NEW JERSEY PUBLIC EMPLOYMENT RELATIONS COMMISSION

In the Matter of Interest Arbitration Between:

CITY OF CAMDEN

"Public Employer,"

- and -

CAMDEN ORGANIZATION OF POLICE SUPERIOR OFFICERS, CAMDEN FRATERNAL ORDER OF POLICE LODGE NO. 1, CAMDEN FIRE SUPERIOR OFFICERS IAFF LOCAL NO. 2578 AND CAMDEN FIREFIGHTERS IAFF LOCAL NO. 788,

"Employee Organizations"

Docket Nos. IA-00-93, IA-00-96, IA-00-102, IA-00-105

INTEREST ARBITRATION DECISION AND AWARD

Before
James W. Mastriani
Arbitrator

Appearances:

For the City:
Thomas J. McCormack, Esq.
Wayne J. Positan, Esq.
Ramon E. Rivera, Esq.
Lum, Danzis, Drasco,
Positan & Kleinberg, LLC

For the Unions:
Richard D. Loccke, Esq.
Charles E. Schlager, Jr., Esq.
Loccke & Correia PA

Stephen C. Richman, Esq.
Markowitz & Richman

I was appointed arbitrator by the New Jersey Public Employment Relations Commission on May 21, 2001 in accordance with P.L. 1995, c. 425, in matters involving the City of Camden [the "City"] and four public safety unions: Camden Organization of Police Superior Officers ["Police Superiors"]; Camden Fraternal Order of Police, Lodge 1 ["FOP"]; Camden Fire Officers IAFF Local 2578 ["Fire Officers"]; and Camden Firefighters IAFF Local 788 ["IAFF"] [or the "Unions"]. Several pre-arbitration mediations were held. Because the impasse was not resolved, formal interest arbitration hearings were held on November 19 and 20, 2001, and December 3, 7 and 20, 2001. A final arbitration hearing was scheduled on March 5, 2002 to provide opportunity for Union rebuttal. This hearing was adjourned on March 1, 2002 at the request of the unions thereby concluding the hearing portion of this proceeding. At the hearings, the parties examined and cross-examined witnesses and introduced documentary evidence into the record. Post-hearing briefs were submitted, the last of which was received on August 10, 2002. Testimony was received from Sergeant John Scott Thompson, Camden Police Department and Philadelphia Camden Federal Narcotic Task Force - Lieutenant Louis Hannon, Camden Police Department - Detective Monica A. Davenport, Camden Police Department, Homicide Unit - Sergeant Donald Tuttle, Camden Police Department, Computer Unit - Firefighter Larry Smith - Leon Freeman, Business Administrator and Board Secretary, Camden Board of Education - Vincent J. Foti, Financial Consultant to the Unions - Fire Captain (retired) William DiPompo - Scott Boyer Quehl, Senior Managing

Consultant, Public Financial Management - Eugene J. McCarthy, Jr., Insurance Consultant, Department of Treasury, Division of Local Government Budget Review - Captain Ralph Richard Jones, Acting Assistant Chief Fire Marshall - George DeOld, Municipal Auditor, Department of Community Affairs, Division of Local Government Services - David Miller - Chief Financial Officer, City of Camden (employed by the State of New Jersey), Michael Nadol of Public Financial Management, and Thomas Banker, Financial Consultant to the City.

The petitions were formally consolidated for the purpose of hearing, with all parties recognizing that the goals of economy and efficiency would be met by receiving evidence which was common to each negotiating unit during the course of the hearings without having to independently resubmit documentary or testimonial evidence in duplicate fashion.

During the hearing on November 20, 2001, the Unions' moved to strike the City's proposals as being untimely submitted to PERC. On December 3, 2001, I issued a letter decision denying the Unions' motion to strike any of the City's proposals and also denied the City's application for attorneys' fees incurred in opposing the motion.

The terminal procedure was conventional arbitration because the parties did not mutually agree to an alternative terminal procedure. Under this process the arbitrator has broad authority to fashion the terms of an award based upon

the evidence without being constrained to select any aspect of a final offer submitted by either party.

I have set forth below the last or final offer submitted by each party.

FINAL OFFERS OF THE PARTIES

UNIONS' PROPOSALS (U-1)*

1. Wage Increase - The Unions proposed a four (4) year contract with a 5% across the board increase at each step in each contract year, beginning January 1, 2000.

2. Minor Discipline – The Unions proposed that the grievance definition and procedure be modified to include minor discipline, defined as a penalty of five days suspension, or equivalent fine, or any lesser penalty.

3. Holiday Fold-In -- The Unions propose that all holiday benefits would be folded in and the resultant value would be used for all calculation purposes. Holiday Fold-In would apply only to the Fire Officer's Association, IAFF 2578. The remaining three Unions have not proposed Holiday Fold-In.

*The four Unions submitted a combined proposal

The City of Camden

Collective Proposals for All Unions

A. The City proposes a five (5) year contract which would be in effect from January 1, 2000 through December 31, 2004. The City proposes an across-the-board increase to base salaries as follows:

1/1/00: 0%

1/1/01: 0%
1/1/02: 2.0%
1/1/03: 2.0%
1/1/04: 2.0%

B. Conversion of Hours:

The City proposes the conversion of all time to hours, including, but not limited to vacation, sick and any other leave time in order to correct any inequities in the Department.

C. Article III – Union Representation and Membership:

The City proposes that Article III of the contract be amended as follows:
"A maximum of five (5) authorized representatives of the Union shall, if necessary, be granted administrative leave to attend negotiating sessions with the City for the purpose of reaching a successor collective bargaining agreement."

The City also proposes that Sections 4, 5, and 6 of Article III of the contract be deleted.

D. Article VII – Vacations:

The City proposes that all requests for personal days be submitted to the appropriate supervisor no later than a minimum of 24 hours prior to the employee's scheduled starting time for approval; such approval not to be unreasonably withheld.

The City also proposes to amend Article VII to require all personnel to submit their vacation requests for the upcoming year by January 1 of that year. The City would be obligated to review and pass upon these requests by January 31 of said year. Furthermore, any requests for changes in the vacation schedule must be submitted with a minimum of ten days notice.

E. Article X – Sick Leave:

The City proposes to amend this provision to require employees who are absent for reasons that entitle him/her to sick leave to notify the appropriate command two (2) hours prior to the employee's starting time, except in emergent

situations. The employee must provide a telephone number of the place of confinement for each day he/she remains out sick. Mobile phone numbers and numbers answered by machine or voice mail are not satisfactory.

F. Article XIV – Grievance Procedure:

The City proposes to amend this provision to eliminate the need for a hearing prior to the imposition of minor discipline.

G. Article XV – Funeral Leave:

The City proposes to amend this provision to state that the maximum amount of leave permitted is five calendar days.

H. Article XVI – Educational Programs:

The City proposes to amend this provision to state that an employee's attendance at a bona fide institution of higher education shall be done on his/her time.

Additionally, the City proposes to amend this provision to state that an employee attaining a bachelor's degree in a law enforcement related discipline shall receive a one-time stipend of $400.00. Any new hire possessing a bachelor's degree or higher in a law enforcement related discipline shall receive a one time stipend of $1200.00 upon the completion of his/her working test period.

I. Article XXIV – Call Back:

The City proposes to amend this provision to state that in the event of an emergency those employees summoned for call back duty will be compensated at the regular pay rate, unless they have worked the maximum hours under this agreement or any controlling statute for the applicable pay period.

J. Article XXVI – Wages:

The City proposes to amend this provision to state that an employee must serve a minimum of 30 days in a higher ranking capacity to quality to receive pay commensurate with a position in which he/she acts.

K. Article XXX – Insurance, Health and Welfare

The City proposes to amend Section 14 of this provision – Prescription Plan – to reflect a 3 tier prescription plan requiring employees to pay as follows:
(a) $5.00 co-pay for generic drugs;
(b) $10.00 co-pay for formulary drugs;
(c) $25.00 co-pay for non-formulary drugs.

The City proposes to amend the sections pertaining to Employee Health Benefits to state:
Any employee opting for health benefits under an offered HMO will not be required to contribute to the premiums for same. All new hires opting for traditional plan health benefits will be required to contribute toward the annual premium of same on a sliding scale as follows:
(a) 1st year of employment 20% of that year's premium.
(b) 2nd year of employment 19% of that year's premium.
(c) and so on for a period of 20 years at which point there would no longer be an employee contribution to the health benefits premium.

J. Article XXXIV – Prevailing Rights:

The City proposes to amend this provision to provide that all rights and privileges of management shall remain in full force, unchanged and unaffected in any manner, during the term of the collective bargaining agreement.

K. Article XXXV – Clothing Allowance and Maintenance:

The City proposes to amend this provision to reflect the elimination of an annual clothing allowance and establishment of a quartermaster system providing for routine maintenance and replacement of uniforms as required.

L. Article XXXVII – Longevity:

The City proposes to amend this provision to provide for the elimination for any employee hired after the date of the ratification of the successor contract.

Additionally, the City proposes that longevity be eliminated for all employees with less than 5 years of service. Employees with 5 or more years of service shall for the

balance of their career have their longevity frozen at the present level.

Individual Proposals Distinct to Each Unit

FOP

Starting Salary: Starting salary shall be Twenty-Five Thousand ($25,000.00) Dollars. The employee shall receive said amount through the completion of his/her working test period. Upon completion of the working test period, said employee shall receive the minimum salary set forth in the Collective Bargaining Agreement. The City proposes that the salary guide for the minimum to the maximum range consist of seven (7) steps each step adjustment being done on an annual basis.

Equipment and Vehicle Safety: Section 1. The City proposes the elimination of Section 1 of said Article mandating certain equipment be installed or in place in patrol vehicles.

Section 2. To be further amended to require that the Police Chief or Deputy Chief make the final determination to remove a vehicle from active service.

Work Week: Sections 4 and 5. Tactical Force shall pay incentive. Shift Differential to be eliminated. In return for same, all members of the bargaining unit shall receive an additional salary adjustment to their base pay of one percent (1%) each year for the years 2002, 2003 and 2004.

Police Superiors

Equipment and Vehicle Safety: Section 1. The City proposes the elimination of Section 1 of Article VII mandating that certain

equipment be installed or in place in patrol vehicles.

Work Week: Sections 3 and 4. Tactical Force shall pay incentive. Shift Differential to be eliminated. In return for same, all members of the bargaining unit shall receive an additional salary adjustment to their base pay of one percent (1%) each year for the years 2002, 2003 and 2004.

IAFF Local 788

Starting Salary: Starting salary shall be Twenty-Five Thousand ($25,000.00) Dollars. The employee shall receive said amount through the completion of his/her working test period. Upon completion of the working test period, said employee shall receive the minimum salary set forth in the Collective Bargaining Agreement. The City proposes that the salary guide for the minimum to the maximum range consist of seven (7) steps each step adjustment being done on an annual basis.

Equipment and Vehicle Safety: Section 2. To be amended to require that the Tour Commander make the determination of whether a piece of Fire equipment or a Fire vehicle is safe to operate. The driver of a Fire vehicle will not make determination as to whether a vehicle is safe unless directed to do so by the Tour Commander.

Work Week: Section 2. To be amended to reflect that those officers assigned to Fire suppression shall work on a 24 hour on / 48 hour off work schedule. In return for same, said officers to receive an increase in base salary of ten percent (10%) (said increase does not carry over to any time on the books due these employees at the time of ratification of the within Collective Bargaining Agreement).

Sick Leave: To be further amended to require a cap of Twenty-Five Thousand ($25,000.00) Dollars for

the payment on retirement of sick time. If an employee should retire prior to June 30, 2002, the employee shall be paid the sum due and owing on the books, even in the excess of Twenty-Five Thousand ($25,000.00) Dollars.

Employees shall be permitted to fifteen (15) sick days per calendar year; one (1) day to equal eight (8) hours of duty.

Uniforms: To be amended to provide for a provision of one set of mandatory turnout gear for the ranks from battalion chief on up, in addition to the elimination of one set for administrative employees.

Traveling Expenses: To be amended to eliminate the reimbursement for expenses incurred with respect to meals and travel.

Minimum Manning: Section 1. To be amended to eliminate the mandate of a complement of three (3) men per piece of Firefighting apparatus of all types to be replaced with language that the City will staff vehicles as required by law.

IAFF Local 2578 (Fire Officers)

Equipment and Vehicle Safety: Section 2. To be amended to require that the Tour Commander make the determination of whether a piece of Fire equipment or a Fire vehicle is safe to operate. The driver of a Fire vehicle will not make determination as to whether a vehicle is safe unless directed to do so by the Tour Commander.

Work Week: Section 2. To be amended to reflect that those officers assigned to Fire suppression shall work on a 24 hour on / 48 hour off work schedule. In return for same, said officers to receive an increase in base salary of ten percent (10%) (said increase does not carry over to any time on the books due these employees at the time of ratification of the within Collective Bargaining Agreement).

Sick Leave:	To be further amended to require a cap of Twenty-Five Thousand ($25,000.00) Dollars for the payment on retirement of sick time. If an employee should retire prior to June 30, 2002, the employee shall be paid the sum due and owing on the books, even in the excess of Twenty-Five Thousand ($25,000.00) Dollars. Employees shall be permitted to fifteen (15) sick days per calendar year; one (1) day to equal eight (8) hours of duty.
Uniforms:	To be amended to provide for a provision of one set of mandatory turnout gear for the ranks from battalion chief on up, in addition to the elimination of one set for administrative employees.
Traveling Expenses:	To be amended to eliminate the reimbursement for expenses incurred with respect to meals and travel.

The City and the Unions have offered testimony and considerable documentary evidence in support of their last offers. Each submission was expert and comprehensive in nature. The entire record of the proceeding must be considered in light of the statutory criteria. I am required to make a reasonable determination of the above issues giving due weight to those factors set forth in N.J.S.A. 34:13A-16g(1) through (8) which I find relevant to the resolution of these negotiations. I am also required to indicate which of these factors are deemed relevant along with an analysis of the evidence on each relevant factor, and if one or more factors are deemed irrelevant, I must satisfactorily explain why they are not relevant. These factors, commonly called the statutory criteria, are as follows:

(1) The interests and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by (P.L. 1976, c. 68 (C. 40A:4-45.1 et seq.).

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

> (a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
>
> (b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.
>
> (c) In public employment in the same or similar comparable jurisdictions, as determined in accordance with section 5 of P.L. 1995. c. 425 (C.34:13A-16.2) provided, however, each party shall have the right to submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.

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

(4) Stipulations of the parties.

(5) The lawful authority of the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by the P.L. 1976 c. 68 (C.40A:4-45 et seq).

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

(7) The cost of living.

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

BACKGROUND

The City of Camden is an urban community situated on the east side of the Delaware River. Philadelphia, Pennsylvania is directly across the river on its west side. It has a land area of 8.82 square miles and a population of 79,904.

The Fire Officers Unit consists of 45 Captains, 1 Assistant Fire Marshall, 1 Chief Fire Marshall, 9 Battalion Chiefs, 4 Deputy Chief Tour Commanders, 1 Deputy Chief Administrator. The rank and file IAFF unit consists of 146 firefighters and 4 fire inspectors. The Police Superiors unit consists of 6 Captains, 18 Lieutenants, and 60 Sergeants. The FOP unit consists of 430 rank and file police officers. The existing collective negotiations agreements expired on December 31, 1999.

The record reflects that City and its law enforcement and firefighting personnel operate in an extremely difficult but improving environment. The City depicts a governing body which operates in severe financial distress, in an environment of overwhelmingly low income, high unemployment, low value residential property, high levels of tax-exempt property, and low levels of tax collection. The State of New Jersey actively reviews and audits the City's finances. State aid to the City outpaces the revenue raised by local taxation. The Unions acknowledge Camden's history of blight and economic despair, but contend that recent substantial economic development in the City shows that Camden is close to making an "unprecedented comeback." Law enforcement must operate in a high crime environment with a substantial amount of violent crime such as 24 murders, 68 rapes, 905 aggravated assaults and over 4,000 incidents of burglary, robbery or larceny-thefts in 2000. Firefighting personnel are similarly active having attended to 1,525 structural fires and thousands of false alarms, service and rescue calls as well as fire prevention activities.

Against this general backdrop, the parties have offered substantial evidence and argument in support of their respective positions. I now set forth their positions on the issues in dispute.

POSITION OF THE UNIONS

The Unions assert that the interest and welfare of the public is served by the public safety bargaining units. The Unions note that although the city has a history of poverty and crime, there have recently been signs of a comeback. In particular, the Unions made a presentation highlighting recent redevelopment along Camden's waterfront. The Waterfront contains the New Jersey Aquarium, the River-Link Ferry, the Wiggins Marina, the L-3 Communications Building, the Tweeter Entertainment Center, One Port Center, the Camden Children's Garden, the minor league baseball park at Campbell Field, the Rutgers University at Camden campus, and the Battleship New Jersey. Proposed new projects include a Battleship New Jersey museum, an Aerial Tram, and a light rail station which is presently being built. There are signs of development in downtown Camden also, such as a proposed new office building, Two Port Center, a Blockbuster IMAX theater, the Nipper Building, a proposed Victor building, and a proposed Family Entertainment Center. The Unions point out that the location of the City and its riverfront property are assets which have fueled redevelopment and foresee an "unprecedented comeback."

The recent development projects have brought to Camden a large number of visitors. The Aquarium has an average of 490,000 visitors per year, while 578,045 guests attended concerts at Tweeter Center in 2001, and 280,000 fans watched baseball at Camden Field. A light rail service is planned which will bring in many more thousands annually. The Unions point out that their members ensure that these visitors safely enter and leave Camden to attend these events and that their security is of paramount concern.

The Unions also point out that Camden's continued poverty and high crime rates make great demands on the services of the public safety employees. It notes that on average the police department receives 108,000 calls per year. (U-42). During a typical year, there are 26 murders, 73 rapes, 796 robberies, 967 assaults, 1454 burglaries, 2784 thefts and 1,338 auto thefts. (U-43). Despite these numbers, the rate of serious crime in Camden has been decreasing by about 7.5% per year. Still, Camden faces a level of criminal activity which is much greater than its neighboring municipalities in Camden County. For example, a review of municipal court activity shows the following:

	98-99	99-00	00-01
Filings	90,169	101,579	106,028
Terminations	105,228	108,445	131,757
Active Pending	76,961	67,355	35,213

(U-45 – U-48).

The Unions note that Camden police officers participate in a Special Investigations Unit-HIDTA Task Force, along with Philadelphia Police, Burlington County Prosecutors Office, Egg Harbor Police and the New Jersey State Police. During the past three years, the Task Force has made more than 4200 arrests and confiscated $2,026,455 in narcotics and $670,493 in currency.

The Camden police department is currently comprised of 403 officers, which is down from about 460 in the late 1970s and 1980s. There is one chief of police and one deputy chief. In about 1996, there were 11 captains, whereas now there are 6 captains. The number of lieutenants has been reduced from 22 to 18, while the number of sergeants has increased from 55 to 60. Lt. Hannon testified regarding these numbers and generally explained that the police department has become a much younger department. Previously, there were captains assigned to each of the four districts and a captain who served as a duty officer at all hours. Now, the department relies on a lieutenant as the watch commander or chief officer every day after 4:30 p.m.

The police department has divided the city into four districts. Five platoons cover the four districts, with a lieutenant in charge of each platoon and each district has a sergeant who supervises 6 to 10 police officers. The department provides many services in addition to the basic patrol function. It has special services such as special operations traffic, tactical services, Haz-Mat unit,

mounted police, courts, domestic violence task force, vehicle maintenance, a large community policing force, investigative bureau, juvenile bureau, support services bureau, and a special investigations unit.

The police department has been hiring officers recently, while losing about 15 officers per year. (U-39).

The Unions presented the testimony of Capt. William DiPompo who described the fire department. For 2002, the fire department had 146 firefighters, 4 fire inspectors, 45 captains, 1 assistant fire marshal, 1 chief fire marshal, 9 battalion chiefs, 4 deputy chief tour commanders, 1 deputy chief administrator, and 1 fire chief. (U-171). DiPompo said that since the last contract began, 121 firefighters had left the City's employ as a result of retirement, death or discipline. (U-173).

The Unions refer to a memorandum written by Fire Chief Marini in August 2001, in which he described the very young nature of the force, with the great majority of officers having less than 8 years experience and about 90% of the officers being newly appointed. (U-161). The fire force faces a busy and dangerous job in Camden. The Unions presented a review of the fire calls in 2000, with extrapolated data for 2001 based on the number of calls through the end of September, 2001.

2000	2001	
1338	1525	Fire/Explosion Situations (Structural Fires)
1303	1320	Service Calls (Animal Rescue/Water Evac.)
1673	1773	False Fire Alarms
455	417	Hazardous Conditions (Spills, Haz/Mat, Elec.)
451	363	Rescue Calls (Ambulance Assis/Emerg. Med)

The Fire department does produce revenues for the City through the Fire Marshal's office. In 2000, the department raised $100,891, and in 2001, it is estimated to have raised $149,892.

The Unions discussed the statutory factor concerning a comparison of wages, salaries and conditions of employment. The Unions contend that this factor strongly favors its proposals for a new contract.

The Unions claim that Camden police officers receive compensation below that received by officers in the comparable "Urban 15" group of cities and that Camden officers would have to receive an increase of more than 4.8% per year to simply maintain their position with officers in these comparable cities. The Unions claim that because of the substantial amount of interaction between Camden police and the New Jersey State Police, the State Police are the most comparable. The Unions presented the testimony of Lt. Hannon who described the close, daily interaction that Camden officers have particularly with State Police officers who are now assigned to Camden, along with officers from other

agencies such as the County Prosecutor's office, the DEA, ATF, FBI, and the HIDTA task force. The Unions point out that State Police officers received a base wage of $76,808 in 2000, which was $21,150 more than Camden officers.

The Unions presented evidence concerning contracts for law enforcement agencies at the state and local level, and among the other large cities in New Jersey.

CHART NO. A*
AVERAGE PERCENTAGE INCREASE
BASED ON EXHIBITS U-57 to U-10

	1999	2000	2001	2002	2003	2004
State Troopers 1		4.00%	4.00%	4.00%	4.00%	
State Troopers NCO 1		4.00%	4.00%	4.00%	4.00%	
State Troopers SOA 1		4.00%	4.00%	4.00%	4.00%	
State Law Enforcement Conf	4.00%	4.00%	4.00%	4.00%		
U.M.D.N.J. - F.O.P. Lodge 74	3.50%	4.25%	3.69%	3.71%		
Rutgers Univ. - F.O.P.	3.50%	3.75%	4.00%	4.00%	4.00%	
Average State Contracts	**4.00%**	**4.00%**	**3.95%**	**3.95%**	**4.00%**	
Camden Park Police-FOP #76	4.00%	4.00%	3.90%			
Camden Correction SOA 351A	4.00%	4.00%	3.90%			
Camden Sheriff PBA 277	4.50%	4.50%	4.50%	4.00%		
Camden Prosecutor PBA 316	4.50%	4.50%	4.50%			
Average Camden County Contracts	**4.25%**	**4.25%**	**4.20%**	**4.00%**		
Barrington PBA 328	3.15%	3.25%	3.45%			
Bellmawr PBA 30	3.50%	3.50%				
Berlin Twp POA			3.80%	3.65%	3.53%	
Berlin Boro POA	3.90%	3.90%	3.90%			
Cherry Hill FOP 28	3.50%	3.50%	3.50%			
Clementon POA			3.25%	3.25%	3.50%	
Cheslihurst PBA 362	3.50%	3.50%	3.50%			
Collingswood POA	3.50%	3.75%	3.75%	4.00%		
Gibbsboro FOP #7	5.90%	5.90%	5.90%	5.90%	5.90%	
Gloucester Twp POA		3.50%	3.40%	5.00%		
Gloucester Twp SOA	3.80%	3.50%	3.40%			
Haddon Twp PBA 257			4.00%	4.25%	4.25%	
Haddon Twp SOA 257			5.00%	5.00%	5.00%	
Haddonfield PBA 294		4.00%	4.00%	4.00%	4.00%	
Lawnside PBA 30		5.00%	6.10%	5.40%		
Lindenwald POA	4.25%	4.25%				

Pine Hill POA/SOA	4.00%	4.40%	4.00%	-		
Strafford PBA 30	4.00%	4.00%	4.00%			
Voorhees Twp POA	5.90%	3.90%				
Winslow POA		3.50%	3.50%	3.50%		
Woodlynne FOP 76	3.50%	3.50%	4.00%			
Average Municipal Camden County	**4.03%**	**3.93%**	**4.03%**	**4.40%**	**4.24%**	
*Jersey City POA2	3.90%	3.95%	4.00%			
Paterson PBA 1	3.00%	3.00%	3.50%	3.75%		
Paterson SOA	3.00%	3.00%	3.50%	3.75%		
Irvington PBA 29	3.00%	2.75%	2.75%	3.25%		
Elizabeth PBA 4	3.50%	4.00%	3.75%	4.00%	3.75%	
Pennsauken FOP 3	4.00%	3.75%	3.75%			
Newark FOP 12	3.75%	3.75%	3.50%	3.50%	4.00%	4.00%
Atlantic City PBA 24	3.00%	3.60%	3.50%	3.40%		
Woodbridge PBA 38	4.00%	5.24%	4.00%	4.00%	4.00%	4.00%
Asbury Park PBA 6/SOA	4.00%	4.00%	4.00%	4.50%	4.00%	
Trenton PBA 11	3.36%	3.36%	3.75%	3.75%	3.75%	4.00%
Average Major Cities	**3.52%**	**3.67%**	**3.64%**	**3.77%**	**3.90%**	**4.00%**
Total Average	**3.95%**	**3.96%**	**3.95%**	**4.03%**	**4.05%**	**4.00%**

* *The Jersey City contract includes adjustment for holidays.*

The Unions assert that this information provides clear support for their bargaining proposals, especially given the increases cited for law enforcement personnel employed by Camden County. The Unions further contend that given the close interaction with the State Police, as described above, the State Police salaries should be considered the most comparable unit. State Police officers have received and will receive increases of 4.0% from 2000 through 2003, despite pending financial difficulties facing the State. The Unions argue that given the City's concern about the State's continuing ability to aid Camden, the level of increase that the State is paying its own officers should be given substantial weight.

The Unions also reviewed the comparable position of Camden Firefighters with other similar bargaining units. It argues that the documentation shows that Camden firefighters lag behind other major city fire departments in compensation by about 7.5%. Moreover, Camden Fire Officers are paid well below the average of all fire officer contracts produced at the hearing. The Unions produced a Chart illustrating the comparative positions of various fire units.

	1999	2000	2001	2002	2003	2004
Willingboro IAFF 3091			3.25%	3.75%	4.00%	
Brigantine IAFF 2657	3.50%	3.50%	3.50%	3.75%		
Trenton Fire Officers		3.00%	3.00%	3.25%	3.25%	3.50%
Newark Firefighters	4.50%	3.75%	3.75%	3.50%		
Newark Fire Officers		3.75%	3.75%	3.50%	3.00%	
Mt. Laurel IAFF 3091		7.60%	7.60%	4.70%		
Cherry Hill IAFF 2663		4.00%	4.00%	4.00%	4.00%	4.00%
Voorhees IAFF 3249	4.50%	4.50%	4.50%			
Pennsauken FMBA 64	4.00%	3.75%	3.75%			
Average Percentage Incr	4.13%	3.24%	4.12%	3.78%	3.56%	3.75%
Camden Firefighters	4.00%					

The Unions contend that a review of the contracts presented into evidence regarding similar jurisdictions shows that police and fire contracts have similar base wages and average increases, which justifies why they should be treated similarly to other public safety units. The Unions argue that these comparisons also show that Camden officers receive compensation much below the average.

In support of its position, the Unions presented detailed comparisons with municipalities in Camden County, the five other large cities in New Jersey, other police agencies in Camden County, and the State Police. A substantial number

of contracts were submitted into evidence. The Unions have compared base salary, increases in base salary, career salaries plus longevity, and career total compensation for police officers in several separate tables.

Table 1 was submitted setting forth the maximum salary without longevity pay for police departments in Camden County for the period of 1999-2003. The Unions argue that this comparison shows that Camden officers lagged behind officers in Camden County municipalities which had populations of more than 25,000. Specifically, officers in those communities had an average base salary in 2000 of $62,870, while the 1999 Camden average base salary was $55,664, or 11.5% less.

Table 2 presented by the Union compared the general salary increases for officers in Camden County. The average increases for the years available ranged from 3.25% to 4.43%, which is greater than the expected increases in consumer prices cited by the City (City Exhibit 9, p.43). The Union finds it significant that police officers in Camden County generally will be receiving increases over the expected inflation rate.

The Unions contend that Table 3 focuses on the municipalities which are most comparable to Camden within Camden County in terms of population. It shows that Camden officers trailed in average salaries by $4600 in 1999, $7206 in 2000 and in excess of $10,000 in 2001.

The Unions assert that Table 4 illustrates that over a 30 year career, Camden officers receive salary and longevity pay of 4.8% less than the largest neighboring communities.

The Unions also analyzed the hourly compensation received by police officers according to scheduled work for officers in Camden and comparable municipalities. The analysis set forth in Table 5 compares the 30 year average salary based on salary steps for officers in each department, with another column showing average longevity pay over this period. The table further sets forth shift differentials, uniform and other allowances, and holiday pay. The net hours worked figure is described, along with a final column which shows the total hourly pay rate. The Unions' analysis shows that Camden officers receive $.70 per hour less than the average. The Unions acknowledge that Camden presented its own analysis on this issue, based on an average over 25 years with a different holiday pay treatment. (C-9, p.27). The Unions assert that Camden officers trail in compensation even according to the City's analysis by 5.27%, when comparing the hourly pay rate for the largest comparable jurisdictions.

The Unions presented in Table 6 a comparison of the total cash paid per hour over 30 years for Camden and other large municipalities nearby Camden. These include Cherry Hill, Gloucester Township, Winslow Township, Pennsauken Township and Voorhees Township. It contends that although

Camden officers receive a higher hourly rate during the initial years of employment, they lag during the later years and end up earning 2.1% less than the average. The Unions presented the percentage increases for each of the departments for the period of 2000 through 2002 reflecting average increases of 3.64% in 2000 and 3.50% in 2001.

The Unions also submitted a comparison of the compensation received by officers in the five largest cities in New Jersey for the period of 1999 through 2003 in Table 8. It shows that in 1999, Camden police officers received salaries 3.9% below the average of $57,913. For the year 2000, the average salary was $59,312, or 6.2% above the current Camden salary. In 2001, the current Camden salary had fallen nearly 10% behind the average salary of $61,804.

The Unions presented in Table 9 a comparison of the 30 year salary, including longevity, for officers in the state's largest cities. It shows that the for the year 1999, Camden officers trailed the average compensation by $4801 or 8%.

Table 10 considered total cash compensation received by officers in the largest cities in the state. It shows that Camden officers receive 6% less than the average and is the lowest pay of the six largest cities. When adjusted to pay per hours worked, Camden trails by 5% or $1.75 per hour below the average.

Table 11 presents the cash compensation per hour worked for 30 years of service at the largest six cities in the state. Camden officers receive comparatively higher pay early in their career, but then are asserted to fall behind and end up at 13% below the average during the 16th year of employment.

The Unions compared the across the board increases granted in the five other large New Jersey cities for the period of 2000 through 2005 in Table 12. It contends that in all but one case, the increases have been in the 3% to 4% range, which exceed the projected CPI increases and enable officers to improve their earnings.

The Unions reviewed in Table 13 the increases granted to law enforcement officers in the Camden area who are not employed by municipalities. These officers include state park police and university police. During the period of 2000 to 2004, these officers received increases in the range of 2.8% to 4.5%.

In Table 14, the Unions reviewed the salary and longevity pay received by Camden County Park Police. The information discloses that officers in that unit in 2002 received salary and longevity pay of $56,857 over 30 years. This contrasts with Camden officers who received in July, 1999, salary and longevity pay of $55,452. The Park Police officers thus received 2.5% more than the Camden City police officers.

Table 15 demonstrates that the Park Police officers received increases of 4% in 2000 and 3.9% in 2001.

The Unions compared their compensation to that received by New Jersey State Police officers. In this regard, the Unions note that although the City focuses on regional disparities between northern and southern New Jersey, the State Police officers receive the same pay throughout the state. Table 16 shows that in 1999, state troopers received base salaries of $64,594, which will increases to $75,566 in 2003. Camden officers received a 1999 salary of $55,664.

The Unions contend that over a 30 year period, the troopers receive salary and longevity compensation at a rate which exceeds the Camden officers pay by $14,461 per year or 26.1%.

The Unions prepared an analysis of total cash compensation per hour worked and found that state police officers received an average of $72,245 per year while Camden officers received yearly pay of $59,238. Table 18 contains this comparison which shows the difference in pay of $13,007 per year or 18% while the officers work the same hours in the two departments.

The Unions also compared the state police officers with the Camden officers in terms of cash compensation per hour. It found that the state police earn $40.29 per hour, while Camden officers earn $33.04 per hour. The difference is 18% or $7.25.

The state police officers are scheduled to receive 4% increases during the four year period of 2000 through 2003.

The Unions also prepared two charts in support of their position. Chart 1 compares compensation per hour worked for municipalities in Camden County, New Jersey cities, and the state police. Chart 2 illustrates the percent increases for municipalities, New Jersey cities, the state police and the non-municipal police.

Based on the above, the Unions argue that criteria 2 and 3 of subsection (g) of the Arbitration Act strongly support the Unions economic position in this case.

The Unions acknowledge that the statute also calls for consideration of compensation paid to private sector employees. The Unions argue that because of the unique nature of the job duties of police and fire employees, private sector comparisons should not be controlling, especially given the extremely difficult environment in the City of Camden. They note that there are not comparable

private sector jobs. Police and fire employees have obligations even when off duty. Police officers may be armed at any time in any part of the state. The Union asserts that their job inherently involves risks and hazards compared to private sector employees who are not normally exposed to such dangers.

There are specific statutes and regulations which govern police and fire positions, unlike most private sector jobs. For example, the Fair Labor Standards Act and the New Jersey Wage and Hour law provide more rights for private sector employees than for police officers. The New Jersey statutes contain specific requirements for the operation of police and fire departments and for employment in those departments, while they do not so closely regulate private sector employment. There are many examples of regulation of employment in these departments which simply does not apply to private sector employees. The state laws also contain requirements for the continuous special training of police and fire employees.

The Unions argues that because of the major differences between public safety employees and the private sector workforce, the public safety employees must be considered on a higher wage level than the general category of private sector employment. Moreover, they assert that because of the restrictions on mobility of these employees, local comparisons of wages are particularly appropriate.

The Unions addressed the matter of the lawful authority of the employer. They contend that this is essentially a consideration of the state "Cap Law" referred to in criteria (g)(5). The Cap Law consists of a formula used to limit increases in municipal expenditures. The Unions argue that this factor does not create an obstacle to the City of Camden and would not preclude the granting of the Unions' last offer.

The Unions note that the Cap Law does not preclude an award in their favor because Camden did not use its lawful authority to increase its spending by expanding the CAP formula. Instead, Camden has continued its practice of relying on state assistance to fund its budget gap. The Unions cite the testimony of their financial expert, Vincent Foti, that Camden does not face Cap Law restrictions, that it has a history of cap banking in prior years, and that it had cap flexibility in 2001 of $8,278,000 which it did not use. The Unions point to the testimony of the City's financial witness, Thomas Banker, who agreed with Foti that the CAP law does not serve currently as a constraint on Camden.

The Unions addressed the statutory factor requiring consideration of the financial impact on the governing unit, its residents and taxpayers. They note that unlike most municipalities, the local taxpayers do not carry the financial burden of funding most of the municipal expenditures. The City of Camden's budget is primarily funded through state assistance, with about 83% of the revenues coming from outside sources. The tax rate for the municipality for the

past five years has remained flat. Because of the historic funding by the state, the Unions financial expert, Mr. Foti, explained that the impact of granting the Unions proposals on the residents and tax payers would not be substantial. The Unions contend that since local taxpayers are only responsible for 17% of the budget, the impact of the wage increases granted to public safety employees would be small.

The Unions point out that the City will save money as a result of Senate Bill 1961. This legislation will result in $2.5 million savings in police and fire pension costs for the city. The Unions argue that these savings should be used for the benefit of the police and fire employees.

The Unions note that the City has significant involvement with the PILOT [Payment in Lieu of Taxes] program. Under this program, entities make payments to the City in lieu of taxes. This has the benefit of permitting Camden to retain all of the payments, rather than having to share them with the County or the School Board as is the case with tax levies. The Unions also claim that the City has received money for fees and permits which exceeded the anticipated revenue - $263,026 received as opposed to $177,597 anticipated. The interest on taxes received also exceed that anticipated - $910,802 received as opposed to $771,392 anticipated. The City also received $1,230,917 in interest on investments, which exceeded the anticipated amount of $1,034,264. The City also received significant sums from state and federal grants for public safety

functions, such as a $2.5 million grant from the U.S. Justice Department Cops in School Program.

The Unions argue based on the facts above that the City's financial condition is nowhere near as severe as it claims. They claim that the Unions' proposals would have little impact on the residents of the City and that the City has the financial ability to fund the Unions' proposals.

The Unions addressed the cost of living factor. They acknowledge that the Unions' economic proposals exceed the current cost of living data. However, the Unions note that the cost of living information is regional and that it has supplied information regarding salary increases granted in comparable regional municipalities. In these areas, the increases have exceeded the cost of living indexes, demonstrating that cost of living is only one of the eight criteria which must be considered in arbitration. The Unions also point out that the CPI has been criticized as an accurate indicator of changes in the cost of living for several reasons. The problems include that it does not necessarily reflect the cost of living of an individual and that some items are purchased infrequently.

The statute requires a consideration of the continuity and stability of employment. The Unions claim that this factor incorporates concepts such as "area standards" and "prevailing rate" which are applied in the private sector. The Unions argue that they have showed above that a review of comparable

jurisdictions favors their position. They also claim that if the City is as depressed as it claims, the public's interests strongly favor providing the residents with a high level of public safety. This public concern mitigates against any proposal that would compromise the public safety provided by the Unions' members.

The Unions assert that the only other proposal that they have submitted is to modify the grievance procedure to include discipline. They note that the Legislature passed a statute permitting unions to negotiate a provision providing a right to challenge, through the grievance procedure, a discipline of less than (5) days suspension. The Unions claim that the addition of this contract provision would benefit employees and residents by providing an expedited hearing before a person with expertise at relatively low cost.

The Unions addressed the City's proposals. They contend that the City's salary proposals of 0%, 0%, 2%, 2%, and 2% translate into an average yearly increase of 1.2%. The Unions argue that this rate is well below that for comparable jurisdictions and does not even keep pace with the cost of living.

The Unions also criticize the City's other proposals, such as to reduce the starting salary, increase the number of steps, and eliminate the Tactical Force and Shift Differential pay incentives. The City also wants to eliminate the union presidents' leave time, despite the fact that the City has about 630 public safety employees who produce many grievances. The Unions complain in particular

that this proposal is inappropriate since the City has not removed officers from assignments which do not involve direct service to the public, such as serving as the Mayor's bodyguard. They also point out that comparable municipalities such as Paterson provide leave time for union presidents. The Unions further complain that the City wants to remove minor discipline from the grievance procedure, despite the recently passed legislation to permit such claims to be heard in the grievance procedure.

The Unions note that the City seeks even more reductions, such as reductions in bereavement leave, education benefits, call-back pay, restrict acting pay, elimination of clothing allowance and longevity, and increases in health care co-payments and deductibles. The City also seeks to change the work schedule of firefighters from 24/72 to 24/48 – or a 33% increase in work days. The City also seeks to eliminate the requirement that certain equipment be left in the police units, such as guns, ammunition and vests.

The Unions argue that they have presented reasonable and abbreviated proposals, supported by witnesses and a municipal finance expert. The City did not present any witnesses employed by the City of Camden, did not present reliable comparables, and has produced so many concessionary proposals that the Unions claim the City is following the axiom of "throw enough of it, hard enough against the wall and something is bound to stick."

The Unions point out that the public safety employees have not received pay increases since 1999. They contend that based on the average salary of the 613 employees represented by the Unions - $58,636 – the Unions proposals would cost about $1,986,130 per year. The Camden taxpayers only pay about 17% of the City's budget, which means that the Unions' proposals would cost only about $354,000. According to the Unions, the cost per resident would be $4.43 per year, based on the City's census of 79,904.

Based on the above submissions, the Unions request that their final offer be awarded in this arbitration in its entirety.

POSITION OF THE CITY

The City urges rejection of the Unions' economic proposals on many grounds and for many of the same reasons seeks support for its own. First and foremost, it contends that the City is in severe financial distress and simply cannot afford to fund the level of increases which would be necessary to meet the Unions' economic demands. It points out that Camden is barred by statute under the Municipal Rehabilitation and Economic Recovery Act (2002) from increasing taxes to meet the Unions' demands. The statute governs the State's recent takeover of Camden and precludes the City from raising taxes.

The City argues that it must decrease its labor costs in order to make progress in resolving its financial crisis. It states that Camden is unique in the State in terms of the pressing poverty, crime and disinvestments which have occurred in the City. Camden was rated the most distressed City in New Jersey, according to the 1996 New Jersey Municipal Distress Index (C-7). It leads the State in population decline, poverty, unemployment, low tax collection, and declining property values. The most important source of revenue for municipalities is the property tax. However, Camden's tax collection, below 80%, is one of the lowest in the State. It has no significant tax base remaining after years of decline.

Camden's budget has been almost completely dependent on the State, with the State contributing about two-thirds of the revenue. For the last four years, State aid has been approximately $13.5 million dollars each year. This amount significantly exceeds the amount the City has collected in taxes.

The City claims that it is obvious that it cannot afford any wage increases as evidenced by the fact that the State has had to step in to address the financial distress of the City. It argues that all public employees must join the effort to save the City as much money as possible in order to address the City's financial problems.

The City argues that the Union's reliance on the State's redevelopment plan to fund labor cost increases is inappropriate. It states that rehabilitation of the City will take years. It notes that although there has been redevelopment of the waterfront, there has not been any substantive development in other areas of Camden and much of the waterfront property is tax exempt. It points out that the Unions' claim of a comeback in the City is based on the testimony of a police officer who is not a redevelopment expert. The City is also critical of the Unions' video presentation, noting that it did not show that any of the current or future developments in the City would aid the City's financial condition. In fact, the City notes that much of the recent development has been of tax-abated properties, while the City needs more taxable properties. It contends that there was no evidence presented at the hearing to show that the City can afford the increases sought by the Unions.

The City argues that a decision in this case should not be based on the financial abilities of the state government. Moreover, because of its unique and extreme financial condition, it is not appropriate to resolve this matter by consideration of salaries in other cities. Moreover, the City points out that police and firefighters have received salary increases in excess of the CPI for the last several years.

The City rejects the Unions' claim that it should pay salaries comparable to the State Police because of State involvement in Camden. It notes that under

the interest arbitration statute, comparable wages include public sector employment in comparable jurisdictions and the State of New Jersey is not comparable to the City of Camden. Although the Camden police may interact with the State Police, they also work with similar municipalities in the region who earn less than Camden police officers.

The City cites the testimony of Chief Financial Officer Dave Miller that if the Unions' demands were granted, many important municipal services would have to be eliminated. Miller said that the service reductions for the first year would be 83%. The City contends that this would force the termination of municipal services or result in massive layoffs given that the City is precluded by statute from increasing taxes.

The City also cites the testimony of its financial expert, Thomas Banker. Banker testified that the City cannot afford to pay the Unions' proposed salary increases. He reached this conclusion after a review of the City's economic and fiscal condition. Banker reviewed the demographic and socioeconomic factors related to the City's economic condition. He noted that Camden has suffered a population decline of over 30% in the past 30 years. (U-137). This has reduced the amount of crimes and the number of police officers needed in the City. Camden has little ability to produce taxes. It has the lowest equalized value per capita among comparable cities in 2000 and 2001. (C-6b). Camden residents also suffer from low incomes. The equalized value of per capita income for the

City in fiscal year 2000 was $12,709 and in fiscal year 2001 it was $11,741; both significantly lower than the state and county averages. Camden has the lowest per capita income in New Jersey at $7,276, which is equivalent to 39% of the state average. This figure was based upon 1990 data, the last available information on this factor. In 2000, the median household income in Camden was $21,944. The unemployment rate was 13%.

Banker compared Camden to other comparable municipalities:

> [Camden] has a tax base that is, by far, the lowest of any of the municipalities examined. It is about one-fifth of the tax base that is average for the State of New Jersey. And it is less than a third of the size of the average tax base for the County of Camden. (Dec. 3 – 51:5-11).

Banker compared Camden's tax rate to the state average and discovered that it was 50% higher in the years that he reviewed. (C-6c). He also reviewed Camden County tax rates and found that the Camden tax rate is 25% higher than any other municipality in the state. Additionally, the municipal tax rate is three times higher than the County and state averages, and among the cities of Newark, East Orange, Paterson, Elizabeth, Trenton, and Perth Amboy, Camden has the third highest rate.

Camden also has a shrinking tax base which has been made worse by the increase in tax exempt property. The amount of tax exempt property has

increased since 1992 and is now more than one-half of the valued property in the city. (C-6). Camden also suffers from low property valuations. The average residential home has a value of about $26,000. Banker believes that this very low value is a disincentive for investors to build or renovate houses in the city. Additionally, the City contends that property owners cannot afford to pay high taxes on property with very little value. An increase as sought by the Unions would further deter homebuyers from investing in the City.

Camden has also had difficulty in collecting taxes. Although New Jersey municipalities generally collect at least 95% of taxes, the Camden tax collection rate is less than 80%. (C-6h). In 2001, more than $35 million dollars was owed to the City in delinquent taxes. Since 1990, the City has collected approximately $4 million dollars each year. (C-6i). In 2001, only 11.5% of the total amount due in taxes was collected, and about one third of all taxable property was delinquent.

The City notes that its equalized value per capita has declined since 1996, with a reduction of about 13.5%. (C-6b). During that same period, the CPI in the Greater Philadelphia region has increased by 11.5%. (C-6b). The City's tax base has eroded to the extent that it is worth 22.5% less than in 1996. (C-6b).

Banker testified that about two-thirds of the Camden's revenues come from state aid, which is about 60% higher than the average aid received by other

cities. Camden has received about 67% of its general revenue from the state since 1992. (C-6m). Banker stated:

> Camden is totally dependent on outside aid for its financial condition at this time. And since it – since the outside aid that it requires is not something to which it is statutorily entitled, but rather is an annual decision of the State of New Jersey, I consider Camden to not be self sufficient in the slightest and to not have the financial ability to independently determine that it can afford to make any significant investments in either personnel or capital resources. (Dec.3, 109:1-11).

The City claims that it is unable to generate new wealth because it is fully developed and valued property is subject to high taxes, crime and lack of investment. The only current development is of tax exempt properties along the waterfront.

The City contends that its poor financial condition has forced it to rely on non-reoccurring revenues which are not available in the future and increase tax burdens in the future. It cites as an example Camden's current receipt of PILOT payments of $2.5 million per year in lieu of taxes. Those revenues will not continue indefinitely. The City notes that twice in the last seven years it has concluded the year in a cash deficit position.

Camden contends that from 1998 to 2000, the municipal personnel costs surpassed the CPI rate. (C-8, p.8). During that period, labor costs without salary

increases went up by 3.16%. (C-8, p.8). Labor costs account for the largest portion of the City's annual budget and must be reduced in order for the city to survive financially.

The City urges that it has made the only reasonable offer which would not force tax increases or cut municipal services. It points out that it initially did not offer any wage increase but thereafter went to significant effort to present a proposal which could resolve this case by granting some increases while obtaining cost savings in other areas. It notes that the increases it has offered in this proceeding are a part of a full package and should be considered contingent on the granting of other parts of the City's proposal. In other words, the cost savings are necessary to pay the increases offered.

The City acknowledges that its wage offer is below current average increases. The City's offer is based on the fact that it cannot afford greater increases and not because the police and fire employees are not performing well. The City notes that the Unions' wage demands are based on the assumption that the State will pay for the increases. The City claims that this is faulty reasoning because the substantial state aid cannot continue indefinitely and is not guaranteed.

The City reviewed the statutory criteria applicable to interest arbitration under *N.J.S.A.* 34:13A-16 and the state Supreme Court's decision on the subject.

Hillsdale PBA Local 207 V. Borough of Hillsdale, 137 N.J. 71(1994). The City then applied the statutory criteria to the evidence presented in this case. The first factor to be considered is the interest and welfare of the public. The City notes that it must balance the economic demands of its employees and the provision of an appropriate level of governmental services to the public with its ability to pay for both in its budget. It contends that it is committed to providing public safety services to the public and has granted generous compensation to members of the Unions during the past ten years. It notes that there have been few voluntary resignations or retention problems in the police and fire bargaining units since 1996. (U-39, U-173).

The City states that along with compensating its employees and providing services, it must produce a responsible budget in an atmosphere in which taxpayers pay very high taxes on property which is often relatively worthless. The City asserts that its offer of increases of 6% over five years may be below the market rate but reflects the dire economic circumstances facing the City.

The City notes that it has proposed a five year contract, while the Unions seek a four year agreement. It argues that the Unions' position will force new negotiations later in 2003. Additionally, a longer agreement will be beneficial because it will produce security and stability while increasing employee morale. It will also permit the parties to focus on their official duties and not expend resources on labor negotiations.

The City notes that recent salary increases granted to Union members have exceeded the CPI. During the period of 1998 to 2001, the CPI increase was 2.03% while salaries increased by 3.16%. The difference in actual dollars amounted to an extra $3.2 million dollars in costs to the City. (C-8, p.8). During that period, local revenues decreased by 2.61%. It further notes that during this time period, police and fire employees received compounded increases of 13.7%, while the inflation rate in the region was 5.8%. (C-9, p.10). The City notes that even if base wages were frozen for two years through December 2001, the police and fire employees would still receive increases of 11.3%. (C-9, p.10).

The City asserts that it cannot afford this continuation of wage increases without having to reduce municipal services or increase taxes. It cites the testimony of the City's Chief Financial Officer, David Miller, who said that if the City was required to pay the increases, given the retroactivity involved, "most City services would need to stop if they didn't have the option to increase taxes...If you didn't raise taxes and you had to cut services, you would essentially shut down the remaining portion of government in order to pay for it." (Dec.20, 11:20 to 12:15).

The City contends that it has incurred large increases in health insurance costs over the past five years. It claims that significant savings could be made if

the City's proposals regarding health insurance were granted. It has offered less costly alternatives for employees in the form of an HMO plan or a sliding scale co-payment for traditional plan coverage.

The City maintains that it has made proposals which would increase efficiency in the fire and police departments, while assisting taxpayers. It has proposed a change that all time be counted in hours. This change would mean that officers who work 8 or 10 hour shifts would receive sick, personal and vacation time according to hours, rather than being granted days off, thus eliminating discrepancies. The City also seeks to clarify the amount of time that union officials receive for negotiations. It claims that its proposal would afford sufficient time for negotiations while providing proper public safety protection. The City proposes that vacation requests be made to supervisors with adequate notice. It also seeks to eliminate hearings for minor discipline, which it states is an unnecessary step that impedes the grievance procedure.

The City asserts that its proposal that funeral leave be five days would improve productivity and conform with public safety bargaining units in the state. It proposes to amend call back time to provide that employees would be paid at the regular rate which would increase productivity and reduce costs. It also proposes that employees must serve in a higher capacity for at least 30 days to receive commensurate pay. It states that its proposal regarding equipment and vehicle safety would permit better supervision and improve the usage of

equipment. It proposes that officers not be reimbursed for travel expenses. The City seeks to cap payment for sick leave at $25,000 in order to prevent employees from being paid large sums for unused sick leave. It also seeks to reduce the minimum manning requirements to free up firefighters for work in other areas. It states that the officer in charge can make a decision as to whether additional officers are needed.

The City asserts that the Unions' salary proposals would negatively impact on the interest and welfare of the residents of Camden because they will force reductions in public services.

The City addressed the issue of comparability. It compared the wages and benefits received by its employees with those provided to private sector employees in recent years. It asserts that the public safety employees in Camden have received wage increases of approximately 54%, while private sector earnings have grown only 37%, according to the employment cost index (ECI) and the average hourly earnings (AHE). (C-9, p.14). Public employees in Camden also receive more generous health benefits and pensions than employees in the private sector.

The City challenged the Unions' reliance on U-108 to show a private sector increase of 6.9% for 1999 to 2000. It claims that this is a misleading

statistic, citing testimony of its witness Michael Nadol of Public Financial Management (PFM). Nadol said:

> In evaluating [U-108], we thought it was important to make sure that there was a common understanding that that percentage change is not equivalent to an across the board wage increase. It's much more like the average hourly earnings series ...year to year changes can reflect bonuses, can reflect overtime earnings, can reflect changes within the workforce as people shift more out of lower paying occupational – set of occupations into higher paid occupations. It is not equivalent to an across the board increase for a specific employee group...[L]ooking at the year in question, I think it's likely that on a State-wide basis, I'm sure you had influences such as high bonuses from Wall Street for Northern New Jersey communities and other kinds of factors that, while they may have some bearing, are distinct from across the board wage increase. (Dec.7, 125:1-24).

The City reviewed wages and benefits in the public sector. It noted that Camden is far and away the most distressed city among the five urban areas contained in the Philadelphia-Atlantic City-Wilmington Consolidated Metropolitan Statistical Area (CMSA). The five cities in the area are Camden, Philadelphia, Atlantic City, Chester, Vineland, and Wilmington. Camden has the highest unemployment rate of the group, with an 11.4% rate in 2000. It has the lowest median income and home value of the group. According to the 1989 statistics, Camden's rate of 34.96% was the highest percentage of population below the poverty level. The City compared itself to other municipalities in the CMSA with a population in excess of 35,000. It contends that the direct hourly wage rate for Camden patrol officers is the second highest in the region, at $31.52. (C-9, p.25).

The directly hourly wage rate is based on the gross pay, total number of hours worked, and any additional compensation paid. The City claims that it is also ranked the second highest payer in terms of the total direct pay received by patrol officers, with the officers receiving $60,195 and the police sergeants receiving $72,839.

The City notes that when making comparisons with other Camden County municipalities, it must be recognized that Camden is in poor financial condition, while other municipalities are wealthier. The City claims that even in this environment, Camden police officers are paid better than their neighbors. Camden patrol officers are paid 9% above the median in the area, and police sergeants are paid 20% higher salaries.

The City argues that comparisons with northern New Jersey are not appropriate. Northern New Jersey has higher wage rates, housing prices and growth rates. It cites the testimony of its witness Michael Nadol who said: "any data from Northern New Jersey, frankly, I would expect they would be paying more because the cost of living is higher and the prevailing wealth and income levels are higher in that part of the state." (Dec.7 154:2-19). Camden asserts that because of these differences, northern New Jersey police and fire contracts are not relevant and the appropriate comparison is with the greater Philadelphia area.

The City notes that the average firefighter salary is $54,070, which is the second highest in the greater Philadelphia area for municipalities with populations exceeding 35,000. Fire captains receive salaries of 9% above the median. The City notes that although firefighter salaries are less than the median in the CMSA, the direct hourly rate is significantly above the median, reflecting the fewer hours worked by Camden firefighters. (C-9, p.35).

Based on this analysis, Camden argues that its police and fire employees have been fairly compensated, especially considering the poor financial condition of the city. It argues that its proposals will permit the public safety employees to continue to be fairly compensated in comparison to neighboring municipalities, while giving the City a chance to survive fiscally without eliminating other important governmental services. The effort to control spending in this area is particularly important given that 65% of the City's budget is spent on wages and benefits. (U-137).

The City asserts that the overall compensation it will provide its employees under the proposals made will permit the police and fire units to continue to receive increases beyond the CPI, while allowing for some cost savings. It notes that although it proposes to change starting salaries for new police and firefighters to $25,000, this should not affect retention because the employees will quickly move up the following year. It argues that this starting salary, along with a wage freeze for two years, will provide critical labor costs savings without

affecting recruitment. Camden claims that its proposals are similar to those made by other distressed employers recently, such as the City of Philadelphia and Philadelphia Gas Works.

The City asserts that its health insurance proposals are an effort to address the great increase in health care costs being borne by the City. Its proposal is to have employees move from a traditional medical plan to an HMO plan, which would not require any employee contribution. Employees would be permitted to stay in the traditional plan but would be required to make contributions. It claims that the City has no choice but to make these changes because of the great increases in health insurance costs.

The City seeks to change the clothing allowance by creating a quartermaster system to maintain and replace uniforms. This proposal would ensure that uniforms are kept clean while permitting the employer to control the costs of cleaning. The City believes that the current system of providing a clothing stipend results in some officers not keeping their uniforms maintained or cleaned properly.

The City proposes to eliminate longevity for new employees and those who have worked for the City for less than five years. Additionally, other employees who will continue to receive longevity will have the benefit frozen. It notes that this is a very expensive benefit which does not exist in the private

sector and which the City can no longer afford. It claims that other municipalities have changed their longevity plans. (C-9, p.53).

The City also seeks changes in the scheduled workweek. It notes that it will pay police officers who work special shifts additional pay, such as the tactical force who will receive incentive pay. It states that in return for the change in the workweek, it will pay the police employees an additional 1% in salary.

Similarly, in the fire department it proposes that firefighters who work a 24-48 hour schedule and because of the extra time worked they would receive a 10% increase (not applied to time worked at time of ratification). It states that the current 24-72 schedule grants firefighters three days off for one day's work. The City contends that a majority of municipalities in the County use the 24-48 schedule. (C-9, p.57). The City argues that this proposal is very important because it will increase the number of man-hours in the fire department while reducing the huge overtime costs currently incurred by the department.

In sum, the City argues that the compensation received by its employees is comparable to other bargaining units in the area. However, it is necessary to make the proposed cost saving modifications to the contract for the fiscal health of the City. Moreover, they will not impact the employees to any great degree.

The City addressed the factor requiring the arbitrator to consider the lawful authority of the employer. It points out that the state law governing the takeover of Camden, the Municipal Rehabilitation and Economic Recovery Act, bars Camden from increasing the general tax rate. Because of this legislation, Camden argues that the interest arbitrator cannot issue an award providing for salary increases which the City cannot fund. It claims that the only increases which can be awarded are those provided in the City's offer that are paid for by other cost saving measures.

The City further points out that the statute requires the interest arbitrator to consider the New Jersey Local Government Cap Law, *N.J.S.A.* 40A:4-45.1, which places limits on a municipalities ability to increase its budget. The City states that it has not had an issue with the CAP but only because it is unable to raise sufficient revenue to reach the CAP limitations. The City discounts the testimony of the Union's expert witness, Vincent Foti, that it has over $1 million dollars in CAP funds to pay for the contract, noting that this calculation is not based on actual revenues available to the City. Additionally, the City notes that witness David Miller testified that Foti's estimate was not accurate because it was based on budget information which was not accurate.

The City referred to a particular proposal of IAFF 2578 to grant a "fold-in" of holiday pay into base salary. It notes that the New Jersey Administrative Code was amended to prohibit such "folding-in" unless it was included from the

beginning of an employee's employment. *NJAC* 17:4-4.1. Based on this regulation, Camden argues that it would illegal to grant the proposal.

The City noted that the statute specifically requires the interest arbitrator to consider the financial impact on the governing unit, its residents, and taxpayers of the parties' proposals. It argues that it has shown that the City cannot afford the Unions' proposals given its grave economic condition. It cannot raise any more revenues given its poor condition. It notes that since 1960 there has been a population reduction of over 30%. It has the lowest per capita and household income levels in New Jersey and in the Philadelphia CMSA. It has the highest unemployment rate of New Jersey cities. It has very low property values, giving it no ability to increase property tax rates.

The City notes that the tax levels paid by residents are currently at their highest rate ever. Any award requiring the salary increases sought by the Unions would force an increase in taxes or the elimination of municipal operations. An increase in taxes is barred by the statute law discussed above. Moreover, even if taxes were increased, they would have a severe affect on taxpayers. The tax levy for 2002 would be increased by 49% for $10 million dollars. For the years 2003 and 2004, the increases would be approximately $5 million and $6 million. (C-10).

Given the impossibility of raising taxes, severe reductions in municipal services would be required to meet the Unions' demands. It estimates that for 2002, there would be a 83.51% reduction in staffing. (C-10). The service reductions for 2003 and 2004 would be 65.69% and 95.07%.

The City notes that its tax base is decreasing, with reductions in taxable property for each of the past five years. The tax collection rate has been below 80% for that period. Although the City has received special aid, this is not reoccurring and without it the taxpayers would face a 79.74% increase in taxes.

Given these circumstances, Camden argues that it simply cannot afford the increases sought by the Union. It has made a proposal which it estimates would increase costs by only $55,000 over three years. It is only through the cost saving measures included in its proposals that it is able to make any proposals for salary increases.

The City considered the consumer price index (CPI), a factor to be reviewed under the statute. It notes that Camden's labor cost increases have exceeded the CPI in the prior three years. (C-8). It states that during the term of the expired collective bargaining agreement, the CPI increased at a compounded rate of 5.8%, while police and fire salaries increased at a compounded rate of 13.7%. The City argues that it should not be required to pay salaries which

increase at a higher rate than the CPI, particularly in a city in which the residents earn less than the national average.

Continuity and stability of employment is a factor which the statute requires interest arbitrators to consider. The City asserts that it has been successful in recruiting and retaining police and fire employees. It notes that for the 1999 exam, only 15 applicants were appointed police officers by the City out of hundreds of individuals who were successful in taking the exam. It asserts that there were more than 25 qualified applicants for every police officer position filled by the City. (C-9). It points out that there were 179 individuals who passed the recent firefighter exam, but the City did not have openings for any new employees. The City claims that in the police department, the voluntary resignation rate is less than 1%, while there have not been any voluntary resignations in the fire department for the past five years. (C-9). The City argues that based on these facts, it is clear that Camden offers stable employment for its public safety officers. It appreciates the work of these employees and has offered the best proposal that it can afford.

The City concludes that it cannot afford the Unions' demands. It is a very poor city in a financially straits. It is dependent on state aid to survive. An award in the Unions' favor would result in huge tax increases (if the City was able to raise taxes, which it is not), causing even more residents to leave and bringing further economic distress to Camden. It argues that Camden's future "depends

on responsible fiscal planning and prudent budget spending." (Camden brief at 61). The City argues that only its proposals are reasonable and appropriate, given its financial and economic condition and noting that the public safety officers already receive a generous wage and benefit package.

DISCUSSION

As stated above, I am required to issue an award based upon a reasonable determination of all issues in dispute after giving due weight to the statutory criteria which I judge relevant. The City and the Unions have fully articulated their positions on the issues and have submitted evidence and argument on each statutory criterion in support of their respective positions. Approximately 200 exhibits are in evidence. The evidence and arguments have been carefully reviewed, considered and weighed.

The City's final offer includes a vast array of economic and non-economic proposals. The non-economic proposals are directed mainly towards certain operational concerns. The economic proposals include a wage proposal and other proposals which are concessionary in nature involving work hours and schedules, compensation related issues and health insurance. The Unions have proposed a wage increase and one additional issue, holiday fold-in for Fire Officers. In reviewing these proposals, I apply a principle which is ordinarily and traditionally considered in the determination of wages, hours and conditions of

employment through the bargaining process, namely that a party seeking such change bears the burden of establishing the need for such modification.

I first address the non-economic issues which the City has proposed for all four unions. The City has proposed, for all Unions, that Article XIV, Grievance Procedure be amended to eliminate the need for a hearing prior to the imposition of minor discipline. This proposal seeks to amend Article XX, Section 1, Employee Rights rather than Article XIV, Grievance Procedure which contains the issue it proposes to modify. The Unions also seek to amend the grievance procedure by providing for the arbitration of minor discipline grievances. Neither side has satisfied its burden of establishing a need to modify the existing language in the Agreement regarding the issue of grievance procedures. There is no evidence that the existing language has been an obstacle to the imposition of minor discipline nor that the absence of arbitration for minor disciplinary grievances has caused the inequitable imposition of discipline. Therefore, each proposal is denied.

The City proposes to amend Article XXXIV, Prevailing Rights to "provide that all rights and privileges of management shall remain in full force, unchanged and unaffected in any manner, during the term of the collective bargaining agreement." No evidence has been presented in support of this proposal which would warrant the inclusion of this language in this Award. The rights and privileges of management in effect at the time of this Award presumably remain

in effect during the term of the Agreement unless limited by the agreement of the City. Further, management retains broad prerogatives recognized by law. This proposal is denied.

The City has proposed to amend Article XXXV, Clothing Allowance and Maintenance by eliminating the annual clothing allowance and establishing a quartermaster system administered by the City providing for routine maintenance and replacement of uniforms as required. The City asserts that the existing method of allowance has led to a less than stellar appearance by police officers. No testimonial or documentary evidence has been submitted in support of this assertion. Testimony on this issue was received from George DeOld, Municipal Auditor for the Department of Community Affairs, Division of Local Government Services. DeOld testified that State Troopers are under the quartermaster system but on cross-examination, after being presented with their collective negotiations agreement, acknowledged the existence of a clothing allowance. He also acknowledged that police officers in urban municipalities such as Paterson, Jersey City and Newark, receive a clothing allowance. DeOld also acknowledged that firefighters incur some expenses maintaining some necessary apparel which are required for duty in addition to the clothing they are given. The existing agreements provide for a $400 allowance for police officers and superior officers, and $200 for firefighters and fire officers. DeOld also acknowledged that there would be administrative costs associated with the City's proposals which currently do not exist. Given the above and the comparatively modest existing

stipends for clothing allowance, I find no basis for the conversion of the clothing allowance to the proposed quartermaster system. The City's proposal is denied.

The City has proposed that Article VII - Vacations - be amended to provide that all requests for personal days be submitted to the appropriate supervisor no later than a minimum of 24 hours prior to the employee's scheduled starting time for approval; such approval not to be unreasonably withheld. The City has also proposed to amend Article VII to require all personnel to submit their vacation requests for the upcoming year by January 1 of that year. The City would be obligated to review and pass upon these requests by January 31 of said year. Furthermore, any requests for changes in the vacation schedule must be submitted with a minimum of ten days notice.

Article VII of the various agreements contain no reference to personal days nor can the arbitrator find any reference to personal days in the remaining portions of the agreements. To the extent that any such benefit exists, the proposal is denied in the absence of evidence that administrative problems exist.

On the issue of vacation procedures, I note that each of the four agreements contain different vacation provisions. According to DeOld, the existing system contains very large swings and spikes in vacation usage and that a more flat, average use of vacation would be desirable. A review of the Agreements reflect that each of the four agreements contains language that the

number of employees who may be on vacation at the same time . . . shall be determined by and subject to the approval of the appropriate officer. For firefighters and fire officers, the appropriate officer is the Chief of Fire or his/her designee. For police superiors, the number of employees who may be on vacation is determined by the immediate superior, subject to the approval of the Business Administrator. For rank and file police officers, the number of employees shall be determined by the Unit Commander subject to the approval of the Business Administrator. There is nothing in the record which reflects that the exercise of managerial authority contained in the agreement cannot assist in accommodating the concerns expressed by the City. Accordingly, the City's proposal is denied.

The City has proposed to amend Article X - Sick Leave - to require employees who are absent for reasons that entitle him/her to sick leave to notify the appropriate command no later than two (2) hours prior to the employee's starting time, except in emergent situations. The employee could be required to provide a telephone number of the place of confinement for each day he/she remains out sick. Mobile phone numbers and numbers answered by machine or voice mail would not be satisfactory. This proposal increases notification time from one (1) hour to two (2) hours. Although an increase in notification time would be beneficial, there is no testimony or documentary evidence that existing notification time has cause any administrative difficulty. Article X provides language stating that any abuse of sick leave shall be cause for disciplinary

action. Article X also provides procedures for sick leave verification. Given these considerations, the City's proposal is denied.

The City has proposed to amend Article III, Section 3 - Union Representation and Membership to read:

> A maximum of five (5) authorized representatives of the Union shall, if necessary, be granted administrative leave to attend negotiating sessions with the City for the purpose of reaching a successor collective bargaining agreement.

By implication, this portion of the City's proposal would require the deletion of Sections (A), (B) and (C) of Article III, Section 3, all of which set standards for the taking of negotiation leave. While Article III, Section 3 (A), (B) and (C) allow for the liberal use of time for negotiation leave, there is little in the way of evidentiary support for the substantial revision of Section 3 as it is currently written. In the absence of same, I deny the City's proposal.

The City also proposes to delete Section 4, 5 and 6 of Article III. Sections 4, 5 and 6 deal with the Union President's ability to devote full-time to administering and enforcing the provisions of the Agreement, attendance at County or State Union meetings and Union leave for any employee elected to the position of State or national President of the Union/Association. All of the Agreements in evidence for the major urban jurisdictions provide for similar rights for the Union President and DeOld's testimony acknowledged this fact on cross-

examination. The removal of the Union President from full-time leave must be balanced with the labor-management stability inherently present in allowing for full-time administration and enforcement of the Agreement and on general issues of cooperation between the parties. I deny the City's proposal to delete the leave time system set forth in Sections 4, 5 and 6.

I next address the City's non-economic issues which are individual proposals distinct to each specific negotiating unit.

The City proposes that the FOP Agreement Article VIII - Equipment and Vehicle Safety - be amended by deleting Section 1. Section 1 mandates that certain equipment be installed or in place in patrol vehicles. Testimony given by DeOld addresses this proposal. Several reasons are advanced. The first is that certain divisions such as traffic or community policing might not have the same security needs as marked patrol vehicles and that the equipment requirement could limit the flexibility of unit commanders to assign vehicles if there are vehicle shortages in one division or another. DeOld further testified that Section 1 addresses bullet-proof vests and that this reference is perhaps antiquated. DeOld also raises the potential that equipment should be assigned to police officers rather than vehicles because certain equipment such as riot batons should not be left in vehicles. DeOld also pointed out that if you have a two-man car you should have two shotguns in the car but Section 1 only speaks to one (1) shotgun rack per car. Other concerns expressed are leaving equipment in the

car resulting in maintenance problems and security issues stemming from leaving equipment in the car. On cross-examination, DeOld acknowledged that he was unaware if equipment is left in vehicles. He could not identify any problems or burdens inuring to the City as a result of Section 1 nor was there an awareness as to whether weapons and other equipment covered by Section 1 are or are not properly maintained, logged in and accounted for in each daily patrol. The City raises some potential legitimate concerns based on the language of Section 1 but no operational problems or burdens associated with that language were produced. Thus, I deny the City's proposal.

With respect to the police superior officers unit, the City seeks the same amendments to Article VIII, Section 1. I deny this proposal for the reasons expressed in the opinion referencing the FOP unit. The City also seeks the deletion of Section 2[1]. The City asserts that Section 2 can be read to allow a superior officer to take a vehicle out of service for something as minor as a windshield crack because of the language "No member shall be ordered to operate an unsafe motor vehicle or a vehicle that has not passed N.J. Motor Vehicle Inspection Standards." The City contends that the decision to remove a vehicle from service should be made only by the Police Chief or Deputy Police Chief. A literal reading of the sentence would compel the City to disallow the use of a vehicle merely because of a failure to pass inspection regardless of the nature of the deficiency. There is merit to the proposal that this determination be

[1] In its final offer, the City included the Section 2 proposal under the FOP proposals but actually addresses Section 2 of the superior officers unit.

made by the Police Chief or designee rather than the operator of the vehicle unless the defect is of such proportion that the operator may not operate the vehicle out of a proven concern that to do so would jeopardize his or her health, safety and welfare. Accordingly, I award an amendment to Article VIII, Section 2 in the superior officers agreement that the Police Chief or Deputy Chief shall make the final determination to remove a vehicle from service.

The City proposes an amendment to Article VIII, Section 2 of the agreements for firefighters and fire officers[2]. The proposal states

> Section 2. To be amended to require that the Tour Commander make the determination of whether a piece of Fire equipment or a Fire vehicle is safe to operate. The driver of a Fire vehicle will not make determination as to whether a vehicle is safe unless directed to do so by the Tour Commander.

The proposal would amend the language which states:

> The City shall not ask or require any employee to operate equipment that has been determined to be in an unsafe operating condition by driver of apparatus until same has been repaired.

According to DeOld, the existing language, as written, could allow a firefighter to personally remove a vehicle from service without supervisory review. On cross-examination DeOld acknowledged that current practice does require supervisory

[2] This proposal also appears in the proposals for Local 788 but its inclusion is inadvertent in that the proposal only applies to the fire officers' unit.

review of a defect observed by a firefighter and that there has been no instance he was aware of where a firefighter has personally deadlined a vehicle without supervisory approval.

The existing language, as written, could be read to allow a driver to remove a vehicle from service until the City has repaired the defect without supervisory approval. Although there is no evidence of such occurrence, a determination that a vehicle shall not be operated until it is repaired should require supervisory approval after receiving a recommendation from the driver of the apparatus. Accordingly I award the following language:

> The City shall not ask or require any employee to operate equipment that has been determined to be in an unsafe operating condition by the tour commander or designee upon recommendation by the driver of apparatus until same has been repaired.

The City has proposed an amendment to Article XXV, Section 3 - Uniforms - in the fire officers' Agreement. The current language provides:

> All members shall be issued a second set of Bunker Gear as of December 31, 1998. Effective at the signing of this Agreement, members shall have access to current inventory when in need of immediate replacement of damaged or wet Bunker Gear.

The City proposes:

> To be amended to provide for a provision of one set of mandatory turnout gear for the ranks from battalion chief on up, in addition to the elimination of one set for administrative employees.

Testimony on this proposal was received from DeOld. DeOld testified that the City does not dispute its obligation to provide a second set of bunker gear for Fire Officers who have daily firefighting responsibilities but instead seeks to "limit the mandatory set of bunker gear or protective gear for the chief, the battalion chiefs, and the tour commanders who are basically not at the wet end of the hose or basically back away from these fire scenes."

The Agreement states that the obligation to provide a second set of bunker gear began in December 31, 1998. Presumably, there was a need to provide a second set inasmuch as this obligation arose from a mutual agreement to do so. The logic of DeOld's testimony cannot be disputed, namely, that a second set should not be provided if it is not needed. But there is no evidence that a second set is not needed in connection with firefighting responsibilities and in the absence of any testimony from a City representative who is familiar with the terms of this provision, I am compelled to deny the City's proposal.

The last non-economic proposal of the City is directed towards Article XXXVII - Minimum Manning - Section 1 of the firefighters Agreement. Section 1 states that:

> The City hereby agrees to maintain, for the duration of this Agreement, a complement of three (3) men per piece of firefighting apparatus of all types.

The City seeks to replace Section 1 with language which states that "the City will staff vehicles as required by law."

The record is very limited on this issue. No witness from the City testified in support of this operational proposal. The record reflects that the only testimony which was received was offered by William DiPompo. DiPompo recently retired from his position as a Fire Captain. DiPompo is a member of the negotiating committee for Local 2578. DiPompo responded to questions concerning minimum manning on cross-examination by the City. DiPompo acknowledged that a piece of apparatus must have three men on it and, if not, someone has to be brought in on overtime. He acknowledged that overtime for all purposes costs the department approximately $3 million per year. DiPompo attributed overtime costs to depressed staffing levels as well as the minimum manning provision. This testimony reflects an obvious link between these two factors which involve both manpower and safety concerns. The burden to delete this provision is on the City and, on this record, this burden has not been met. The City's proposal includes reference to the requirements of law, a principal which it may pursue in timely fashion in an appropriate forum. For these reasons, the City's proposal is denied.

No non-economic proposals remain. The remaining proposals of the City and the Unions are all economic in nature as defined by statute. I will first address the economic proposals of the parties which are distinct to individual units and then address the economic proposals of the parties which apply to all of the units. In reaching determinations on these economic issues, I will consider the merits of each proposal on an individual basis but it is well accepted, an indeed required by statute, that consideration be given to the impact of an individual item on the entire package. Each individual issue involves costs and/or value to each party but the net overall result is a relevant consideration in the evaluation of each distinct item. The City's proposals, in conjunction with its wage proposal, are designed to net a five year cost neutral result for the four units in dispute.

The City has proposed to amend Article IX - Work Week - in the Agreements involving the FOP and Superior Officers. The FOP Agreement involves Sections 4 and 5 while the Superior Officers Agreement involves Sections 3 and 4. Both agreements contain the identical language which states the following:

> **Section 3**
>
> The Tactical Force personnel shall be compensated at an eleven percent (11%) pay incentive on days that they actually work. They may be scheduled on a 4-10 hour day, 3 days off schedule or a 4-8 hour day, 2 days off schedule so long as no schedule shall

exceed eighty-four (84) hours in a fourteen (14) day period.

Section 4

Seven and one-half percent (7 ½%) shift differential shall be received by personnel assigned to rotating shifts on the days that they are actually working.

The City proposes the following change:

Tactical Force shall pay incentive. Shift Differential to be eliminated. In return for same, all members of the bargaining unit shall receive an additional salary adjustment to their base pay of one percent (1%) each year for the years 2002, 2003 and 2004.

Evidence in support of this proposal was offered by David Miller, Chief Financial Officer for the City of Camden. Miller is an employee of the State of New Jersey, having been appointed to serve as the CFO by the Division of Local Government Services. City Exhibits 10-A through 10-I were submitted into evidence reflecting police and fire costs, relevant budget information concerning revenues and expenditures and estimated costs of the respective proposals of the City and the Unions. City Exhibit 10-I reflects cost savings to the City from its various concessionary proposals. These proposals, including the elimination of shift differential in exchange for a 1% increase in pay, are part of the City's stated desire to have a cost-neutral package, that is, the achievement of equivalent savings in exchange for the granting of the 6% wage package over 5 years. This document reflects that the elimination of the shift differential would save

$600,000 annually while the 1% increase in exchange for the elimination would cost $235,416, thus netting an annual savings of $364,584.

The evidence introduced by the City in support of this proposal does not go beyond the line item calculations reflecting the savings achieved by substituting one benefit of less value for an existing benefit of greater value. The record does not reflect the method and manner of how this exchange would impact unit members or the operations of the department. I conclude that the City has not met its burden on this proposed issue and for this reason the proposal is denied.

The City has submitted identical proposals concerning sick leave for both firefighters and fire officers. The proposal states:

Sick Leave:	To be further amended to require a cap of Twenty-Five Thousand ($25,000.00) Dollars for the payment on retirement of sick time. If an employee should retire prior to June 30, 2002, the employee shall be paid the sum due and owing on the books, even in the excess of Twenty-Five Thousand ($25,000.00) Dollars. Employees shall be permitted to fifteen (15) sick days per calendar year; one (1) day to equal eight (8) hours of duty.

Although not specifically stated in the City's final offer, these proposals seek to amend Article X - Sick Leave - Section 2 which states that "employees

shall be entitled to 18 days of sick leave per year" and Article IV - Retirement - Section 6 which states that:

> All payments under this Article, including sick, vacation, holiday and terminal leave shall be paid as specified in the pay period following retirement. However, should the sum exceed $45,000, the payment shall be in three (3) equal installments. One third (1/3) at retirement and the remaining paid in each July of the succeeding fiscal years.

These proposals, on their face, are directed towards reducing the City's liability for retirement payouts and increasing available hours of manpower. While the proposals can be assumed to reduce the City's liability, there is no record evidence which allows for an evaluation of the impact of the City's proposal on fire department employees who have accrued time over the course of their careers and will retire after June 30, 2002. In addition, the proposal to reduce a sick leave day to 8 hours appears to run counter to the past agreement to convert hours to the existing amount based upon the change from a 10 hour / 14 hour work schedule to a 24 hour work schedule, thus allowing for sick days to be calculated in twelve (12) hour days. I also note that the Agreements already contain provisions for the two-tiering of this benefit in 1996. For these reasons the City's proposals is denied.

The City has submitted identical proposals modifying Article IX - Work Week - for both fire units. The existing Agreements, at Section 1, require a continuation of the present 24 hour on/72 hour off work schedule. Fire

prevention bureau and staff personnel who work on a schedule of four (4) ten (10) hour days and are unaffected by the City's proposal. The City proposes the following:

> Those officers assigned to Fire suppression shall work on a 24 hour on / 48 hour off work schedule. In return for same, said officers to receive an increase in base salary of ten percent (10%) (said increase does not carry over to any time on the books due these employees at the time of ratification of the within Collective Bargaining Agreement).

The City's proposed work schedule would increase the total number of hours worked annually by one third from 2,184 hours to 2,928 hours per year. In turn, the City proposes that the affected officers receive an adjustment in base salary of 10%. The main objective of the City's proposal is to reduce costs by having firefighters work more hours thus enabling the City to have fewer firefighters and/or to reduce overtime costs.

The City contends that this proposal is a "critical component" of its multi-year recovery plan. In support of its proposal, the City makes the following points:

- Camden works 24 hours on, 72 hours off
- Nationally, 51% of 1,074 communities reporting in the 2001 International City-County Management Association (ICMA) Municipal Yearbook survey use a 56 hour schedule (generally 24 hours on, 48 hours off, with periodic adjustments)

- In New Jersey, the 56 hour schedule is in use in some communities 9e.g., Vineland), while others (e.g. Cherry Hill, Mount Laurel) use a modified 53 hour version

- Savings from reduced staffing needs and overtime could be shared with Camden firefighters, allowing for a 10% increase in annual base wages beyond what would otherwise be affordable

This proposal would have a significant impact on the terms and conditions of employment of the City's firefighters by increasing their working hours by one-third annually. The addition of a 10% wage increase would serve as some offset for the additional hours of work, but on a dollar-for-dollar basis, would represent approximately one-third value for the additional work. Thus, if adopted, this proposal would significantly reduce the hourly costs of providing firefighting services. I have carefully examined the City's evidence with respect to comparability. While 51% of communities nationally may utilize this or a similar work schedule, the vast majority of paid firefighter units in New Jersey do not, especially in urban centers in New Jersey such as Jersey City, Hoboken, Newark, North Hudson Regional Fire and Rescue, Paterson, Elizabeth, Trenton, Clifton, New Brunswick and Atlantic City where firefighters all work on a 24 hour on/72 hour off work schedule similar to the existing work schedule in Camden. Based upon this record, I conclude that the dramatic change in the work schedule will negatively affect firefighters by increasing working hours at significantly lower proportional rates of compensation and this consideration is entitled to more weight than the cost savings which accrue to the City. Given the

similarity of work schedules among virtually all of the urban and large suburban firefighter bargaining units in New Jersey with that in Camden, I decline to award the City's proposal.

The City has submitted identical proposals concerning Article XXVIII - Traveling Expenses - for both fire units. The City proposes to amend this Article to eliminate the reimbursement for expenses incurred with respect to meals and travel. The record reflects a lack of evidentiary support for this proposal other than it will eliminate an existing expense. In addition, the expenses associated with this issue are directly related to costs and/or inconveniences incurred by unit members. For these reasons, I deny the City's proposal.

The remaining economic proposals which are listed as distinct to each particular unit are starting salaries. The City has listed this proposal under issues distinct to each unit because it does not concern the superior officer units in either the police or fire units. The City offers the following proposal for the FOP and IAFF Local 788:

> Starting salary shall be Twenty-Five Thousand ($25,000.00) Dollars. The employee shall receive said amount through the completion of his/her working test period. Upon completion of the working test period, said employee shall receive the minimum salary set forth in the Collective Bargaining Agreement. The City proposes that the salary guide for the minimum to the maximum range consist of seven (7) steps each step adjustment being done on an annual basis.

Because this proposal affects new employees, the cost savings associated with the proposal are future in nature but immediate when a vacancy is filled. This proposal is consistent with the City's objective to ease future labor costs and is in the public interest. The proposal is directed towards employees hired after the date of this award. New employees will have knowledge of the starting salary and increases to the new salary schedule prior to their decision to accept employment. This will not affect the continuity and stability of employment because the new hires will eventually reach the maximum pay step. The City's proposal is awarded.

The Unions have proposed only one economic issue which is distinct to a specific bargaining unit. That issue concerns the fold-in of holiday pay for the fire officers association, IAFF 2578. This proposal states:

> The Unions propose that all holiday benefits would be folded in and the resultant value would be used for all calculation purposes.

The City objects to this proposal alleging that it is illegal. The City makes this point in its post-hearing brief:

> The Fire Officer's Association, IAFF 2578, seeks an award that would grant its members a "fold-in" of all holiday pay into their base salary. Effective April 2000, the New Jersey Administrative Code was amended to prohibit this practice of "folding-in"

> holiday pay in anticipation of retirement. Based on the amendment, holiday pay is not creditable in terms of pension compensation unless included in the employee's base salary from the beginning of employment NJAC, 17:4-4.1, et seq.
>
> Camden cannot legally "fold-in" employees' salaries under the statute. It is respectfully submitted that this Union's proposal in regards to holiday pay, if awarded, is in contravention of the law. Accordingly, unless and until the Camden Unions have holiday pay "folded" into the base pay of all members from their respective date of hire, the City and the Interest Arbitrator lack the legal authority to agree or to award the proposed holiday "fold-in" plan.

This proposal would increase base pay for pension purposes with a relatively modest cost impact to the City. The City would absorb the cost of increased pension contributions on the amount of the holiday which is folded in. However, the City could conceivably benefit from having holidays worked at straight time without incurring overtime costs. This trade-off might be a win-win result warranting further discussion between the parties. However, I deny the Union's proposal because any serious consideration of a proposal such as this should involve a uniform City-wide plan for the purposes of easing administrative burden and across-the-board offsets which might be necessary to fund the costs of the proposal. I do not decide the City's contention that the proposal is not lawful.

I next turn to the economic proposals of each party which apply to and affect all of the employees in all four bargaining units.

The City has proposed, for all units, to convert all paid time to hours, including, but not limited to vacation, sick and any other leave time in order to "correct any inequities" in the Department. Testimony on this issue was offered by DeOld. DeOld referenced the Agreements which expresses that "all leave time shall be used on a day for day basis." [See FOP Agreement, Article VII, Section 7]. DeOld pointed out that some police officers work "multi-houred" shifts, some at ten (10) hours and some at eight (8) hours and "the problem with mixing ten-hour tours and eight-hour tours, if you express them in days, it's not going to work. So what we're proposing is that all the days be converted to a set number of hours and then the guy is going to be off a ten-hour tour, he's going to use ten hours of vacation time or ten hours of sick time."

According to DeOld, $800,000 in "productivity" rather than "hard dollar savings" could be achieved by police officers taking leave time in hours rather than days. Similarly, the firefighters take leave time in days as expressed in twelve-hour shifts. DeOld estimated that if the twelve-hour day was converted to an eight hour day over $800,000 would be saved in "hard" rather than "productivity" dollars because overtime is generally required to replace a firefighter on leave.

On cross-examination, DeOld acknowledged that the City's projected productivity savings in the police department may not be accurate for the following reasons: police officers do not receive personal days although three (3)

personal days per officer were used in his calculations; sick leave use averaged six and one-half (6 ½) days annually compared with his assumption of seventeen (17) days taken per officer annually; and the estimated number of vacation days taken of twenty-two (22) days was based on an officer with thirteen (13) to sixteen (16) years of experience despite the fact that the department hired approximately 110 officers during the past year who receive less vacation days. DeOld also acknowledged that the projected savings were based upon a worst case scenario that leave time taken would involve ten (10) rather than eight (8) hour leave days and that because the work days are rotated between two (2) ten (10) hour days and then one (1) eight (8) hour day, "one-third of the time the ten is not an issue."

I deny the City's proposal for the following reasons. The productivity savings in the police department are speculative and the estimated savings are significantly higher than what would actually be realized. I also note that the Agreement in Article IV - Retirement, Section 9 reflects that the parties have carefully negotiated leave time calculations. That section states:

> All holiday, vacation, and sick days are to be used on a day-for-day basis, however, upon retirement or other termination of employment from the City the employee shall only receive eight (8) hours for each holiday, vacation or sick day accumulated subject to the other limitations of the Collective Bargaining Agreement.

Given all of the above, I choose not to disturb the method of calculation for paid leave time.

The proposal for firefighters would also dramatically impact and reduce the amount of earned paid leave time. Essentially, the conversion of the twelve (12) hour day to an eight (8) hour day will result in a one-third reduction in leave time. This result would be inequitable given the department history of converting ten (10) hour and fourteen (14) hour work days to twenty-four (24) hour work days and by agreeing and calculating leave days in units of twelve (12) hour days.

The City proposes, for all units, to amend Article XV - Funeral Leave to state that the maximum amount of leave permitted is five days. The existing funeral leave provisions for the FOP and superior officer Agreements are the same but differ somewhat from the funeral leave provisions for firefighters and fire officers. The City's proposal in the police department is primarily directed towards that portion of the funeral leave provision which grants leave for a period of twenty (20) calendar days due to the death of a spouse who leaves a surviving minor child or fifteen (15) calendar days if there is no surviving minor child. A period of ten (10) calendar days is provided when there is a death of an employee's son or daughter, mother, father, mother-in-law or father-in-law. In the fire department, the City's proposal is primarily directed towards that portion of the provision which grants leave for a period of fifteen (15) calendar days due

to the death of a spouse who leaves a surviving minor child or ten (10) calendar days if there is no surviving minor child. Existing funeral leave is provided in amounts of calendar days and according to Section 2, "from the date of death until the first tour of duty following internment." The amount of actual leave taken which fall on work days is dependent upon the relationship of the date of death to the actual work schedule of the employee. Thus, the number of days as expressed in the existing Agreements are broader than the amount of work days which are actually taken. The City's proposal, as well as the Agreement, expresses leave time in calendar days. Although the existing provisions are generous in nature, any savings derived from a modification of the provision are speculative and, by necessity, relatively minor in nature and, for these reasons, I deny the City's proposal.

The City proposes, for all units, to amend the existing provisions set forth in Article XVI - Education Programs. The City's proposal states:

> The City proposes to amend this provision to state that an employee's attendance at a bona fide institution of higher education shall be done on his/her time.
>
> Additionally, the City proposes to amend this provision to state that an employee attaining a bachelor's degree in a law enforcement related discipline shall receive a one-time stipend of $400.00. Any new hire possessing a bachelor's degree or higher in a law enforcement related discipline shall receive a one time stipend of $1200.00 upon the completion of his/her working test period.

The existing provision in the police department contains a value statement in Section 1 which reads:

> The City and the Union agree that the amount and quality of an employee's education often determine the value of his/her contribution to his/her department and his/her community, and the degree of proficiency with which he/she performs his/her duties.

The existing provisions provide an ongoing scheme which rewards an employee for the pursuit of a degree. The City's proposal would substantially reduce the rewards associated with that pursuit during the time period in which that pursuit has already begun. For this reason, I deny the City's proposal for existing employees. However, I find merit in the first paragraph of the City's proposal as applied to employees hired after the date of this award. This will allow prospective employees to be noticed on the procedures associated with obtaining a degree in advance of a decision to accept offers of employment. The modification of the procedures for new employees will not adversely affect the continuity and stability of employment for future employees. Accordingly, the City's proposal is awarded for employees hired after the date of the award.

The City proposes, for all units, to amend Article XXIV - Call Back. The City's proposals states:

> The City proposes to amend this provision to state that in the event of an emergency those employees summoned for call back duty will be compensated at

the regular pay rate, unless they have worked the maximum hours under this agreement or any controlling statute for the applicable pay period.

The existing call back provisions are different in the police department and the fire department. Both units in the fire department contain the following provision:

Section 1

In the event of a state of emergency declared the Mayor or a designee, as a result of a riot or other civil disturbance or emergency where, in the opinion of the Mayor or Business Administrator, or their designee, there is adequate time for the marshalling of forces, preferences in call-back shall be given to Camden Fire Department Firefighters. In the event of such call-back, the employees shall be guaranteed a minimum of four (4) hours straight time pay, but may be required to remain on duty for that four (4) hour period.

The FOP Agreement provides:

Section 1

The call back of a platoon or any comparable unit during an emergency declared by the Mayor or the Chief of Police, shall result in payment of the employees so called for a minimum of four (4) hours and, if such employees are required to expend in excess of four (4) hours, then they shall be paid a minimum of eight (8) hours, and, if such employees are required to expend in excess of eight (8) hours, they shall be paid on an hourly basis therefore. Provided, however, that employees shall be paid only on an hourly basis if such employees do not wish to remain for the full four (4) hours or the full eight (8) hour period, provided, however, that they have been released from duty by their respective commanders.

The Superior Officers Agreement provides:

> Section 1
>
> The callback of a platoon or any comparable unit during an emergency declared by the Mayor or the Chief, shall result in payment of the employees so called for a minimum of five (5) hours and, if such employees are required to expend in excess of five (5) hours, then they shall be paid a minimum of nine (9) hours, and, if such employees are required to expend in excess of nine (9) hours, they shall be paid on an hourly basis therefore. Provided however, that employees shall be paid only on an hourly basis if such employees do not wish to remain for the full nine (9) hour period, provided, however, that they have been released from duty by their respective commanders.

The City contends that its call back time pay proposal will compensate employees at the regular rate in an effort to reduce spending and increase productivity subject to being required by law to pay overtime. A review of the existing Agreements does not reflect that employees who are called back receive compensation at a rate beyond the hourly or straight time rate of pay. Thus, there is no basis to modify the provision to provide for regular rates of pay in place of premium rates of pay. The existing provisions do guarantee a minimum amount of hours after an employee has been called in to work but the City's proposal does not address that portion of the existing call back provisions. Accordingly, there is no basis to modify the existing provisions based upon the City's proposal and the proposal is denied.

The City proposes to amend Article XXVI - Wages - to state that an employee must serve a minimum of 30 days in a higher ranking capacity to qualify to receive pay commensurate with a position in which he/she acts. All four of the existing Agreements provide that an employee receive Acting Pay when required to act in a higher ranking capacity for any length of time without first serving any amount of time in the higher ranking capacity. The Agreements in evidence from the many jurisdictions reflect that acting pay is common. Less common is the obligation to provide immediate payment for an acting capacity without some buffer period allowing for temporary assignments without receiving the pay for the higher rank. The buffer period serves the interest of the public by eliminating conflict and the administrative inconveniences associated with measuring and calculating work which is performed only on a very short term and temporary basis. There is merit to the City's proposal to the extent that a time period should be provided which avoids a financial obligation during such short-term assignments but the City's proposal is overbroad. Accordingly, the existing provisions shall be modified to delete the reference "for any length of time" in favor of adding "after the completion of one full shift of work."

The City proposes to amend Article XXX - Insurance, Health and Welfare - as follows:

The City proposes to amend Section 14 of this provision – Prescription Plan – to reflect a 3 tier prescription plan requiring employees to pay as follows:

(a) $5.00 co-pay for generic drugs;
(b) $10.00 co-pay for formulary drugs;
(c) $25.00 co-pay for non-formulary drugs.

The City proposes to amend the sections pertaining to Employee Health Benefits to state:

Any employee opting for health benefits under an offered HMO will not be required to contribute to the premiums for same. All new hires opting for traditional plan health benefits will be required to contribute toward the annual premium of same on a sliding scale as follows:

(a) 1st year of employment 20% of that year's premium.
(b) 2nd year of employment 19% of that year's premium.
(c) and so on for a period of 20 years at which point there would no longer be an employee contribution to the health benefits premium.

The provisions in the existing Agreements provide for a paid prescription plan containing a four dollar ($4.00) co-pay for name brand, a two dollar ($2.00) co-pay for generic, and a zero (0) dollar co-pay for mail order prescriptions.

Testimony concerning the City's prescription proposal was offered by Eugene J. McCarthy, Jr. McCarthy is employed by the State of New Jersey, Department of Treasury, Division of Local Budget Review and has been on loan to the Department of Community Affairs for insurance related matters. McCarthy testified that the City has a self-funded prescription plan which costs the City

approximately $4 million annually[3]. The City of Camden Multi-Year Recovery Plan reflects that these increases are projected to reach an additional 25% over the next three years. McCarthy testified that the City's proposal is a three-tier co-pay involving generic drugs, name brand drugs and then "pretty expensive name brand drugs". The proposal identifies this latter category as formulary drugs. McCarthy testified that the estimated savings to the City would be 20% of projected pharmacy costs. McCarthy estimated the cost savings for the police unions would be about $80,000 and about $40,000 for the fire unions.

The Agreements in evidence reflect that modest adjustments in employee co-pays in many jurisdictions have become commonplace. Given this fact, and the recent and projected cost increases, additional participation by employees is warranted and justified. This adjustment shall be based upon the existing system of co-payments for generic and name brand drugs. I do not award a third tier involving "non-preferred brand drugs" or "non-formulary drugs" as contained in the City's proposal. Accordingly, the existing agreement shall be amended to provide a ten dollar ($10.00) co-pay for name brand and a five dollar ($5.00) co-pay for generic drugs. The existing prescription plan provides for a zero (0) dollar co-pay for mail order prescriptions. I award no change in the mail order portion of the prescription drug plan. The increase in the co-pays will be effective no earlier than thirty days of the date of this award.

[3] The City of Camden Multi-Year Recovery Plan reflects a cost of approximately $3.5 million.

McCarthy also testified to the health insurance currently received by the four bargaining units. According to McCarthy, the City provides a self-funded program through Aetna U.S. Healthcare which provides a two dollar co-pay, a five dollar co-pay and a ten dollar co-pay, all of which are point of service agreements. He defined these plans as an open HMO where you can go outside of the network with higher deductibles and co-payments. There is also a traditional plan which is self-funded.

McCarthy testified as to the specifics of the City's health care proposal. According to McCarthy, the City would for the first time require new hires to pay a portion of traditional health benefits. The City would provide a "base line" HMO and a new hire would "pay the difference between a base line HMO and the other HMOs." The "base line" HMO would be the ten-dollar Aetna plan. Future hires would be required to pay, if they so chose, a portion of the plan based upon a sliding scale. The sliding scale would be 20% for the first year decreasing by 1% per year until the co-payment vanished in the twentieth year.

Although not specifically included in the City's last or final offer, McCarthy testified to an alternative plan to secure cost savings for employees who opt for the traditional plan. McCarthy testified that if the City were to require a 10% co-payment for all insurance plans for both present and new employees, there would be a savings of $30,000 for all employees, defined as these four units plus the other municipal unions.

On cross-examination, McCarthy acknowledged that he was unaware of any public employees who are subject to a 20% sliding scale and that he had not personally reviewed the City's medical proposal with any official from the City of Camden. McCarthy testified that "there are very, very few employees ... who have the traditional plan" because there are lower effective costs to the employee by going to the HMOs. McCarthy acknowledged that there would be virtually no savings from the City's proposal until new employees become "mid-career" employees who might then opt for the traditional plan. McCarthy acknowledged that the 10% proposal was not part of the City's offer set forth in City Exhibits #1 - #4.

On redirect, McCarthy was presented with an agreement between the County of Camden and the Park Police which included a 20% sliding scale but acknowledged, without further explanation, that it was not the same sliding scale as was proposed in this proceeding and contained "different numbers."

Based upon the record developed on this issue, I conclude that the portion of the City's offer to provide the base line HMO, defined as the Aetna ten-dollar co-pay, for new hires has been justified and is awarded. The record reflects that this plan represents a cost savings to the City compared with the traditional plan, that most new employees opt for this plan, and that the option to pay the 20% portion of the traditional plan premium is not reasonable given the estimated

$1,371.60 cost for a new employee earning $25,000 in his or her first year of employment. Thus, The City shall provide the baseline HMO at no premium cost for employees hired after the date of the award. The remaining portion of the City's proposal is denied.

The City has proposed, for all units, to amend the longevity provision set forth in each agreement at Article XXXVII - Longevity. The City has proposed:

> The City proposes to amend this provision to provide for the elimination [of longevity pay] for any employee hired after the date of the ratification of the successor contract.
>
> Additionally, the City proposes that longevity be eliminated for all employees with less than 5 years of service. Employees with 5 or more years of service shall for the balance of their career have their longevity frozen at the present level.

The existing longevity agreements are identical in each of the four contracts. They read:

> Section 1
>
> For the duration of this Agreement, all employees shall receive an increase in their pay as a reward for their continuous service in the City of Camden in accordance with the following schedule. Said payments shall become effective on the anniversary day of employment.
>
> Section 2
>
> Longevity payments as specified shall be added to the salaries as base pay and paid biweekly over 26

pays per year. The percentage of increase to annual base salaries for longevity shall be as follows: Effective July 01, 1997;

Years of Service		Hired after 01-01-97
Entering 0 through the 4th year	0%	0%
Entering 5th through the 9th year	3% of annual base salary	2%
Entering 10th through the 14th year	4% of annual base salary	3%
Entering 15th through the 19th year	5% of annual base salary	5%
Entering 20th through the 20th year	7% of annual base salary	7%
Entering 21st through the 23rd year	9% of annual base salary	9%
Entering 24th year and thereafter	11% of annual base salary	11%

Section 3

All longevity payments due as of June 30, 1994 shall be deferred until retirement (January 1, 1994 to June 30, 1994). The City agrees to pay three percent (3%) annually upon the employee's retirement or severance. Effective July 1, 1997 all deferrals will be terminated.

Section 4

Longevity payments shall become effective on the employee's anniversary date.

Testimony in support of the longevity proposals was offered by Michael Nadol, Senior Management Consultant for Public Financial Management. Nadol prepared data reflecting comparisons of various terms and conditions of employment for the City of Camden with other jurisdictions. Nadol testified that:

> The City's proposal is targeted to hold harmless existing employees, to freeze their payments, and to eliminate the longevity pay only for those employees who are not yet receiving it.
>
> Longevity pay is unquestionably a relatively common benefit in the public sector, but it's not universal. Several of the contracts we evaluated do not include

longevity pay. Vineland does not provide it. Wilmington does not.

Restructuring longevity pay is something that has also been adopted as part of an overall cost containment strategy and it's a benefit that's extremely rare in the general private sector.

There are three elements to the City's proposal: 1) eliminate longevity for all new hires; 2) eliminate longevity for existing employees who have less than five years of service; and 3) freeze longevity payments at their current level for employees who have five or more years of service.

I deny the City's proposal to eliminate and/or freeze longevity payments for existing employees. These employees have an expectation for earnings based upon accrual of time over their career. The City's proposal could negatively impact on their continuity and stability of employment and affect employee morale which I do not believe is in the interest of the public.

There is some merit to modifying the longevity schedule for new hires but not to the extent of the proposal which seeks to eliminate the benefit in its entirety. An elimination would adversely affect the relationship between total compensation for Camden employees and those in other jurisdictions by as much as 11%, especially in the urban municipalities in the State of New Jersey which are comparable to Camden such as Elizabeth, Paterson, Trenton and Jersey City. There is also a potential that future hires would consider leaving Camden for other jurisdictions who provide longevity payments rather than

providing career service in Camden where public safety jobs carry significantly higher risk as reflected in the crime statistics. The City could achieve future cost savings without negative impact by modifying the longevity schedule to require new hires to enter their tenth (10^{th}) year of service rather than their fifth (5^{th}) year of service before eligibility for longevity is reached. Accordingly, the existing longevity schedules shall be modified for employees hired after the issuance of the award by deleting the category "entering their fifth through their ninth year of service," carrying forward the remainder of the longevity schedule covering employees hired after the date of January 1, 1997.

The remaining issue is salary. The City proposes a five-year agreement (January 1, 2000 through December 31, 2004) with wage freezes for 2000 and 2001 and 2% annual increases, effective January 1, 2002, 2003 and 2004. The Unions propose a four-year agreement (January 1, 2000 through December 31, 2003) with wage increases, effective January 1 for each of the four years. The differences in position are significant: 6% over five years compared to 20% over four years.

The positions of the City and the Unions on the salary issue have been clearly articulated and stand in sharp contrast. At the risk of oversimplification, a clear and concise summary of these positions would reflect the following. The City's position flows from implementing the objectives of its Multi-year Recovery

Plan ["MYRP"] [Un. Ex. #137][4]. The City's position on all economic issues, including salary, flow from the objective of rising from being "totally dependent on outside aid for its financial condition[5]" to one of self-sufficiency by phasing in cost-cutting management initiatives. Testimony on the details and objectives of the MYRP was received by Quel, Nadol and Banker. An overview of the MYRP is provided in the plan's document:

> Camden, despite its strengths, is New Jersey's most distressed city. Its per capita income, its tax base, and its tax collection rates are the lowest in the State. Without corrective action, Camden faces a structural budget deficit that could reach over $28 million by FY2003, and well over $30 million by FY2004 -- compared to a total budget that, in FY 2000, was just over $112 million. But Camden's challenges go well beyond the budgetary bottom line. The City also faces severe deficits in its basic infrastructure investment, as well as in meaningful economic opportunity for far too many residents and businesses.
>
> This is a time for bold ideas, and for the resolve to translate them into results. The City of Camden Multi-Year Recovery Plan aims to balance the budget and reverse a half-century of dis-investment by launching over $100 million in new economic development projects and municipal improvements by the Spring of FY2003. These projects would make the City Government more effective and efficient. They would integrate the City's waterfront with its central business district. They would make Camden's neighborhoods stronger.
>
> To help achieve these goals, beginning in FY2001, the City would undertake management initiatives to expand its revenues and contain spending, without

[4] The MYRP is a document developed by the City's financial consultants and supported by many private companies located in the City such as Comarco Park Products.
[5] See testimony of financial expert Banker.

resorting to deep cuts in core services or higher taxes. Combined with new sources of recurring revenue for the City to be authorized by the State, the value of these initiatives is projected to reach $33.4 million by FY2004, enabling the City's budget to be balanced without reliance upon Special State Aid. Successful implementation requires a commitment to effective tax collection, firmness in collective bargaining, pursuit of managed competition, and a willingness to transfer certain City functions to other local governments.

At the same time, movement toward increased self-sufficiency would not mean an end to all State support. Special State Aid for Camden would be maintained at $13.5 million from FY2001 through FY2003, then decline to $8.5 million in FY2004 -- a level more in line with that provided to other New Jersey cities facing fiscal challenges. As local management initiatives take effect, the State would also change the nature of its Special State Aid. Instead of serving as an endless series of eight-figure subsidies to close City operating deficits, Special State Aid would increasingly be directed toward debt service to finance $103 million of long-term, capital investment in sustainable revitalization. The amount of Special State Aid directed to closing gaps in the operating budget would decline from $13.5 million in FY2001 to $7.0 million in FY2003, and then to zero by FY 2004 when the City would be able to balance its budget independently. Concurrently, increasing amounts of Special State Aid, reaching $8.5 million by FY2004, would be used for debt service. State approval of nearly $3 million in new revenue sources specific to Camden, including an entertainment surcharge and a parking surcharge, would reduce the State's debt service costs. The City would be asked to offset up to one-half of the remainder of the State's debt service costs only after FY2012, when its obligations for State-authorized 1991 Fiscal Year Adjustment Bonds are fully paid.

This Recovery Plan is intended to offer hope and direction, but it also remains a working document. It provides a framework for considering and implementing initiatives to strengthen the City, while

> maintaining the flexibility to be adjusted as circumstances change and as those with a stake in the City's future offer their input. Its success depends upon a willingness to share burdens as well as benefits, and a commitment to results. Overcoming Camden's challenges requires nothing less.

While the objective to become "self-sufficient" by FY2004 includes management initiatives which the City can implement under its own authority, a key element expressed in the plan is to take a "resolute approach to collective bargaining" which includes achieving the concessionary proposals of the City submitted in this proceeding as well as a wage freeze initially sought for five years. On revision, the City's objective is to achieve new agreements which essentially are self-funded through a two year wage freeze and a 6% salary increase over five years. This proposal is designed to be funded by cost offsets the City has calculated to yield equivalent savings. Documents in support of the proposals and rationale were received into evidence as C. Ex. #8, C. Ex. #9 and C. Ex. #10.

The greatest source of "savings" is, of course, the salary account. The 6% offer over five years is recognized by the City as below "market" value but one consistent with its objective to reduce municipal spending and lower taxes. In contrast, the City describes the Union's wage proposals of 5% per year as a "death sentence" for the City and its residents causing "great harm." The City points to an exhibit, C. Ex. #8, reflecting the impact of the Union's proposals causing drastic reductions in services and skyrocketing tax increases.

The Unions respond that the City's proposals are inadequate and unsupported by record evidence on financial ability, the absence of a CAP problem, the City's move toward economic redevelopment, and the public's interest in having a reasonably well compensated police and fire department who operate under most severe conditions endangering their health and safety. The Unions stress that the City has placed an unrealistic and inequitable reliance upon the MYRP. The Unions sharply dispute the City's comparability data with their own data which the Unions believe strongly supports their own wage proposals.

Based upon the evidence and arguments presented, the statutory criteria which are the most relevant and entitled to the most weight are N.J.S.A. 34:13A-16(g)1 (the interest and welfare of the public), N.J.S.A. 34:13A-16(g)2(c) (comparison of terms and conditions of employment in similar comparable jurisdictions), N.J.S.A. 34:13A-16(g)5 (the lawful authority of the employer - CAP), and N.J.S.A. 34:13A-16(g)6 (financial impact on the governing unit, its residents and taxpayers). These, of course, are not the only relevant factors. Other statutory criteria are relevant but to a lesser extent and include N.J.S.A. 34:13A-16(g)3 (overall compensation presently received), N.J.S.A. 34:13A-16(g)7 (cost of living) and N.J.S.A. 34:13A-16(g)8 (the continuity and stability of employment).

The interest and welfare of the public embrace the City's main contention that the costs of the Award must consider its ability to raise revenue through local taxation as well as the wisdom of sustaining itself on aid from outside sources. These points are central to the MYRP. It is argued that a failure to address these concerns would cause adverse financial impacts. The interest and welfare of the public are also implicated in the Unions' desire to keep pace with terms and conditions negotiated in comparable jurisdictions and to avoid deep concessions in the existing Agreements. Failure to do so, it is argued, would cause negative morale and not properly reward the police and fire employees for their work, the risks associated with that work and the need to provide a safe environment for redevelopment to flourish. The interest and welfare of the public will be served by an Award which balances these competing considerations. The evidence reflects merit in the competing contentions of both parties which must be addressed but an Award cannot be fashioned which fully adopts one or the other point of view.

Comparability considerations tend to support the Unions' position although its wage proposal exceeds the comparability data presented thus weighing against awarding 5% annual increases. The City's comparability evidence and arguments are not persuasive because they primarily address regional considerations and communities which the record has shown are not in fact comparable. To be sure, Camden's socio-economic and public finance profile may not be directly comparable to any other jurisdiction. Its ratables and tax

collection are low but its reliance on outside funding sources are significantly higher. I find that Camden is more compatible with New Jersey's other urban centers such as Trenton, Elizabeth, Paterson, Jersey City, East Orange and Newark. There are variances in wage adjustments in these jurisdictions but all are well above the 6% increase over five years which the City has proposed, lower than the 5% annual increase which the Unions have proposed and more generally fall within a range of 3% to 4% increases annually.

The CAP law, or lawful spending limitations imposed by P.L. 1976 C.68, is not directly impacted by this proceeding. Both financial experts presented by the City (Banker) and the Unions' (Foti) acknowledge this fact. The City adopted a 3.5% CAP, 1.5% below allowable and spent $91,955,137, well below its CAP ceiling of $100,233,378. This does not, however, mean that financial health has returned to Camden. Instead, as recognized by both financial experts, the City does not have the financial ability to raise funds through local taxation that it is legally able to raise to spend up to its CAP limitation. It is this latter fact, clearly established in the record, which renders the CAP factor relevant and entitled to weight despite the fact that the CAP law theoretically does not interfere with the City's ability to fund the Unions proposals and yet stay within its legal spending obligations.

The financial impact of the Award on the governing unit, its residents and taxpayers is a criterion entitled to substantial weight. Record testimony reflects

that the City has not increased the municipal tax rate between 1996 and 2001. In fact, the 2001 rate is .037 less than in 1996. It has remained constant, hovering around 2.552. City testimony states that the City may be without the legal authority to raise the municipal tax rate due to legislation directed towards funding the City's finances although it asserts that tax increases would be necessary to fund the Unions proposals. In practical terms, in the absence of special state aid supplementing the City's operating budget, the City's low tax collection rate (78% to 79%) and narrow tax base would not enable the City to fund the Unions' proposal without cuts in services and personnel. The City's financial witnesses all acknowledge that the City is directly funding less than 20% of its operating budget from local taxation and that costs, including those attributed to labor, have risen over the last five years without any change in the percentage of local revenue as part of the operating budget. The constant proportion of internal vs. external funding appears to have been a necessity in keeping the City of Camden a viable entity. This phenomenon is even more pronounced in the City's school district as evidenced by School Business Administrator Leon Freeman's testimony, supported by budget data, that only 3% of the School Board's budget of $271,000 is supported by local revenue.

The above observations reflect that the reasonable assumption that continued direct assistance from external resources will be required to fund additional labor costs as well as the City's other financial obligations unconnected to labor. I am not persuaded that the cost of new labor agreements

can or should be borne solely by the City's portion of its operating budget nor can it be assumed that the City can, pursuant to its MYRP, opt for significantly reduced reliance on external funding during such a short time period and still meet all of its cost obligations. As Banker, the City's financial expert noted:

> It's my conclusion that the City can't afford any increases in personnel costs without something external to the City, such as the state being involved. On its own, operating on its own, the City can't afford it.

The terms of an Award must provide relief to the City by offsetting the impact of retroactive payments while also providing increases which do not significantly erode the relative terms and conditions of employment of the City's police officers and firefighters whose mission to preserve health, safety and welfare of the City's residents, visitors and commercial enterprises whose interests are vital to the City's recovery. The City has accurately documented that Camden is a safer place to live and do business. Financial relief is necessary during the period of the City's recovery which the record reflects will be a gradual one. This process has started as established by many key witnesses in this proceeding, including the City's financial expert who testified that the cash position of the City has become substantially stronger between 1999 and 2001.

After applying the factors which I have concluded are the most relevant and entitled to the most weight, I reach the following conclusions. The

comparability data reflects awards and settlements in police and firefighter units averaging 3.5% to 4% annually. The City's financial condition compels an award which eases retroactive obligations by providing increases towards the lower or more conservative end of the comparability scale. An Award of five (5) years as proposed by the City is in the interest of the parties and the public and will provide certainty of cost enabling the City to project its staffing needs during the term of the Agreement. For the first three (3) years (2000, 2001, 2002), I award increases of 3% annually effective and retroactive to July 1 of each year. Thereafter, for 2003, I award increases of 2% on April 1 and 2% on October 1, followed by increases of 2% on April 1 and 2.5% on October 1 for 2004.

The annual economic cost of the Award will be 1.5% in year 2000 with a carryover of an additional 1.5% into year 2001. There will be an additional cost of 1.5% in year 2001 with a carryover of an additional 1.5% into year 2002. There will be an additional cost of 1.5% in year 2002 with a carryover of an additional 1.5% in 2003. In 2003, there will be a cost of 1.5% for the April 1 increase and 0.5% for the October 1 increase with a carryover of 2% into 2004. In 2004, there will be a cost of 1.5% for the April 1 increase and 0.625% for the October 1 increase with a carryover of 1.875% into the succeeding agreement. In sum, the average annual rate increases will calculate to 3.5% with substantial offsets in payout due to deferred effective dates.

The dollar costs yielded by these adjustments cannot be precisely calculated due to many factors. These include reductions in personnel through retirement, death or resignation and the hiring of many new employees. For example, Fire Captain DiPompo testified that 121 firefighters have left the department in the last few years and Captain Hannon testified that the City currently has a police force of 403 compared to 460 in 1996. Further, the data as to wages and salaries in the annual budgets may include personnel who are not in the bargaining units including managerial executives and civilian personnel. There will also be cost offsets as a result of the modifications to the prescription benefit for all employees, the modified health insurance plan for new employees, the new hiring rate and modified salary and longevity schedules for new employees. In addition, the annual deferrals of effective dates substantially reduce retroactive obligations although there are carryforwards in the ensuing years as a result of the deferrals. The budgets reflect gross salaries in the police department of approximately $25,000,000 and $16,000,000 in the fire department and that the average rate of pay for all employees in all of the units is approximately $59,000. The 3% annual increases in years 2000, 2001, and 2002 in the police department would cost approximate $750,000 annually with the annual payouts substantially reduced by the deferrals in the effective dates. The split increases in 2003 and 2004 yield annual payouts of 2% and 2.125% although the carryover into succeeding years will yield 4% and 4.5%, respectively, into base salaries. Based upon the fall of the financial data and projections in the record, the term of the Award will not have adverse financial

impact on the City, its residents and taxpayers in the absence of evidence that the relationship between internal and external funding has been or will be substantially altered.

The terms of the Award have considered the existing level of terms and conditions of employment of unit members. The cost impact of the Award is directed solely toward salary and the direct and indirect costs of salary increases and does not add to nor broaden existing benefit levels.

The terms of the Award are directed toward maintaining the continuity and stability of employment of unit personnel. The record does not reflect a significant turnover of unit personnel due to resignation and reflects that the City has been able to attract new personnel based upon terms and conditions of employment set forth in the expired Agreements. Although speculative, the panoply of concessions proposed by the City coupled with well below "market" salary increases could conceivably have negatively impact upon the hiring and retention of the City's police officers and firefighters.

In fashioning the Award I have also considered the data concerning cost of living. The Unions proposals are well above the cost of living increases while the City's are below the cost of living increases. This factor is one of many which cause rejection of the Unions proposals but is not entitled to weight so substantial as to warrant an acceptance of the City's proposals. The City has

presented evidence that unit employees have received increases above the cost of living during recent years. This evidence has been considered but the increases provided to unit personnel have not been shown to have increased in greater proportion than the average increases provided to police officers and firefighters in other jurisdictions during the last several years and, in particular, within Camden County itself.

Accordingly, and based upon all of the above, I respectfully enter the following award.

AWARD

1. Duration - All Units

   There shall be a five-year agreement effective January 1, 2000 through December 31, 2004.

2. All proposals by the City and the Unions not awarded herein are denied and dismissed. All provisions of the existing agreements shall be carried forward except for those modified by the terms of this Award.

3. Article VIII - Equipment and Vehicle Safety (Police Superior Officers)

   Section 2

   The City shall not ask or require any employee to operate equipment that has been determined to be in an unsafe operating condition by driver of apparatus until same has been repaired. The Police Chief or Deputy Chief shall make the final determination to remove a vehicle from service.

4. Article VIII - Equipment and Vehicle Safety (Local 788 - Firefighters and Local 2578 - Fire Officers)

   Section 2

   The City shall not ask or require any employee to operate equipment that has been determined to be in an unsafe operating condition by the tour commander or designee upon recommendation by the driver of apparatus until same has been repaired.

5. Salary - FOP (Police Officers) & Local 788 (Firefighters)

   Starting salary shall be Twenty-Five Thousand ($25,000.00) Dollars. The employee shall receive said amount through the completion of his/her working test period. Upon completion of the working test period, said employee shall receive the minimum salary set forth in the Collective Bargaining Agreement. The City

proposes that the salary guide for the minimum to the maximum range consist of seven (7) steps each step adjustment being done on an annual basis.

This provision shall be effective for employees hired after receipt of the Award.

6. Article XVI - Educational Programs - All Units

This article shall be modified to state that an employee's attendance at a bona fide institution of higher education shall be done on his/her time.

This provision shall be applicable to employees hired after the date of this Award.

7. Article XXVI - Wages (Acting Pay) - All Units

Article XXVI shall be amended to delete the reference "for any length of time" and to add "after the completion of one full shift of work."

8. Article XXX - Insurance, Health and Welfare - All Units

For all employees hired after receipt of the Award, the City shall provide the existing "baseline" HMO at no premium cost.

Prescription co-pay for all employees shall be zero (0) dollar co-pay for mail order, five dollar ($5.00) co-pay for generic drugs, and ten dollar ($10.00) co-pay for name brand drugs. The City may implement the new co-pays no earlier than thirty (30) days from receipt of the Award.

9. Article XXXVII - Longevity - All Units

This article shall be modified to require employees hired after the date of this Award to enter their tenth (10^{th}) year of service rather than their fifth (5^{th}) year of service before eligibility for longevity is reached. The longevity schedules shall delete the category "entering their fifth to their ninth year of service" but shall carry forward the remainder of the longevity schedule which covers employees hired after the date of January 1, 1997.

10. Salary - All Units

Salary schedules shall be modified retroactive to their effective dates as follows:

2000 - 3% effective July 1, 2000
2001 - 3% effective July 1, 2001
2002 - 3% effective July 1, 2002
2003 - 2% effective April 1, 2003
2% effective October 1, 2003
2004 - 2% effective April 1, 2004
2.5% effective October 1, 2004

Dated: February 21, 2003
Sea Girt, New Jersey

James W. Mastriani

State of New Jersey }
County of Monmouth }ss:

On this 21st day of February, 2003, before me personally came and appeared James W. Mastriani to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged to me that he executed same.

Gretchen L Boone

GRETCHEN L. BOONE
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 8/13/2003