Officers salaries thus maintaining a competitive salary and the continuity and stability of employment that is essential to a productive and effective department. These changes will not impact on the County's ability to recruit and retain Sheriff's Officers since the maximum salaries will remain the same on both salary schedules thus maintaining the career ladder for all Sheriff's Officers.

This will become more significant in 2013-2014 when salary increases will be limited to 2% of base salary inclusive of increments and longevity. The additional steps will decrease the County's incremental costs. Substantial incremental salary increases would have diminished the PBA's ability to negotiate salary increases for senior Sheriff's Officers.

Third, I awarded a modified longevity schedule applicable to all employees hired on or after April 1, 2012. The new longevity schedule eliminates the 3.0% longevity step at seven years. This means that a Sheriff's Officer currently receives a 3.0% salary increase, an automatic step increase and an across-the-board salary increase upon reaching the seven-year threshold. This may have made sense when there were salary guides with less than seven steps. However, there is no sound basis to continue a seven-year longevity step when the new salary schedule (Appendix A-1) requires the completion of eleven years of service to reach maximum.

The new longevity schedule is 2% after completion of fifteen (15) years of service; 4% after the completion of twenty (20) years of service; and 6% after the completion of twenty-five (25) years of service. Thus, there will be no longevity costs to the County for new hires until at least 2027. The modified longevity schedule and the additional steps on the salary schedule will provide for a more equitable distribution of future salary increases to the County's experienced Sheriff's Officers. This will become more significant in 2013-2014 when salary increases will be limited to 2% of base salary inclusive of incremental costs and longevity costs.

Fourth, while the PBA has submitted considerable comparability salary data showing that the average annual increase is higher than the awarded salary increases, I find that much of the comparability data relied upon by the PBA is "dated" as many of the CBAs in the record were negotiated or arbitrated in better economic times. Comparability data is deserving of considerable weight in negotiations and arbitration. Comparability data must be measured against and balanced with all of the statutory criteria. In past years, comparability data was measured against annual cost-of-living increases which were consistent with the average annual salary increases and the Employer's ability to fund salary increases. In other words, when the CPI was between 3.5% and 4%, the average salary increases were between 3.5% and 4%. In 2007, the CPI was 3.7% and the average increases in PERC reported awards and voluntary settlements were 3.77% and 3.97%. However, the CPI has declined dramatically in recent years and there has not been an equivalent decline in the average salary increases. The CPI was 1.6% in 2008 and 2.3% in 2009 and the average increase in PERC reported voluntary settlements and awards in 2008 and 2009 ranged from 3.6% to 3.92%. In both 2008 and 2009, Sheriff's Officers received a 4% across-the-board salary increase. This is more than double the CPI in 2008 and 2009 and higher than PERC reported settlements and awards in 2008 and 2009. Obviously, the salary increases lagged behind the changes in the CPI. This commonly occurs since comparability data is derived from multiple year contracts whereas the CPI is measured on a monthly and annual basis.

The most recent cost of living data shows that the Consumer Price Index ("CPI"), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"), for New York-Northern New Jersey increased by 1.4% in 2010 and by 2.7% in 2011. Thus, the average increase in the CPI during the last four years is 2.0%. This dramatic decline in the CPI must be given considerable weight. I note that this decline in the CPI is mirrored by a significant decline in the most recent PERC salary data. The average increase in awards posted on the PERC webpage in 2011 is 2% in 2010, 1.8% in 2011 and 2% in 2012. This is significantly below the average of the PERC reported settlements and awards in recent years. This decline in salary increases in 2010 and 2011 is a recognition of not only the decline in the CPI but it is also a recognition of the decline in the ability of a public employer to fund salary increases at prior levels. It is undisputed that a public employer's ability to maintain revenue levels in 2010 and beyond has been severely diminished. The Tax Levy Cap in 2011 is 2%. Also, the Appropriations Cap has been reduced from 3.5% annually to 2.5% annually. This will severely limit the ability of a public employer to maintain the current level of services if salary increases continue to exceed increases in the CPI by up to 2% annually. Salary increases at 2008 and 2009 levels will only further reduce a public employer's ability to maintain the current level of services and will result in layoffs and/or furloughs. It is well established that many police and fire departments throughout the State have experienced massive layoffs, demotions and furloughs. We have also seen the parties working together to avoid layoffs and demotions by agreeing to postpone or modify certain economic benefits.

In prior years, the economy was much stronger than it is currently. We have experienced one of the worst recessions since the 1930s with high unemployment; a massive deficit in the State budget; hundreds of millions of dollars in reduced State Aid to municipalities; and tens of thousands of municipal, county and state employees being laid off or furloughed. Furloughed employees effectively receive a salary reduction of 2% for each week they are furloughed. State employees have experienced not only furloughs but wage freezes as well. Municipalities are experiencing a record number of tax appeals with significant potential loss of tax revenues and increased costs to defend such appeals, thereby undermining the tax base. Moreover, pension costs are at an all-time high with municipalities and counties contributing 25% or more of a public safety officer's salary to PFRS. The above events must be factored into the analysis of what weight to give to the statutory criteria.

Fifth, the County's proposal to eliminate the salary guide (Appendix A) effective March 30, 2012 is not justified on the evidentiary record in this matter. The County submitted no evidence that any other County had eliminated an incremental salary schedule for its Sheriff's Officers. Nor did the County submit any evidence to show that any other county had eliminated an incremental salary schedule for any other public safety bargaining units including Correction Officers, Prosecutor's Investigators/Detectives and Park Police. Further, the County did not submit any evidence to show that a municipality had eliminated an incremental salary schedule in a police or firefighter bargaining unit. Finally, the County did not submit any evidence to show that the State had eliminated an incremental salary schedule in a Correction Officer, State Police or any other public safety bargaining unit.

The County proposed the elimination of longevity for all new hires and the capping of longevity for all current bargaining unit members. A review of the salary data in the record is not supportive of the County's proposal. I have awarded a new longevity schedule for new hires which significantly reduces the longevity benefit for new hires.

Accordingly, I find that the evidentiary record does not support the County's proposal to eliminate longevity for all new hires and to cap longevity for current bargaining unit members at a fixed dollar amount.

In summary, I find that the PBA and the County salary proposals are both outside the current trends in negotiated settlements and awards as well as the average increase in the CPI. The PBA is significantly above these currents trends and the County is significantly below the current trends. I find that comparability data garnered from settlements reached in prior years is not entitled to significant weight in a period of diminishing financial resources, decreased cost-of-living and recent declining salary increases. Comparability data from prior years cannot be given as much weight as more current salary data, cost-of-living and budget data. I awarded salary increases that recognize the significant decline in the cost-of-living, acknowledge the County's (and other public employers) reduced ability to fund salary increases at prior levels, and noted the substantial decline in average salary increases in 2010, 2011 and 2012.

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

Comparisons of the wages, salaries, hours and conditions of employment of the County's Sheriff's Officer's are to be made with other employees performing similar services as well as with other employees generally in the following three groups: 1) in private employment in general, 2) in public employment in general, and 3) in public employment in the same or similar jurisdictions.

It is well established that there are no easily identified private sector employees that perform services similar to those performed by the County's Sheriff's Officers. Neither party submitted salary data on this sub-factor since none exists. A Sheriff's Officer's position is a uniquely public sector position that does not lend itself to private sector comparisons.

I agree with the analysis of Arbitrator William Weinberg that comparisons to the private sector are difficult because of the unique nature of law enforcement:

> . . . troublesome when applied to police. The police function is almost entirely allocated to the public sector whether to the municipality, county, state or to the national armed forces. Some private sector entities may have guards, but they rarely construct a police function. There is a vast difference between guards, private or public, and police. This difference is apparent in standards for recruiting, physical qualifications, training, and in their responsibilities. The difficulties in attempting to construct direct comparisons with the private sector may be seen in the testimony of the Employer's expert witness who used job evaluation techniques to identify engineers and computer programmers as occupations most closely resembling the police.

> They may be close in some general characteristics and in "Hay Associates points", but in broad daylight they do seem quite different to most observers. The weight given to the standard for comparable private employment is slight, primarily because of the lack of specific and obvious occupational categories that would enable comparison to be made without forcing the data. (*Village of Ridgewood*, PERC Docket No. IA-94-141 at 29-31).

There is no data in the record to evaluate the comparison to other employees performing the same or similar services in private employment. I have given this sub-factor no weight.

The second part of this sub-factor requires a comparison with other employees generally in private employment. The County, in its brief, noted that private sector wages increased by 1.6% in 2010, and 1.5% in 2011. The awarded salary increases which average 2.0% annually, are higher than average salary increases in private employment. I conclude that the awarded salary increases, while higher than private employment salary increases in general, are acceptable when measured against the totality of the terms of the award. This sub-factor is not entitled to significant weight.

The next comparison is with public employment in general. The County notes that other local government employees saw their wages increase by a total of 18.4% over the past six years. Neither party submitted specific salary data on public employment in general. The awarded salary increases which average 2.0% annually are within the range of salary increases for public employees in general in 2010, 2011 and 2012. This sub-factor is supportive of the awarded salary increases.

I shall now address the third sub-factor which includes several elements. The first element is internal comparability with other County employees. The County notes that Sheriff's Officers receive incremental step increases whereas employees in the other 18 negotiations units receive straight percentage or lump sum increases added to their base salary without any increments. Further, the County notes that five bargaining units agreed to annual wage increases of 1.5%. Non-aligned employees received wage increases of 1.9% in 2010 unless their salary and longevity was in excess of $98,000 in which case they received no wage increase.

A review of the CNAs in C-125 reveal the following:

1. The four recent CNAs (2011-2014) provide for annual salary increases of 1.5% annually effective April 1 of 2011, 2012 and 2013 and eliminate longevity for new hires effective April 1, 2013.

2. The 2008-2011 CNA covering blue collar employees include salary increases of $2,200 effective April 1 of 2008. 2009 and 2010. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

3. The 2010-2013 CNA covering blue collar supervisors include salary increases of 1.5% annually effective April 1 of 2010, 2011 and 2012. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

4. The 2008-2011 CNA covering Correction Department professional employees include salary increases of $2,200 effective April 1 of 2008, 2009 and 2010. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

5. The 2008-2011 CNA covering Engineering Department employees include salary increases of $2,200 effective April 1 of 2008, 2009 and 2010. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

6. The 2010-2013 CNA covering Assistant Fire Marshals includes salary increases of 1.9% effective April 1, 2010, 2% effective April 1, 2011 and 2% effective April 1, 2012. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

7. The 2007-2011 CNA covering Information Technology employees include salary increases of $1,000 annually on April 1 of 2007, 2008, 2009 and 2010. The salary increases in 2010 ranges from 1.6% to 3.44%. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

8. The 2010-2013 CNA covering Juvenile Detention employees include salary increases of 1.9% effective April 1, 2010, 2% effective April 1, 2011 and 2% effective April 1, 2012. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

9. The 2006-2010 CNAs covering Correction Officers, Correction SOA, Prosecutor's Investigators, Sheriff's Officers SOA, Prosecutors Sergeants, Prosecutors SOA all include the same longevity benefits as Sheriff's Officers' with no limitation on new hires. The Prosecutor's Detectives and Correction Officer CNAs also include a $1,500 "Senior Officer" payment upon completion of 15 years of service.

10. The 2008-2011 CNA covering Prosecutor's clerical employees includes salary increases of $2,200 effective April 1 of 2008, 2009 and 2010 for 40-hour employees and $2,067 for 37½-hour employees. C-59 shows two Principal Clerk Typists at a salary of $43,652 in 2010 and one Principal Clerk Typist at a salary of $45,666 in 2010. These employees received an average salary increase of approximately 5% over the term of the 2008-2011 CNA. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

11. The 2009-2012 CNA covering Public Safety Telecommunicators in the Sheriff's Department includes salary increases of $1,321 effective April 1, 2010, and 3.25% effective April 1, 2011 and 2% effective April 1, 2012. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

12. The 2008-2012 CNA covering Supervising JDOs in the Sheriff's Department includes salary increases of $2,200 effective April 1 of 2008, 2009, 2010 and 2011. C-59 shows two Supervising JDOs at a salary of $59,891 in 2010 and two Supervising JDOs at a salary of $55,241 in 2010. These employees received an average salary increase of 3.67% and 3.98% effective April 1, 2010. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

13. The 2009-2012 CNA covering Weights and Measures Department employees include salary increases of 3.25% effective April 1, 2009, April 1, 2010, and April 1, 2011. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

14. The 2008-2011 CNA covering white collar employees includes salary increases of $1,791 to $2,200 effective April 1, 2008, April 1, 2009, and April 1, 2010 for employees working 32½, 35, 37½ and 40 hours per week. Longevity is identical to the longevity in the Sheriff's Officers' CNA and is continued for new hires.

First, I conclude that the County has not established a pattern of eliminating longevity for new hires. The vast majority of bargaining units continue to receive longevity for all employees in the negotiations unit including new hires. The four CNAs that remove longevity for new hires effective April 1, 2013 also delay the implementation of Chapter 78 to April 1, 2014. This delay, coupled with the annual 1.5% salary increases, would appear to be the trade-off for the elimination of longevity for new hires. I have no authority to delay the implementation of Chapter 78 which, as I described above, provides the County with considerable health care premium savings and effectively reduces the compensation received by the Sheriff's Officers. Thus, I conclude that internal comparability does not favor the elimination of longevity for new hires. As discussed above, I have modified longevity for new hires which effectively eliminates the payment of longevity for new hires until 2027.

Second, the salary increases detailed above that are effective April 1, 2010, April 1, 2011 and April 1, 2012 ranges from 1.5% to 5% annually. There are no additional incremental costs for these employees whereas Sheriff's Officers did receive full increments effective April 1, 2010 and April 2011. While there are no additional incremental costs (above the 1.5% to 5% range) in the above cited CNAs, the terms of my award have frozen the steps on the salary guide in 2010, 2011 and 2012 and "suspended" the implementation of automatic increments in 2013 pending a voluntary agreement by the parties or the issuance of an interest arbitration award. In addition, I have limited the payout of increments in 2012 by delaying the payment until December 1, 2012. Moreover, I note that the vast majority of the CNAs, detailed above, delayed the implementation of either Chapter 2 or Chapter 78 and in some cases both Chapter 2 and Chapter 78. This means that employees in those negotiations units are not required to contribute 1.5% of base salary mandated under Chapter

2 or the applicable percentage of premium costs mandated under Chapter 78 until their current CNAs expire whereas Sheriff's Officers have been making mandatory health care contributions since May of 2010 following the enactment of both Chapter 2 and Chapter 78.

Accordingly, I conclude that the internal salary data is not supportive of the PBA's last offer on salary nor is it supportive of the County's last offer on salary. I find that this sub-factor is supportive of the awarded salary increases in 2010, 2011 and 2012 which average 2.0% annually and are applicable only to the maximum step on the salary guide with the increments frozen at the 2010 level.

The third sub-factor is comparison to the wages, salaries, hours, and conditions of employment of the employees involved in the arbitration proceedings with employees performing the same services in public employment. I provided analysis of this sub-factor in my discussion of *Salary* on pages 88-97. I found that the comparability data garnered from settlements reached in prior years is not entitled to significant weight in a period of diminishing financial resources, decreased cost-of-living and declining salary increases. I have awarded salary increases that recognize the significant decline in the cost-of-living, the County's (and other public employer's) reduced ability to fund salary increases at prior levels, and the substantial decline in average salary increases in 2010 and 2011.

<u>Lawful Authority of the Employer</u>

Three of the statutory criteria, <u>N.J.S.A</u> 34:12A-16g(1), (5) and (9), refer to the lawful authority of the employer. These factors, among other things, require the arbitrator to consider the limitations imposed on the County by the CAP law which, generally, limits the amount by which appropriations of counties and municipalities can be increased from one year to the next. This was intended to control the cost of government and to protect homeowners. The limitation applies to total appropriations and not to any single appropriation or line item.

More specifically, g(1) refers to the original 1976 Cap law; g(5) refers to the lawful authority of the employer and cites the 1976 Cap law; and g(9) refers to the recently amended Tax Levy Cap law which limits tax levy increases from year-to-year. The significant change in the Levy Cap is the reduction of the Levy Cap from 4% annually to 2% annually. The Appropriations Cap has also been reduced from 3.5% to 2.5%. It is well established that arbitrators must recognize and respect the statutory limits which have been placed on public employers. Ocean County and all other municipalities and counties in the State face constraints on their ability to increase appropriations and their ability to raise taxes. The expenditure or appropriations cap applies to the total current expense portion of the budget and not to any particular line item within the budget.

The cost of the award is 6.0% over three years at the maximum step on the salary guide. I have limited the 6.0% increase to the maximum step on the salary guide by freezing the steps on the salary guide at the 2010 level. Further, I have limited the payout of the 2012 increments due on April 1, 2012 to 33% of their value by delaying the implementation to January 1, 2013. Moreover, I suspended the payment of the April 1, 2013 increments until such time as the parties reach a voluntary agreement or an interest arbitrator issues an award. I have not added an across-the-board increase to the steps on the salary guide in 2010, 2011 and 2012 because of the disproportionate increase received by the less senior Sheriff's Officers moving on the guide in 2010 and 2011. These increments were paid by the County in 2010 and 2011 and are not attributable to my award.

The incremental costs will be significantly reduced in 2012 when the new salary guide is implemented. I have modified the longevity schedule for new hires which effectively means that the County will not pay longevity to new hires until 2027. Finally, I have eliminated the $1,500 "Senior Officer" differential for new hires given the implementation of a new 12-step salary schedule in 2012.

The cost of the awarded salary increase for Sheriff's Officers at maximum is $65,859 is 2010, $84,816 in 2011 and $86,554 in 2012. The total cost of the awarded salary increases in 2012, including increments, is $178,294. The cost of the increments is $389,012 in 2010, $332,782 in 2011 and $93,478 in 2012. The incremental cost attributable to my award over the full term of the new CNA is $93,478 in 2012 which I reduced from $280,437 by delaying the implementation to December 1, 2012. This is intended to offset the disproportionate increases received by the Sheriff's Officers moving through the steps on the salary guide in 2010 and 2011.

The cost of the award is reduced by the cost containment savings generated by the premium sharing contributions mandated by the enactment of P.L. 2010, c. 2 and P.L. 2011 c.78. This is approximately 0.6% in 2010 and at least 1.5% in 2011. The cost containment savings will be more than 1.5% in 2012. As discussed above, when fully implemented, the majority of the County's Sheriff's Officers will be contributing more than 7% of base salary toward the cost of health insurance premiums. As discussed above, this is equivalent to $6,500 annually under the current SHBP premiums for a family plan for Sheriff's Officers with a base salary at $90,000 and above.

Finally, I awarded a new salary schedule and longevity schedule for new hires to be effective April 1, 2012. The new salary schedule (with three additional steps) will result in future savings to the County of $100,000 in cumulative earnings as each new Sheriff's Officer progresses through the steps of the salary schedule to maximum. While the County will not realize these savings immediately, the new salary schedule will benefit both the PBA and County as more funds will be available to pay senior Sheriff's Officer salaries. The new longevity schedule will provide a significant reduction in costs in the future with no additional longevity costs until 2027.

There is absolutely no evidence in the record to show that the terms of the awarded salary increases or any other aspect of this award will cause the County to approach the limits of its financial authority or to breach the constraints imposed by the three statutory criteria, N.J.S.A 34:12A-16g(1), (5) and (9), in funding the salary increases awarded herein.

Financial Impact on the Governing Unit, its Residents and Taxpayers

The above discussion under the *lawful authority* is applicable to the *financial impact* factor and need not be repeated. For all of the reasons cited above, I conclude that there is no evidence that the terms of my award will require the County to exceed its lawful authority. The CAP law, or lawful spending limitations imposed by P.L. 1976 C.68, is not directly impacted by this proceeding nor is there any evidence that the terms of this award will impact on the County's obligations under the recently amended budget CAP law, N.J.S.A. 40A:4-45.1 et seq.

The total Ocean County budgetary appropriations in 2011 was $269,023,301. The cost impact of the entire annual base salary is approximately 3% of total appropriations. The impact of the awarded salary increases, when measured against the other terms of the award and cost containment from Chapter 2 and Chapter 78, clearly shows that the financial impact is minimal. The terms of the award will not impact on the ability of the County to maintain existing local programs and services, expand existing programs and services or to initiate any new programs and services.

I am aware that the County has seen a serious reduction in its surplus balance which has dropped from a high of $54,995,022 to $33,931,146 in 2011. (C-119). However, the $33 Million surplus will not be impacted by the cost of the awarded salary increases of $65,859 in 2010, $84,816 in 2011 and $178,294 in 2012.

Based on the evidence in the record, I conclude that the financial impact of the award will not adversely affect the governing unit, its residents and its taxpayers.

Cost of Living

Arbitrators must consider changes in the cost of living. The CPI has declined dramatically in recent years and there has not been an equivalent decline in the average salary increases. The CPI was 1.6% in 2008 and 2.3% in 2009 and the average increase in PERC reported voluntary settlements and awards in 2008 and 2009 ranged from 3.6% to 3.92%. Obviously, the salary increases lagged behind the changes in the CPI. This commonly occurs since comparability data is derived from multiple year contracts whereas the CPI is measured on a monthly and annual basis.

The most recent cost of living data shows that the Consumer Price Index ("CPI"), as published by the U.S. Department of Labor, Bureau of Labor Statistics ("BLS"), for New York-Northern New Jersey increased by 1.4% in 2010 and by 2.7% in 2011. Thus, the average increase in the CPI during the last four years is 2.0%. This dramatic decline in the CPI must be given considerable weight. I note that this decline in the CPI is mirrored by a significant decline in the most recent PERC salary data. The average increase in awards posted on the PERC webpage in 2011 is 2% in 2010, 1.8% in 2011 and 2% in 2012. This is significantly below the average of the PERC reported settlements and awards in recent years. This decline in salary increases in 2010 and 2011 is a recognition of not only the decline in the CPI but it is also a recognition of the decline in the ability of a public employer to fund salary increases at prior levels.

I conclude that the awarded base salary increases are similar to the average increase in the cost of living. I have given this sub-factor considerable weight and find that in a period of sustained low inflation, the sharp reduction in the CPI must trump comparability data that lags behind the current economic and budgetary data and legislative mandates.

Continuity and Stability of Employment

The terms of my Award will maintain the continuity and stability of employment for the Sheriff's Officers. The salary award in this matter will not jeopardize employment levels or other governmental services. The salary award will maintain a competitive salary and permit the County to continue to recruit and retain qualified Sheriff's Officers.

This factor was given considerable weight in the awarding of a new salary schedule for new hires. The cumulative salary savings to the County also benefits the bargaining unit as a whole. The modifications to the salary schedule will give the County considerable future savings which will offset the cost of senior Sheriff's Officer salaries thus maintaining a competitive salary and the continuity and stability of employment that is essential to a productive and effective department. These changes will not impact on the County's ability to recruit and retain Sheriff's Officers' since the maximum salaries will remain the same on both salary schedules thus maintaining the career ladder for Sheriff's Officers.

I conclude that the terms of this award will maintain the continuity and stability of employment and satisfy the requirements of this factor.

Overall Compensation

A review of this factor requires consideration of 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." I have considered the overall compensation received by the County's Sheriff's Officers and find that the terms of my Award will maintain existing levels for all current employees and provide competitive benefit levels for all future Investigators.

Other Issues

I shall now address the other issues. A governing principle that is traditionally applied in the consideration of wages, hours and conditions of employment is that a party seeking a change in an existing term or condition of employment bears the burden of demonstrating a need for such change. I shall apply that principle in my analysis of each issue in dispute. Thus, any decision to award or deny any individual issue must be balanced with consideration of the reasonableness of each issue in relation to the reasonableness of the terms of the entire award.

Holidays

The County proposes that Article 7, paragraph one, shall be deleted and replaced with the following:

> Each full-time employee covered by this Agreement shall receive the State employees' holiday schedule with pay.

The County relies on the agreements reached in C-125. The PBA is opposed to the County's proposal. A review of the four recent agreements shows that the implementation of the "State Government" holiday schedule is predicated on the requirement that "all existing Collective Bargaining Units agree to the inclusion in their Collective Bargaining Agreements." Thus, the County's reliance on the "agreement" by other bargaining units is flawed. A review of the County CNAs in C-125 shows that all bargaining units currently enjoy 14 holidays. The County has offered no justification to tie the current holiday schedule to the State schedule.

Accordingly, I find that the evidentiary record does not support the County's holiday proposal. The County's proposal is denied.

College Credit

The County seeks to eliminate Article 16 from the CNA. Article 16 is an "educational incentive" clause that pays $500 annually to employees with an Associate of Arts degree; $800 annually to employees with a Bachelor's Degree; and $1,000 to employees with an M.A. or M.S. degree. The County seeks to eliminate the annual $32,200 cost of the college credit payments. The PBA is opposed to the County's proposal. The PBA submits that no evidence was introduced to support the County's proposal. The PBA contends that college education is a benefit to the public and a common benefit provided in public safety contracts.

A review of C-122 shows that six other CNAs covering Prosecutors Investigators, Sheriff's Supervisors, Correction Officers, Correction Superiors, Prosecutor's Sergeants, and Prosecutor's SOA have the same $500, $800 and $1,000 college credit payment. This is a benefit that is enjoyed by all of the County's public safety bargaining units. The County's financial argument is not persuasive since the $32,200 annual cost is less than 1/100th of 1% of the County's annual budget of $352 million.

Accordingly, I find that the evidentiary record does not support the County's college credit proposal. The County's proposal is denied.

Health Benefits

The County proposes that Article 13, Health Benefits be changed to "Hospital Surgical, Major Medical, Prescription and Retirement Benefits." The County also seeks to delete paragraphs A through E to be replaced with the following:

> A. All full-time employees shall be permitted to enroll in health benefits two (2) months from their date of hire. The County of Ocean currently provides medical coverage to the County employees through the New Jersey State Health Benefits

Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits, including employee premium sharing.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent to the plan in effect at the time of the change. The parties recognize that if the County leaves the State Health Benefits Plan the HMO plans offered by the new plan provider may be different.

C. All current and future employees who retire on or after April 1, 2010 in order to be eligible for health benefits upon retirement, must have served a minimum of fifteen (15) years with the County and have twenty-five (25) years or more of service credit in a State or locally administered retirement system at the time of retirement.

Effective April 1, 2010, the following changes will affect all new hires:

Employees will be offered the NJ Direct 15 plan, or its replacement. New Hires may elect a higher level of coverage at their expense. Continuation of spousal coverage after the death of the retiree will no longer be offered at the County's expense. The County will no longer reimburse retiree Medicare Part B premiums.

D. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

E. When an employee is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

Delete Section 5 and replace with the following:

Employees after the first month following their full months of employment shall be eligible for the same prescription benefits as are provided to County employees in general.

The County relies on the testimony of Keith Goetting, the County's Director of Employee Relations and its Chief Negotiator in contract negotiations. Goetting testified that 14 of the 21 CNAs have language on health benefits that is similar to what is proposed in the County's final offer. The primary changes in the health benefits provision is a requirement of 15 years of service with the County, along with the 25 years in the pension system to qualify for retiree health benefits; limiting new hires to the NJDirect 15 Plan, with the option for the employee to pay for other plans; and a provision that new hires would not be reimbursed for Medicare Part B coverage at retirement and would not be eligible for spousal coverage when the employee passes away after retirement.

Goetting testified that all non-aligned employees have also had these changes in health coverage imposed. Goetting testified that the proposed changes to health benefits contained in the County's final offer are included in 14 of the 21 CNAs. Thus, more than 1,300 of the County's 1692 employees now have the changes in health benefits proposed by the County in its final offer in this matter. (Tr. at 529-530).

The County argues that pattern of settlement is entitled to great weight by the Arbitrator. Interest arbitration awards and PERC decisions are replete with references to "pattern" bargaining and maintaining uniformity of benefits. The County notes that when an employer has demonstrated a clear pattern of settlement with respect to changes in benefits, the Arbitrator should give significant weight to such pattern. The County cites many CNAs showing "nearly identical changes to health benefits as those sought by the County in its final offer in this proceeding were agreed to by the bargaining units." The County submits that these agreements show a clear pattern of settlement has been established with respect to the County's proposed health benefits changes.

A review of the County CNAs in the record shows that the County's health benefits proposal is similar, but not identical, to the language in the CNAs with other bargaining units. (C-125). The County's argument regarding pattern of settlement and uniformity of benefits means that any changes, if awarded, must be identical to the current language in the negotiated CNAs, not the similar, but not identical language, in its last offer.

The health benefits language in the CNAs in C-125 is as follows:

<u>HOSPITAL SURGICAL, MAJOR MEDICAL, PRESCRIPTION AND RETIREMENT BENEFITS</u>

All full-time employees shall be permitted to enroll in health benefits two (2) months from their date of hire.

A. The County of Ocean currently provides medical coverage to the County employees through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent or better. Provided, however, that the parties expressly recognize that the components of HMO plans are changed periodically by the plan providers and that the County has no control over or any obligations regarding such changes.

C. All employees current and future who retire on or after April 1, 2010 (this date varies in each CNA) in order to be eligible for the lifetime health benefits upon retirement, must have served a minimum of fifteen (15) of the required twenty-five (25) years with the County. This applies to all types of retirements, including disability.

Effective April 1, 2010, the following changes will affect all new hires:

Employees will be offered the NJ Direct 15 plan, or its replacement. New Hires may elect a higher level of coverage at their expense.

Continuation of spousal coverage after the death of the retiree will no longer be offered at the County's expense.

The County will not longer reimburse retiree Medicare Part B premiums.

D. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

E. When a member of this bargaining unit is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

The Sheriff's Officers' CNA provides as follows:

ARTICLE 9

HOSPITAL, SURGICAL, PRESCRIPTION AND MAJOR MEDICAL BENEFITS

A. Effective April 1, 1994, the Employer shall provide medical coverage to the employees covered by this Agreement through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. Qualified retirees shall be provided fully paid health insurance benefits pursuant to the provisions of Chapter 88, P.L. 1974 as the same may be amended from time to time. Health and Prescription Insurance coverage shall become effective after completing sixty (60) days of service with the County.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent or better. Provided, however, that the parties expressly recognize that the components of HMO plans are changed periodically by the plan providers and that the County has no control over or any obligations regarding such change.

C. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

D. When a member of this bargaining unit is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

E. In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

The Health Benefits language in paragraphs B, C, D and E in Article 9 of the Sheriff's Officers' CNA is identical to the language in paragraphs B, D, E and the four-month limitation in the last paragraph of the County CNAs. Paragraph A is not identical. The first and last sentence of paragraph A are the same as the language in the County CNAs. The following sentence in paragraph A of the Sheriff's Officers' CNA is not included in Paragraph A of the County CNAs: "Qualified retirees shall be provided fully paid health insurance benefits pursuant to the provisions of Chapter 88, P.L. 1974 as the same may be amended from time to time."

I am persuaded that the County has established a pattern wherein the majority of its bargaining units and the majority of its employees have agreed to changes in health benefits. These changes are similar to changes negotiated in other counties and other municipalities. The only bargaining units that have not agreed to the changes are the five public safety units in the Sheriff's Department, the Department of Corrections and the Prosecutor's Office. I reviewed the current language in the five other public safety units. The current language in the Prosecutor's Sergeants contract and Prosecutor's SOA contract (Lieutenants & Captains) provides the following identical language:

A. The County of Ocean shall provide medical coverage to the County employees through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits including reestablishing the benchmark threshold. Qualified retirees shall be provided health insurance benefits in a manner consistent with to those afforded to active employees, pursuant to the provisions of Chapter 88, P.L. 1974 as the same may be amended from time to time.

The above language in the two Prosecutor's Office superior officer CNAs is consistent with the language in the County's civilian bargaining units which recognizes that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits.

Finally, on March 26, 2012, I issued an interest arbitration award in County of Ocean and Ocean County Prosecutor's Detectives and Investigators Association, PBA Local 171, PERC Docket No.2011-006, in favor of the County's health care proposal for essentially the same reasons cited above.

I conclude that the County has established a pattern requiring all current and future employees to serve a minimum of fifteen (15) of the required twenty-five (25) years with the County to be eligible for lifetime health benefits. I shall make this change effective January 1, 2013 to give current employees proper notice of the change.

Finally, I conclude that the County has established a pattern regarding the changes for new hires: enrollment in NJ Direct 15; the discontinuation of spousal coverage after the death of a retiree; and the termination of reimbursement of retiree Medicare Part B premiums. This shall be applicable to all employees hired on or after June 1, 2012.

Accordingly, Article 9 shall be modified as follows:

ARTICLE 9

HOSPITAL, SURGICAL, MAJOR MEDICAL, PRESCRIPTION AND RETIREMENT BENEFITS

All full-time employees covered by this bargaining unit shall be permitted to enroll in health benefits two (2) months from their date of hire.

A. The County of Ocean currently provides medical coverage to the County employees through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent or better. Provided, however, that the parties expressly recognize that the components of HMO plans are changed periodically by the plan providers and that the County has no control over or any obligations regarding such changes.

C. All employees, current and future, who retire on or after January 1, 2013, in order to be eligible for the lifetime health benefits upon retirement, must have served a minimum of fifteen (15) of the required twenty-five (25) years with the County. This applies to all types of retirements, including disability.

D. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

E. When a member of this bargaining unit is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

F. In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

G Effective June 1, 2012, the following changes will affect all new hires:

1. Employees will be offered the NJ Direct 15 plan, or its replacement. New Hires may elect a higher level of coverage at their expense.

2. Continuation of spousal coverage after the death of the retiree will no longer be offered at the County's expense.

3. The County will not longer reimburse retiree Medicare Part B premiums.

<u>Attendance at Association Meetings</u>

The PBA seeks to amend Article 15 to give PBA representatives time off to investigate grievances. The PBA also seeks to increase leave time to conduct union business from five to 10 days and to convert the two days of monthly leave to attend state, county and local Association meetings to 24 days annually. The County is opposed to the PBA proposal.

The PBA contends that five days is simply not enough to meet with members; investigate the basis for possible grievances and otherwise administer the terms of the CBA. The PBA President's argument that, because of increased labor tension, the PBA has filed more grievances and unfair practice charges in the last 2-3 years is insufficient justification to grant additional time off to conduct union business.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

<u>Extradition and Transport</u>

The PBA submits that the 2006-2010 CBA is silent as to the parties' past practice and custom relative to extradition and transport by members of the PBA. The PBA contends that the practice is outlined in a *Settlement Agreement* executed by the PBA and the County in October of 2006 setting forth eight separate points with respect to officers' rights during extraditions and transports – covering such topics as length of trip; hotel room accommodations; etc. (Exhibit V).

A review of paragraph two in the *Settlement Agreement* shows that the "County has no obligation regarding the other terms and conditions of the Settlement Agreement unless and until such time as the County decides to cease subcontracting of extradition services;" Further, Vasquez testified that "maybe there was one" extradition per year. (Tr. at 102). There is no basis to find, on this record, that the parties' have an established past practice which should be codified in the CNA.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

Tours of Duty/Shift Change

The PBA proposes the addition of the following new language to the CNA to memorialize what it describes as the parties' current practice regarding tours of duty:

A. The normal work week shall consist of five (5) consecutive work days on duty followed by two (2) consecutive days off.

B. A normal work day shall consist of eight (8) consecutive hours.

C. Work shifts shall not be unilaterally changed by the Sheriff or his designee without reasonable notice to the affected employees. Obviously, this section shall not apply to overtime and shall not be utilized by the Department as a means to avoid overtime.

According to the PBA, the parties' current work schedule consists of a 5x2 work schedule under which a Sheriff's Officer works five consecutive 8-hour tours followed by two consecutive days off and then the cycle repeats itself. The CNA does not set forth or otherwise codify the work schedule. The PBA's proposal seeks to incorporate the current work schedule into the CNA.

The PBA proposes the addition of the following new language to the CNA to memorialize what it describes as the parties' current practice regarding shift changes:

> Ten (10) days notice shall be provided for changes in regularly scheduled shift assignments except in emergent circumstances. The purpose of the aforesaid ten (10) day period is to provide the affected officer(s) with ample opportunity to make the appropriate adjustments in his/her personal affairs. The ten (10) day period shall begin to toll when the officer is advised of said schedule change. In the event that these changes occur without the appropriate notice, the affected officer shall be paid at the rate of time and one-half (1 ½) hours. Each change shall be individually noticed.

The County cites the testimony of Chief Sheriff's Officer, Michael Osborn, who stated that specific language on shifts would reduce the Department's flexibility in scheduling to meet its operational needs. Further, Osborn testified that language prohibiting the changing of an Officer's shift without incurring overtime could cost the Department more than $250,000 due to firearms training in the Spring and Fall. Since all of the firearms training is done either from 8:00 a.m. to 4:00 or 2:00 p.m. to 10:00 p.m., Officers who work other shifts will have their shifts changed to accommodate the firearms training. In addition, the PBA's proposed language may force the Department to pay overtime to Officers to participate in mandatory training. (Tr. at 465-468).

I would usually give strong consideration to the inclusion of the parties' agreed-upon practices in the CNA. The codification of these practices in the CNA makes it clear to both parties what the terms and conditions of employment are that are applicable to unit members. However, there is no agreement in this record as to what constitutes the current practices regarding "Tours of Duty" and "Notification of Shift Change" and more importantly, what impact such inclusion of these claimed practices would have on overtime, operational flexibility, etc. Further, the new CNA will expire in ten months giving the parties an opportunity to reach agreement on what is the actual practice and what impact the inclusion of such practices may have on overtime, operational flexibility, etc.

Accordingly, I find that the evidentiary record does not support the PBA's proposals and they shall be denied.

Uniform Maintenance Allowance

The PBA seeks to modify the provisions of Article 6 to require the Sheriff to provide and replace bulletproof vests in accordance with the manufacturer's recommendations. Moreover, the PBA proposes that any replacement vest shall be of "at least the same quality as the initial vest issued to the officer." The PBA also seeks to require the County to provide a newly-hired officer with a bulletproof vest immediately upon graduation from the Police Academy. The PBA notes that new Sheriff's Officers are typically assigned to court security. The PBA contends that the placing of these officers in a highly visible and public post without a bulletproof vest – which is part of the standard Ocean County Sheriff's uniform – is unwise and unsafe. The PBA contends that Sheriff's Officers are required to wear the vest at all times while in uniform. (PBA Exhibit Y-2c).

Osborn testified that all new hires receive a bulletproof vest. Osborn testified that since Officers may drop out of the Academy, vests are not ordered until an Officer completes the Academy. It may take a few months to receive the vest. Osborn testified that vests are available to new officers from other officers until the new vests arrive. (Tr. at 469-471).

A review of the Sheriff's General Order on Body Armor issued on January 26, 2011 confirms in paragraph C that "all full-time regular sheriff's officers should wear body armor at all times while in uniform." Paragraph E states that this is an option for "uniformed personnel assigned to administrative duties . . . in headquarters." Paragraph F states that "detectives and plain-clothed personnel are not required to wear body armor while on duty." Paragraph A states that "all sworn full-time regular sheriff's officers will have body armor made available to them as a piece of equipment while they are employed by the sheriff's department." This is clearly a safety issue which is included in the "Policy" section of the General Order which states that "it is the policy of this department to maximize officer safety" by "making available . . . body armor" and to "require wearing of body armor while engaged in field activities." (PBA Exhibit Y-2c).

The PBA's proposal would require the County to provide a newly-hired officer with a bulletproof vest immediately upon graduation from the Police Academy. The County's argument that it does not order vests until graduation is reasonable given that not all candidates graduate from the Academy and bulletproof vests are expensive. In addition, a new Sheriff's Officer must be fitted before the bulletproof vest is ordered from the vendor. This is inconsistent with the PBA's proposal that such vests be provided immediately upon graduation from the Academy.

Finally, it is clear that the Department's General Order states that "all full-time regular sheriff's officers should wear body armor at all times while in uniform." The Department is obligated to provide such body armor which the Chief testified is done until such time as the new Sheriff's Officers's vest is delivered by the vendor. There is no documentary evidence (grievances, letters, etc.) to confirm that the County is not complying with the requirements of the General Order regarding body armor.

Accordingly, I find that the evidentiary record does not support the PBA's proposal regarding bulletproof vests and it is denied.

In addition, the PBA proposes that the Department be required to repair or replace an officer's uniform, equipment and personal property which may be damaged or destroyed while on duty unless the damage resulted from the officer's own gross negligence. The PBA notes that Sheriff's Officers do not receive a uniform maintenance allowance nor do they receive any compensation for replacement of damaged uniforms, equipment, etc.

The PBA's argument regarding lack of a clothing maintenance allowance is misleading. The PBA is correct that the current CNA includes no clothing maintenance allowance. However, in an award issued in this bargaining unit in 2004, Ocean County Sheriff and PBA Local 379, PERC Docket No. IA-2003-206, I awarded the following:

Uniform Allowance:

> I shall award a $25 increase in the uniform allowance and a $25 increase in the uniform maintenance allowance to be effective April 1, 2002. The new uniform allowance and uniform maintenance allowance shall be $575 per annum for a total of $1,150 annually. The $1,150 total annual uniform allowance and uniform maintenance allowance shall cease upon the $1,200 addition to base salary on April 1, 2003.

The uniform and uniform maintenance allowance was "rolled" into base salary on April 1, 2003. This means that the $1,200 is now compounded by the annual salary increases received since 2003. Again, there is no documentary evidence (grievances, letters, etc.) to demonstrate a need for the PBA's proposal.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

Overtime Compensation

The PBA's proposal seeks to give unit members the option to elect to be compensated for overtime in the form of cash or compensatory time. The PBA submits that the compensatory time option would benefit both the membership and the County since overtime costs would likely be reduced, perhaps significantly.

The County is opposed to the granting of compensatory time. Osborn testified that the Department does not allow for compensatory time for overtime. He is concerned about the impact compensatory time could have when the Department is short-staffed and there are posts that are mandatory and must be covered. (Tr. at 472). Goetting testified that Corrections Officers and most other County employees do not have compensatory time provisions. (Tr. at 536).

The PBA's proposal not only seeks the establishment of a compensatory time program but it also seeks to give the employee the option of electing compensatory time or overtime. While the PBA is correct that the election of compensatory time would reduce overtime costs, such savings are illusory at best as compensatory time is banked at time and one-half and must be paid out at some later date. The PBA has not offered any evidence of any other bargaining units in the County with compensatory time provisions. Vasquez testified that she was not aware of any other County employee organizations or nonexempt employees that have compensatory time as an alternative to overtime. (Tr. at 114).

Accordingly, I find that the evidentiary record does not support the PBA's compensatory time proposal and it is denied.

Additionally, the PBA seeks to delete the second paragraph of Section A in Article 7 which provides that:

> "Effective with the execution of the contract, sick time will not be utilized in the calculation of the forty (40) hour work week for overtime after the member has used more than ten (10) unexcused absences in a calendar year. After December 31, 2006, the calendar year shall run from January 1 to December 31."

The PBA contends that this proposal must be granted in order to achieve parity with Correction Officers. The PBA's argument that its proposal must be granted to achieve parity with the Corrections Officers's negotiations unit is unpersuasive and insufficient. The provision is intended to control the abuse of sick leave. The PBA has not offered any rationale as to why this provision should be deleted from the CNA.

Accordingly, I find that the evidentiary record does not support the PBA's proposal to delete the second paragraph of Section A in Article 7, and it is denied.

The PBA proposes the modification of Article 7, Paragraph B as follows:

> The Sheriff or his/her designee, at his/her discretion, may require a doctor's certificate for any sick day taken by an Officer during a ***twenty-four (24) hour*** period within which the Officer has worked overtime and the sick day was actually used as a compensable day for the purpose of computation of overtime.

The PBA contends that its proposed modification (the addition of the highlighted language above) must be awarded to provide greater clarity. The PBA contends that its proposed modification defining a "period" in which a sick day is limited to a twenty-four period is more reasonable than the County's interpretation. As stated above, this provision is intended to control the abuse of sick leave. The PBA has not offered any rationale as to why this provision should be modified.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

Finally, the PBA proposes the following revision of Paragraph D:

> The Sheriff or his/her designee shall endeavor to equally distribute overtime among all bargaining unit members. Division specific overtime will be equally distributed among all members of that Division. All non-unit specific overtime shall be distributed through a single Department wide overtime list. The list shall be in order of seniority and Officers shall have the option of adding their names to said list.

The PBA contends that the proposed revisions more accurately reflect the parties' current practice and custom relative to the allocation of overtime opportunities. Osborn testified that the language in Article VII, Paragraph D that the PBA seeks to change is actually language that the PBA had originally requested to be put in the parties' agreement. The Chief seeks to maintain the current language, which is more specific and which better serves to equalize overtime among the divisions. (Tr. at 475-476).

As stated above, I would usually give strong consideration to the inclusion of the parties' agreed-upon practices in the CNA. However, there is no agreement in this record as to what constitutes the current practices regarding distribution of overtime. Further, the new CNA will expire in ten months giving the parties an opportunity to reach agreement on what is the actual practice and the inclusion of such practices in the successor CNA.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

<u>Sick Leave Incentive</u>

The PBA is seeking to incorporate the County's "Employee Sick Leave Liability Reduction Program" in the new CBA. Osborn testified that the sick leave incentive program referenced by the PBA in its final offer no longer exists in the County.

The PBA has offered no rationale as to why this proposal should be granted other that it thinks it exists for other County employees.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

Special Duty Assignments

The PBA proposes that Sheriff's Officers be permitted to participate in special duty assignments which is essentially working "off-duty" for a private vendor doing traffic control, security, etc. The PBA is seeking a $65 hourly rate upon which the County can add an administrative fee. The PBA contends that this is at no cost to the County since it can charge the appropriate administrative fee to cover its costs. The PBA notes that historically, Sheriff's Officers have been prohibited by the County from performing these type of "special duty assignments."

Goetting testified that the County does not have any procedures in place to accommodate such assignments. The County does not have in place any mechanism for collection of payments for such assignments nor does it have a payroll system to handle payment to the Officers. (Tr. at 537-538).

This matter is governed by the Attorney General's Guidelines and requires that the public employer (municipality or County) must administer such assignments. Public safety officers are not permitted to seek such off-duty assignments without the imprimatur of the public employer. This is for obvious reasons.

I would be inclined to direct the parties to negotiate such a procedure if the record included some evidence as to which other counties provide administrative procedures for the assignment of such off-duty work. However, the record includes no such evidence. Also, I am not convinced that this is a matter that is within the required scope of negotiations since it concerns employment with employers other than the County. In any event, I am satisfied that the PBA has provided insufficient justifications for its proposal.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

Seniority

The PBA seeks the following revision of Article 26, Paragraph E in order to reflect the parties' current practice:

> Officers shall have the right to bid for their preferred shifts and days off on an annual basis. Bidding for shifts will be conducted on a yearly basis and run from October 1st through September 30th. The shift bidding process will be based on seniority. The Sheriff shall retain the sole authority for the assignment of Officers to sections, divisions or units within the Department.

Paragraph E reads as follows:

> Officers shall have the right to bid for their preferred shifts and days off when transferred into the division. The Sheriff shall retain the sole authority for the assignment of Officers to sections, divisions or units within the Department.

The PBA concedes that the current language of Paragraph E permits officers to bid for their preferred shifts/days off when transferred into the Division but Paragraph E does not entirely reflect the parties' current practice as shift bidding is not limited to only when an officer is "transferred into the division." The PBA submits that officers bid for shifts/days off on an annual basis (from October 1 to September 30 of the following year) on a seniority basis. Therefore, the PBA contends that it is proposing to revise Paragraph E to reflect the actual practice and custom of the parties.

I have no reason to question the PBA's assertion that its proposal simply is a codification of the current practice regarding shift bidding. However, there is no agreement in this record as to what constitutes the current practices regarding shift bidding. Further, the new CNA will expire in ten months giving the parties an opportunity to reach agreement on what is the actual practice and the inclusion of such practices in the successor CNA.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

On-Call Pay

The PBA is seeking to increase the on-call pay from \$225 to \$275 as well as the canine on-call pay from \$275 to \$325 given the rising cost of living. Article 29 provides the following relevant language regarding on-call compensation and K-9 Unit assignments:

> A. Sheriff's Officers, when assigned by the Sheriff to an on call duty status shall be compensated in the amount of Two Hundred and Twenty-Five Dollars (\$225.00) per week for each week so assigned.
>
> C. Sheriff's Officers, when assigned by the Sheriff to the K-9 Unit shall receive Two Hundred and Seventy-Five Dollars (\$275.00) per month as on call pay.

The record does not indicate the number of Sheriff's Officers that are assigned by the Sheriff to either on-call duty or to the K-9 Unit. Also, there is nothing in the record to indicate when the rate was established or increased.

Accordingly, I shall increase the rate for Sheriff's Officers assigned by the Sheriff to on-call duty to \$240 per week and the rate for Sheriff's Officers assigned by the Sheriff to the K-9 Unit to \$290 per month. This is consistent with the terms of my award of 2% annual salary increases to Sheriff's Officers on Step 8 of the salary guide. This increase shall be effective April 1, 2012.

Use of Facilities

The PBA seeks the following new provision in the CNA to provide assistance to facilitate PBA business:

1. The employer shall provide a room, reasonable in size, in order to accommodate a desk and file cabinet(s) for the purpose of storing PBA items and materials at no cost to the employer.

2. The PBA President, Vice President, Secretary and Treasurer shall maintain the room.

3. The employer shall permit the use of the Department's Xerox and facsimile machines.

The PBA proposes to require the County to provide it with a room in which to store union documents. The PBA's proposal stipulates that the union will be responsible for maintaining the room. The PBA is also seeking the use of County fax and xerox machines in order to conduct union business.

Osborn testified that the Sheriff's Department has no available office space it could provide to the PBA. (Tr. at 476-477).

The PBA has offered no justification for its proposal that the County provide it with a room to store documents and provide use of County fax and xerox machines in order to conduct union business.

Accordingly, I find that the evidentiary record does not support the PBA's proposal and it is denied.

Summary

I have carefully considered the evidence as well as the arguments of the parties. I have examined the evidence in light of the statutory criteria. Each criterion has been considered, although the weight given to each factor varies. I have discussed the weight I have given to each factor. I have determined the total net economic annual changes for each year and concluded that the changes are reasonable under the statutory criteria.

In summary, I found that the comparability data garnered from settlements reached in prior years is not entitled to significant weight in a period of diminishing financial resources, decreased cost-of-living and declining salary increases. Comparability data from prior years cannot be given as much weight as more current salary, cost-of-living and budget data. I have awarded salary increases that recognize the significant decline in the cost-of-living and the substantial decline in average salary increases in 2010 and 2011. I have acknowledged the County's (and other public employers) reduced ability to fund salary increases at prior levels. I found that the County established a pattern requiring all current and future employees to serve a minimum of 15 of the required 25 years with the County to be eligible for lifetime health benefits. I also found that the County established a pattern regarding the changes for new hires: enrollment in NJ Direct 15; the discontinuation of spousal coverage after the death of a retiree; and the termination of reimbursement of retiree Medicare Part B premiums.

Accordingly, I hereby issue the following award:

AWARD

1. I shall award a three-year agreement. The duration of the new three-year agreement shall be April 1, 2010 to March 31, 2013.

2. I shall award the following changes to the salary and longevity schedules:

   (a) Effective April 1, 2010, Step 8 on Appendix A, the Salary Guide, shall be increased by 2.0%. The $1,500 Senior Officer differential shall be continued. All other steps shall be frozen.

   (b) Effective April 1, 2011, Step 8 on Appendix A, the Salary Guide, shall be increased by 2.0%. The $1,500 Senior Officer differential shall be continued. All other steps shall be frozen.

   (c) Effective April 1, 2012, Step 8 on Appendix A, the Salary Guide, shall be increased by 2.0%. The $1,500 Senior Officer differential shall be continued. All other steps shall be frozen. Article 4 shall be modified to make the "automatic incremental" salary increases effective December 1, 2012.

   (d) Article 4, Salaries, shall be modified as follows:

   The provisions of Article 4 shall be applicable to annual step guide movement in 2010-2011 and 2011-2012. The 2012-13 incremental increases shall be effective on December 1, 2012. The application of Article 4 shall be suspended effective January 1, 2013. This suspension shall be effective until the parties reach a voluntary agreement for a successor CNA or by the terms of an interest arbitration award.

   (e) Effective April 1, 2012, all new hires will be hired pursuant to a new Salary Guide (Appendix A-1) which will include three additional steps. The twelve-month "Probation" step shall be eliminated and replaced by Step 1 which shall be a full, twelve-month step. Thus, the new Salary Guide shall have twelve steps to maximum. The new Step 1 shall be $38,000. All other steps shall be equalized between Step 1 and Step 12, the maximum step of $91,961. The Senior Officer differential shall be eliminated for new hires.

   (f) All salary increases are fully retroactive to the above effective dates.

   (g) Effective April 1, 2012, the longevity schedule for new hires shall be as follows:

Completion of 15 years	2% of base rate
Completion of 20 years	4% of base rate
Completion of 25 years	6% of base rate

3. Effective April 1, 2012, the On-Call pay shall be increased to $240 per week and the On-Call pay for K-9 assignment shall be increased to $290 per month.

4. The language of Article 9, Hospital, Surgical, Prescription and Major Medical Benefits, shall be replaced by the following:

ARTICLE 9
HOSPITAL, SURGICAL, MAJOR MEDICAL, PRESCRIPTION AND RETIREMENT BENEFITS

All full-time employees covered by this bargaining unit shall be permitted to enroll in health benefits two (2) months from their date of hire.

A. The County of Ocean currently provides medical coverage to the County employees through the New Jersey State Health Benefits Program as supplemented by NJ Local Prescription Drug Program and Chapter 88 P.L. 1974, as amended by Chapter 436 P.L. 1981. The parties recognize that the State Health Benefits Program is subject to changes enacted by the State of New Jersey that may either increase or decrease benefits.

B. The County shall not change the health insurance coverage referred to in paragraph A except for a Plan that is equivalent or better. Provided, however, that the parties expressly recognize that the components of HMO plans are changed periodically by the plan providers and that the County has no control over or any obligations regarding such changes.

C. All employees, current and future, who retire on or after January 1, 2013, in order to be eligible for the lifetime health benefits upon retirement, must have served a minimum of fifteen (15) of the required twenty-five (25) years with the County. This applies to all types of retirements, including disability.

D. An eligible employee may change his/her coverage only during the announced open enrollment period for each year after having been enrolled in the former plan for a minimum of one (1) full year. Regardless of this election, employees are specifically ineligible for any deductible reimbursement.

E. When a member of this bargaining unit is granted the privilege of a leave of absence without pay for illness, health coverage will continue at County expense for the balance of the calendar month in which the leave commences plus up to three (3) additional calendar months next following the month in which the leave commences. After that time has elapsed, if necessary, coverage for an additional period of eighteen (18) months may be purchased by the employee under the C.O.B.R.A. plan.

APPENDIX A

SALARIES

(Applicable to Sheriff's Officers hired before April 1, 2012)

	04/01/10	04/01/11	04/01/12
PROBATION	$41,839	$41,839	$41,839
STEP 1	$47,028	$47,028	$47,028
STEP 2	$51,981	$51,981	$51,981
STEP 3	$58,229	$58,229	$58,229
STEP 4	$64,638	$64,638	$64,638
STEP 5	$71,044	$71,044	$71,044
STEP 6	$77,371	$77,371	$77,371
STEP 7	$84,582	$84,582	$84,582
STEP 8	$88,390	$90,158	$91,961
Senior Officer	$89,890	$91,658	$93,461

APPENDIX A-1

SALARIES

(Applicable to Sheriff's Officers hired on or after April 1, 2012)

	04/01/12
STEP 1	$38,000
STEP 2	$42,905
STEP 3	$47,810
STEP 4	$52,715
STEP 5	$57,620
STEP 6	$62,525
STEP 7	$67,430
STEP 8	$72,335
STEP 9	$77,240
STEP 10	$82,145
STEP 11	$87,050
STEP 12	$91,961

F. In the case of consecutive leaves of absence without pay, it is understood and agreed that the responsibilities of the County to pay for benefits remains limited to the original period of up to four (4) months.

G Effective June 1, 2012, the following changes will affect all new hires:

1. Employees will be offered the NJ Direct 15 plan, or its replacement. New Hires may elect a higher level of coverage at their expense.

2. Continuation of spousal coverage after the death of the retiree will no longer be offered at the County's expense.

3. The County will not longer reimburse retiree Medicare Part B premiums.

5. All other proposals of the County and the PBA are denied.

Robert M. Glasson

ROBERT M. GLASSON
ARBITRATOR

Dated: May 30, 2012
Pennington, NJ

STATE OF NEW JERSEY) ss.:
COUNTY OF MERCER)

On this 30th day of May 2012, before me personally came and appeared ROBERT M. GLASSON, to me known and known by me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed the same.

Joann Walsh Glasson

JOANN WALSH GLASSON
Notary Public, State of New Jersey
My Commission Expires
December 11, 2016