

**PUBLIC EMPLOYMENT RELATIONS COMMISSION**

In the Matter of Interest Arbitration between	)	<b>Before: J. J. PIERSON, Esq.</b>
	)	<b>Arbitrator</b>
<b>CITY OF CAMDEN ("City" or "Employer"),</b>	)	
<b>a municipality in the COUNTY OF CAMDEN</b>	)	
<b>STATE OF NEW JERSEY</b>	)	
	)	
	)	<b><u>OPINION and AWARD</u></b>
and	)	
	)	
<b>THE INTERNATIONAL ASSOCIATION</b>	)	
<b>FIRE FIGHTERS, LOCAL 788</b>	)	<b>Docket No. IA-2009-065</b>
<b>("IAFF" or "Union")</b>	)	
_____	)	

The undersigned derives jurisdiction as Interest Arbitrator of this matter from appointment by the Public Employment Relations Commission ("PERC"), by mutual request of the above named parties and pursuant to N.J.A.C. 19:16-5.6<sup>1</sup> and, on April 29, 2009, was designated Arbitrator to conduct proceedings in accordance with the provisions of P.L. 1995, C 425. The designation directs the Arbitrator to render an Award regarding the terms and conditions of a successor Collective Bargaining Agreement (hereinafter, the "Agreement", presently effective January 1, 2005 through December 31, 2008. See Joint Exhibit J-1) after consideration of the statutory criteria of N.J.S.A. 4:13A-16(g)(1) through (9). Notwithstanding the arbitral authority granted therein, the statute allows the Arbitrator to assist the parties in reaching a voluntary settlement of economic and non-economic issues through mediation.

At the time appointment, the International Association of Firefighters, Local 788 maintained a bargaining unit of 160 Firefighters employed by the City of Camden and filed a "Petition to Initiate Compulsory Interest Arbitration" after a number of negotiation sessions did not result in a successor Agreement (with an effective date of the Agreement is January 1, 2010).

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1. For clarification purposes, while the present matter is being issued after enactment of the amended Interest Arbitrator Act (Cite), the proceedings were conducted under the statute in effect at the time of appointment.

During the course of proceedings, the following appeared at mediation and arbitration sessions:

Appearing for the City:

William M. Tambussi, Esq.  
Michael J. DiPiero, Esq.  
Marc Riondino, Esq., City Labor Attorney  
Gerald Dorf, Esq. (See Note A)  
Howard McCoach, Esq., City Attorney  
Glen Jones, Director of Finance  
Christine Tucker, Business Administrator  
Patrick Keating, Director of DPW  
Michael Nadol, Managing Director - PFM  
Charles Arlene, Consultant - PFM

Appearing for the Union:

Raymond G. Heineman, Esq.  
Ken Chambers, President - Local 788  
Larry F. Smith, Treasurer  
Gary B. Lyons, Vice President  
Efi Mercado, Secretary  
Ciri Castro, Delegate  
Ali J. Cooper, Delegate  
David Diaz, Delegate  
David Hicks, Delegate  
Javier Matos, Delegate

Note A: The City was first represented in the interest arbitration proceeding by Gerald Dorf, Esq., (Dorf & Dorf) and then replaced by Howard McCoach, Esq. in April 2010. Marc Riondino, Esq. served as counsel from June 2010 through February 2011, when Messrs. Tambussi and DiPiero entered their appearances.

Note B: 3. Representatives and Counsel for the Camden Superior Officers Association, IAFF Local 2578 were permitted to attend sessions and observe the present proceedings: Appearing for Local 2578 were: Richard Loccke, Esq.; Al Ashley, President; Michael Harper, Secretary; David Paine, Secretary; Warren Everett, Vice President; Mark Harper, Delegate; Greg Murphy, Delegate; Dan Rossi; Jessie Flax, Delegate

### **BACKGROUND**

To fully understand these proceeding, a detailed background is helpful. Upon appointment as Arbitrator, and after the first scheduled meeting with the parties in late August 2009, the City revealed its goal to revise (rewrite) the expired Agreement and clean up a “plethora” of open issues raised by the City.<sup>2</sup> At the time, there was discussion of the City’s economic condition, its dependency on State aid and the imposition of the State’s control over the City’s finances. While recognizing the City’s predicament, and not wishing to expand or prolong the negotiations, the IAFF offered to accept a contract settlement similar to that reached with the City’s police unit.<sup>3</sup> The City would not consider the IAFF’s offer. The proceeding continued.

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2. By letter of March 23, 2009, Counsel for the City (Gerald Dorf) advised PERC that eighteen (18) economic issues and twenty-five (25) non-economic issues remained open for negotiation.

3. Broadly asserted as a one year agreement with a 4% wage increase.

Thereafter, and notwithstanding the IAFF's attempt to limit the number of priority issues, the City remained steadfast in its position that all non-economic revisions to the successor Agreement must be addressed numerous occasions prior to addressing economic proposals.<sup>4</sup> A written summary of the City's non-economic proposal was provided to the IAFF and, in good faith, the parties attempted to move forward.

On October 15, 2009, a mediation session was conducted with the parties for the purpose of exchanging positions on non-economic issues. Numerous issues were discussed, agreed to, settled, withdrawn and/or carried over as "open" to further negotiations.

Events changed when, in November 2009, the City elected a new Mayor (Dana Redd) and the State elected a new Governor (Chris Christie). As a result, the parties faced two new administrations and the City requested an adjournment of the scheduled November 24, 2009 mediation session.<sup>5</sup>

On December 15, 2009, a third mediation session was conducted, with the parties attempting to resolve the outstanding non-economic issues prior to the first evidentiary hearing scheduled for January 14, 2010. Notwithstanding the IAFF's intent to proceed, the City requested an adjournment of the hearing based on timing and the swearing in of the new Mayor and new Governor.<sup>6</sup>

On February 3, 2010, this Arbitrator compiled and distributed an Interim Status of Issues (see Attachment 1) to assist the parties in preparation for the hearing scheduled for February 26, 2010. The City requested another adjournment.

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4. While acknowledging that Camden Firefighters provide a vital service for the City and perform with both professionalism and dedication, the City maintained that many aspects of contract language must be revised in recognition that Firefighters work ninety-one (91), 24-hour shifts (for a total contractual work year of 2184 hours) less vacation of fourteen (14), twelve (12) hour days or seven (7), twenty-four (24) hour days and less sick days of (at least) five (5) twenty-four (24) hour days. As the City expressed, ninety-one (91) shifts are minimally eighty-two (82) shifts and results in "an inordinate amount of time off".

5. It was apparent to this Arbitrator that the negotiations and the interest arbitration process were in flux. Nevertheless, the parties were guided to continue their efforts.

6. Counsel for the City maintained that the administration would be in no position to prepare for a hearing weeks after taking office.

On March 9, 2010, the first (of five) scheduled evidentiary hearing was conducted.<sup>7</sup> The IAFF introduced eighty (80) exhibits, rested its presentation of evidence and represented that additional documents would be introduced in rebuttal to the City's case. While the IAFF was prepared to reduce its proposals, it became apparent that, with indefinite communication between two "non-aligned" (State and City) administrations, the potential loss of State aid and a faltering economy, the City was in no position to either present or address an economic proposal. Shortly thereafter, the IAFF and this Arbitrator were advised that Counsel for the City (Gerald Dorf) had been replaced.

As the events unfolded over the following month, the City advised this Arbitrator and the IAFF that an economic proposal had been assembled, under severe budgetary constraints<sup>8</sup>, and was ready to be issued to other City employees. Maintaining that drastic measures were required as a result of an "egregious" fiscal situation, the City Attorney submitted an economic proposal of dramatic cuts on May 18, 2010. The City's proposal immediately impacted the arbitration proceedings. Notwithstanding numerous and extensive mediation sessions, and the first of numerous scheduled evidentiary hearings conducted, the City's economic proposal was extraordinary in nature:

- Contract term - 3 ½ years, beginning January 1, 2009 through June 30, 2012  
(Allowing the contract to be on Fiscal Year)
- Percentage Raises for Employees:
  - Calendar Year 2009 - 0%
  - Calendar Year 2010 - 0%
  - Calendar Year 2011 - 0%
  - First 6 Months of 2012 - 0%
- Furlough Plan: • 1 day per month
  - Allow employees to pick furlough days, subject to approval

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7. At all times prior to the commencement of hearing, this Arbitrator served in the role of mediator, pursuant to statute, seeking a resolution of the successor Agreement through voluntary settlement of contract issues by the parties.

8. As the City noted, in 2010, an \$8 million budget deficit was ultimately reduced to a \$4 million deficit by internal budget cuts and an additional \$4 million promise from the State to provide up to \$4 million" in additional state aid if needed was halted. In 2011, the City faced a \$25 million budget deficit, without any assurance of a State contribution. According to the City, the deficit would be "filled" by cost cutting.

- Increase Healthcare Contribution from current 1.5% to up to 5% for covered families and 3% for singles.
- Cap Sick Payments at retirement of \$15,000.
- Increase Co-Pays:
  - Doctor visit is now \$5; move to \$10.
  - Increase payment for dental benefits
- Increase prescription co-pay for named brands
- Eliminate 2 holidays
- Eliminate extra pay for certain years [27 pay periods]
  - For those years, salary is set over 27 pay periods
- Include Management Rights Clause
- Bereavement Leave - limited to only 5 days (60 hours) and must use sick time to take it.

At the time of presenting its offer, the City asserted that it remained without the ability of formulating a preliminary budget (for submission to the State) without some indication of settlement terms. In turn, the IAFF noted the its bargaining unit was already behind 3.75% the police officer's bargaining unit salary increase and would be further impacted by recent legislation (regarding health contributions). The parties faced serious options.<sup>9</sup>

A mediation/discussion session was conducted on May 24, 2010, wherein the parties agreed to move forward with an alternative procedure; that is, to submit its respective economic proposals to this Arbitrator who, in turn, would render a non-binding recommendation for settlement of the Agreement. It was also agreed that, should either party not agree to the proposed settlement, in part or in whole, the interest arbitration proceeding would resume in accordance with statute.

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9. As the parties discussed, the options were for the IAFF to reject outright the proposal of the City and return to an extended (and costly) arbitration hearing, consolidate the proceedings with the SOA, or complete the hearing in an abbreviated and contained manner by submitting last and final offers. The City subsequently refused to consolidate the present interest arbitration with the interest arbitration with the Superior Officers and declined to address two potential IAFF grievances relating to 1) challenging the "1.5%" contribution to health coverage and 2) accumulated vacation payments during the present arbitration.

### **City of Camden Proposal**

The City submitted its (May 18, 2010) proposal with two understandings: 1) To the extent the City did not agree with the Arbitrator's "non-binding decision", it was not waiving its right to seek other possible modifications to the Local 788 contract as it sees fiscally necessary during a subsequent binding arbitration process; and 2) The Arbitrator would utilize the same standard of review (addressing the criteria of N.J.S.A. 4:13A-16(g)(1) through (9)) as in a statutory interest arbitration decision factors to support his proposal.

### **IAFF Local 788 Contract Proposal**<sup>10</sup>

1. Article VII, Vacations, Section 4: In connection with proposals to modify Article X and XXXI, modify Section 4 as follows:

Notwithstanding any provision to the contrary, as of January 1, 2009, an employee may accumulate fifteen (15) vacation days in the calendar year to be carried over in the following year, but for no longer than the next year. The vacation accumulation of employees hired before January 1, 2009 shall be capped at the amount of accumulated vacation time on the City's records, as of December 31, 2008, and such employees shall be permitted to utilize any such accumulated time prior to retirement. For employees retiring prior to the execution of this Agreement, the vacation accumulated prior to December 31, 2008 shall be paid in full upon retirement.

2. Article X, Sick Leave, Section 5 (New): In connection with proposals to modify Article VII and XXXI, add new Section 5 as follows:

Effective upon the execution of this Agreement, employees shall receive payment for unused accumulated sick time at the time of retirement or termination up to \$15,000 or the amount of sick leave accumulated by the employee as of the execution of this Agreement, whichever is greater.

3. Article XXVI, Wages, Section 1: Increase wages for all employees by 3.75% for 2009, by 2.5% for 2010, by 2.5% for 2011 and by 4% for 2012.

4. Article XXX, Insurance, Health and Welfare: Counter to modify as follows:

Section 14: Upon the execution of a successor agreement, the co-pay for generic prescriptions shall be \$10.00 and the co-pay for brand name prescriptions shall be \$17.00.

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10. Submitted June 18, 2010

Section 16 (New): Effective upon the execution of a successor agreement, the employees shall contribute 1.5% of their base salary as a contribution for health insurance, as required by N.J.S.A 40A:10-21.

Section 17 (New): Upon the execution of a successor agreement, the co-payment for Doctor's visits shall be \$10.00.

5. Article XXXI, Holidays: In connection with proposals to modify Article VII and X, modify Section 4 as follows:

Notwithstanding any provision of this Article to the contrary, as of January 1, 2009, employees may carry over into the following year five (5) accumulative holidays, but for no longer than the following year. The vacation accumulation of employees hired before January 1, 2009 shall be capped at the amount of accumulated holiday time on the City's records, as of December 31, 2008, and such employees shall be permitted to utilize any such accumulated time prior to retirement. For employees retiring prior to the execution of this Agreement, the holiday time accumulated prior to December 31, 2008 shall be paid in full upon retirement. Payments for such accumulative holidays shall be paid to the employee at the employee's current rate of pay.

6. Article XXVII, Pay Period, Section 1: In years where there are 27 pay periods, the bi-weekly pay shall be adjusted so that the annual salary shall be paid over the 27 pay periods, but there shall be no adjustment of the hourly wage rate.

7. Local 778 proposes that all other provisions of the parties' collective negotiations agreement, effective from January 1, 2005 through December 31, 2008, shall remain in full force, except those provisions upon which the parties have reached tentative agreement. The Union specifically rejects all proposals of the City not otherwise addressed by the foregoing. The Union reserves the right to make further counter-proposals in response to proposals and counter-proposals of the City.

The parties provided a myriad of documents and shared relevant budget figures with this Arbitrator to assist in the settlement recommendation. Together with IAFF representatives, this Arbitrator toured the City, viewed the neighborhoods (both commercial and residential) structures (both standing and burned out); visited fire houses and inspected work conditions, observed training sessions and was introduced to specialized firefighting equipment. Upon observing and analyzing the circumstances of employment and respecting the record, this Arbitrator prepared a recommendation which was conceived to promote the retention of fire fighters and provide an incentive for the City.

The initial thought of a proposal was for a conditional wage freeze in the final three years of a four-year Agreement, with the understanding that the City would not layoff Fire Fighters through December 31, 2012.<sup>11</sup> That goal was thwarted by the continued downturn in the City and State economy and candid discussions with the Administration. It was apparent that layoffs could not be avoided and severe concessions would be sought. The City emphasized the necessity to reduce all department budgets, including fire and police departments, place caps on accrued benefits and increase employee contributions and co-pays on medical coverage. Reductions in overtime hours and rotating closure of fire companies were implemented. It became apparent to anyone connected to the situation that drastic steps were necessary to address the overwhelming budget obstacles.

At the same time, after personally observing the operation of the fire department, examination of their facilities and tour of the work performed on a daily basis, this Arbitrator questioned to what extent services (and personnel providing those services) could be reduced. Again, in the opinion of this Arbitrator, the City's fire fighters were already providing extensive services with less than optimum conditions. A high demand for, and standard of, fire services remain. Immediate response times for all emergency calls are required. Apparent fires sites and the potential hazards caused by abandoned (or burned out) buildings need to be eliminated. And, community awareness need to be promoted to prevent the loss of life and property.

Thus, while the City acted with the goal of responsible, efficient and cost effective management, it is imperative that the fire service remain at a standard of effective delivery and maintained by experienced and technically competent fire fighters.

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11. Proposed increases to the wage schedule, based on zero layoffs:

<u>January 1, 2009</u>	<u>January 1, 2010</u>	<u>January 1, 2011</u>	<u>January 1, 2012</u>
2.5%	0%	0%	0%



It was this Arbitrator's opinion that, despite the economic conditions facing Camden and recognizing evident layoffs, the City's remaining professional fire fighting force were entitled to reasonable compensation in a manner, at least, to equate to increased duties and expectations for delivery of service they are required to provide. And, when considering the present unit had not been granted a wage increase since January of 2008, while still facing increased personal expenses and cost of living in the face of increased work duties, this Arbitrator concluded that equity mandated a reasonable adjustment of compensation for the men and women undertaking the professional tasks and personal risks in providing a vital firefighting service to the City.

In an attempt to place this matter in perspective and to balance the obstacles facing the City and the bargaining unit of Fire Fighters<sup>12</sup>, the following proposal was also intended to open a door for additional discussion (and mediation) between the parties. Accordingly, only the narrow economic issues were addressed. On November 17, 2010, , the following recommendations were issued through the Mediator's Proposed Settlement of Economic Issues to resolve the Agreement:

1. Article XXVI, Wages, Section 1:

<u>January 1, 2009</u>	<u>January 1, 2010</u>	<u>January 1, 2011</u>	<u>January 1, 2012</u>
2.5%	2.0%	2.0%	2.0%

The January 1, 2009 and January 1, 2010 wage increases are to be implemented immediately, and effective November 1, 2010, without retroactive wage payments.

2. Article XXVII, Pay Period, Section 1 to be modified with the following:

In years where there are 27 pay periods, the bi-weekly pay shall be adjusted so that the annual salary shall be paid over the 27 pay periods, but there shall be no adjustment of the hourly wage rate.

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12. It must be noted that the information disclosed or otherwise supplied this Arbitrator for review was not specifically addressed in the Recommended Settlement, as a matter confidentiality with the parties, and because the statutory responsibilities of this Arbitrator required further assessment when the parties did not agree to a mediated settlement.

3. Article VII, Vacations, Section 4 to be modified with the following:

Notwithstanding any provision to the contrary, as of January 1, 2009, an employee may accumulate fifteen (15) vacation days in the calendar year to be carried over in the following year, but for no longer than the next year. The vacation accumulation of employees hired before January 1, 2009 shall be capped at the amount of accumulated vacation time on the City's records, as of December 31, 2008, and such employees shall be permitted to utilize any such accumulated time prior to retirement. For employees retiring prior to the execution of this Agreement, the vacation accumulated prior to December 31, 2008 shall be paid in full upon retirement.

4. Article X, Sick Leave, Section 5 (New): In connection with proposals to modify Article VII and XXXI, add new Section 5 as follows:

Effective January 1, 2010, and except for present employees employed prior to January 1, 2009 and have an accumulation of sick time exceeding \$15,000, employees shall receive payment for unused accumulated sick time at the time of retirement or termination in an amount not to exceed \$15,000.

5. Article XXX, Insurance, Health and Welfare: to be modified as follows:

Section 14: Upon the execution of a successor agreement, the co-pay for generic prescriptions shall be \$10.00 and the co-pay for brand name prescriptions shall be \$17.00.

Section 16: (New): Effective upon the execution of a successor agreement, the employees shall contribute 1.5% of their base salary as a contribution for health insurance, as required by N.J.S.A 40A:10-21.

Section 17 (New): Upon the execution of a successor agreement, the co-payment for Doctor's visits shall be \$20.00.

6. All other provisions of the parties' collective negotiations agreement, effective from January 1, 2005 through December 31, 2008, which have not been effected by this proposal, shall remain in full force. Only those provisions which the parties have reached agreement upon, in writing, to be implemented in the Collective Bargaining Agreement between January 1, 2009 and December 31, 2012 and all other proposals of the parties not addressed herein, shall be denied.

On November 23, 2010, the IAFF accepted the Arbitrator's Non-Binding Recommended Settlement as "a responsible solution of the parties' dispute" over the renewal of the Agreement.

On December 30, 2010, the City gave notice that it rejected the recommendation, as beyond its fiscal means, and continued to seek concessions from the IAFF.

On January 18, 2011, the City implemented personnel layoffs, including 60 fire fighters. Upon notice of the City's rejection of the recommendations, the IAFF requested the completion of hearings to conclude the pending arbitration.

This Arbitrator scheduled final arbitration hearings to commence on February 1, 2011; the City objected to the date on the basis it was not afforded sufficient time to prepare its case. With the consent of the IAFF, the hearing was adjourned and a mediation session was conducted on February 9, 2011.<sup>13</sup> At the conclusion of the session, and over the objection of the City, this Arbitrator directed the parties to a March 4, 2011 hearing. The City opposed the directive, requesting a further three month adjournment. The Arbitrator denied the request.

On February 28, 2011, the City filed an appeal to the interlocutory ruling of this Arbitrator in denying the request for a postponement of hearings until the City passed the budget for 2011.

Notwithstanding the procedural motions, the City presented its Final Proposal on April 12, 2011. Upon agreement of the parties, the hearing commenced (and concluded) on April 18, 2011, with the City producing its evidence and the testimony of Glynn Jones, the City's Director of Finance, and Michael Nadol, Managing Director of Public Financial Management ("PFM", a national public financial consulting firm).<sup>14</sup> Mr. Nadol offered an extensive "power-point" presentation of the "analysis of Camden's budgetary concerns and constraints in context with the present negotiations."

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13. With the appearance of the law firm of Brown & Connery, LLP, appointed with the approval of City Council on February 8, 2011. Of note, at the same meeting, the City's proposed budget, presented by Mayor Redd, was defeated.

14. PFM provides assistance with debt management, and with investment management. Mr. Nadol's 'Strategic Consulting Group' focuses on budget issues, working with governments and turnaround situations in fiscal distress. With his past experience, Mr. Nadol "often touches the intersection of budget and workforce issues." (Tr.77). The witness acknowledged that he had, during the course of his employment, testified in scores of interest arbitrations. (Tr.78).

**City of Camden - Final Proposal date April 12, 2011**

**[Added Language] ~~[Deleted Language]~~**

**Duration** - 5 Years - January 1, 2009 through December 31, 2013.

**Article IV - Retirement** - Amend the current language as follows:

Delete Section 2 (terminal leave)

**Section 6**

All payments under this article, including sick, vacation, and holiday ~~and terminal leave~~ shall be paid as specified in the paid period following retirement. ~~However, should the sum exceed \$45,000, the payment shall be paid in three (3) equal installments. One third (1/3) at retirement and the remaining paid each July of the succeeding fiscal years. Effective July 1, 2011, this sum shall not exceed a total payment of \$15,000.~~

**Section 10**

Accumulated Vacation - Holiday: All accumulative vacation and holidays on the books as of December 31, 1996 shall be carried over them paid out at the employee's salary rate at retirement, first-in, first out shall apply; ~~subject to the \$15,000 cap set forth in Section 6.~~

**Article VI - Vacation** - Amend the Article as follows:

**Section 3**

Vacation time must be taken in the year earned. When vacation time is ~~affirmatively~~ deferred by the City in writing to the employee for any reason other than the fact that such period has been previously granted in accordance with Section 1 of this ARTICLE, then the employee shall be entitled to utilize such vacation time at a later period in the same calendar year or to be paid for same. ~~Where vacation time is not deferred by written notice to the employee, said vacation shall expire at the end of the following calendar year in which the days were earned.~~

**Section 4**

Notwithstanding any provisions to the contrary, an employee may accumulate fifteen (15) vacation days in the calendar year to be carried over in the following calendar year. Days not utilized or otherwise affirmatively deferred by the City shall expire without compensation at the end of the following calendar year after sick days are earned. This section shall be applied retroactively effective January 1, 2009 to all vacation time accrued after December 31, 1996.

**Article XI - Injury on Duty Leave** - Amend the Article as follows:

**Section 1**

If an employee in the line of duty is incapacitated and unable to work because of an injury or sickness related to or caused in the performance of his/her duties, provided such employee is on active duty at the time such injury or the illness occurs and the incapacitation and inability to work occurs within one (1) year of the incident evening rise to the injury or sickness, he/she shall be entitled to injury leave with full pay during the. In which he/she is unable to perform his/her duties, as certified by the Examining Physician, as appointed by the City. Such payments shall be discontinued when an

employee is placed on disability leave pension and reduced by any payment received from Worker's Compensation or other similar plan.

**Article XII - Limited Duty Assignment** - Amend the article as follows:

Section 2

Such duty ~~shall~~ may continue, at the discretion of the City, until the employee is certified as capable of returning to full duty by the Examining Physician.

Section 4 (New Section)

Nothing in this article shall created duty on the part of the City to create or maintain light-duty assignments where such assignments do not exist or are not efficient to the operations of the Department.

**Article XXVI - Wages** - Amend the Article as follows:

Section 1

The wages for employees shall be as provided for in Schedule A, attached hereto and made part of here of, and as provided by an Ordinance to be adopted and reflect the following: ~~increases: \$1500 to base salary on January 1, 2005, (2%) to base on January 1, 2006, (2%) to base on July 1, 2006, (1%) to base on January 1, 2007, (3%) to base on July 1, 2007, (4%) to base on January 1, 2008.~~

Effective July 1, 2011, all salaries and step increases for the term of this agreement shall be frozen.

Section 2

The practice of appointing employees to higher ranks in all acting capacity is discouraged. Any employee required to act in such higher ranking capacity after completion of one five consecutive full shifts of work, shall receive pay commensurate with such position in which he/she acts.

The employee to be appointed temporarily to the higher ranking position shall be the employee who is placed highest on the current and NJ Department of Personnel promotional list within the his/her respective unit. At such time when there is no standing promotional list, employees to be appointed to the higher ranking position shall be the most senior employee in the Department assigned to that particular unit.

The starting salary for Fire Fighters shall be Twenty Five ( \$25,000) dollars. The employee shall receive set amount to 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. ~~This provision shall be effective for all Fire Fighters hired after February 21, 2003.~~

**Article XXX - Insurance, Health and Welfare** - Amend the Article as follows:

Section 1

The City shall continue to maintain and provide all insurance coverage is provided and set forth in the Plan Department. The City ~~represents that said~~ shall have the right to change insurance providers provided that the Plan is substantially similar or better than the plan provided at the commencement of the agreement. ~~Negotiations, and that any disparity resulting in additional costs to the employee/ member will be borne by the City.~~

### Section 3

Notwithstanding other provisions of this Article, the City of Camden shall continue its Health Benefits Program, including all benefit and coverage levels, usual and customary rates and deductibles charges for its employees and their families, subject to the conditions set forth in this Section.

Effective May 22, 2010, all employee shall contribute 1.5% of their base salary toward the cost of their insurance benefits.

Effective July 1, 2011, the City of Camden shall provide for 70% of the total cost of health insurance coverage (medical and prescription) for the employee in any qualifying dependents of the employee, while the employee shall be responsible for 30% of said costs. Under no circumstances, shall the minimum employee health insurance premium contribution be less than 1.5% of base salary for all employees receiving any health insurance coverage from the City.

All employee premium contributions shall be deducted on a pretax basis as permitted by law. The City of Camden shall establish a Cafeteria Plan in accordance with the rules set forth by the Internal Revenue Service.

### Section 4

Major Medical deductions shall be established on the basis of one hundred (\$100.00) per year for individual coverage and two hundred and fifty (\$250.00) per year for family coverage. The major medical lifetime maximum cap for current employees and retirees shall be one million dollars (\$1,000,000.00) to the extent permitted by law.

### Section 5

Notwithstanding other provisions of this Article, the City reserves the right to change its Health Benefit Program and Benefit Administrator so long as the no-less benefits are provided are substantially similar or better and that prior to such change that the City provide thirty (30) days notice to the Union/Association for the purpose of review and comparison of all benefit and coverage levels, usual and customary rates and deductible charges.

The City will provide the Union/Association any and all plan documents of the current and proposed plans and allow the Union/Association to have contact with any proposed Insurance Carrier or Health Benefit Plan Administrator. The Union/Association shall be permitted to present alternative Carriers or Administrators during the proposed notice period however, the City is not obligated to engage such Carriers or Administrators.

## **Article XXXI - Holidays - Amend the Article as follows:**

### Section 1

Effective January 1, 2012, Employees shall receive 13 eleven (11) paid Holidays per year. For 2005 and 2006, they shall receive 14 paid Holidays per year effective January 1, 2007.

### Section 2

~~Any other holidays shall be such holidays as are declared by the Mayor, Governor or the President of Jesus pleases as long as you the well the city city had a seven page you will is is a year or so to all you wellness the United States.~~

### Section 3 2

An employee shall take his/her holidays at any time during the year. In the event that a request for holidays denied, then said holiday may be taken later in the year. In the event that there are any unused holidays at the end of the year, employee shall be paid in lieu thereof. Notwithstanding any other provision in the article to the contrary, an employee shall be allowed to utilize all of such ~~thirteen (13)~~ eleven (11) paid holidays, or any portion thereof, in a single quarter of any calendar year for the purpose of attending bona fide college courses, divided verification of such attendance is presented to the City.

### Section 4 3

Notwithstanding any other provision of this ARTICLE to the contrary, employees may carry over into the following year, five (5) accumulated holidays. ~~Payments for such accumulated holidays shall be paid to the employees at the employees current rate of pay. Days carried over and not utilized shall expire without compensation at the end of the following calendar year after said days earned. This section shall be applied retroactively effective January 1, 2009 on all holidays accrued after December 31, 1996.~~

### Section 5 4

All payment for accumulated holidays and vacations shall be paid at the employees current pay at retirement, subject to the \$15,000 capitation set forth in article IV. The City shall make available to all employees request forms upon which holidays are to be requested. A copy of such completed form with the action of the City with respect to the request noted thereon shall be provided to the employee.

**Article XXXVI - Longevity** - Effective December 31, 2011, all longevity payments shall be eliminated for all employees both current and future.

**Article XXVII - Pay Period** Amend the Article as follows:

#### Section 1

Employees shall be paid every two (2) weeks for a period of fifty-two (52) weeks in accordance with the provision of the City Ordinance. However, on years where the total number of pay periods exceed twenty-six (26), employee shall be paid in twenty-seven (27) equal installments.

### **New Article - Management Rights**

#### Section 1

The City of Camden hereby retains and reserves unto itself, without limitation, all powers, rights, authority, duties and responsibilities conferred upon invested in it prior to the signing of this Agreement by the laws and Constitution of the State of New Jersey and of the United States including, but without limiting the generality of the foregoing, the following rights:

a. The executive management and administrative control of the City Government and its properties and facilities and I kitties of its Uniformed Firefighting Personnel utilizing personnel methods and means of the most appropriate and efficient manner possible as may from time to time be determined by the City.

b. To make rules of procedure and conduct, to use improved methods and equipment, to determine work schedules and shifts, to decide the number of Firefighters needed for any

particular time and to be in sole charge of the quality and quantity of the work required. The right of management to make such reasonable rules and regulations as may from time to time deem best for the purposes of maintaining order, safety and/or the efficient operation of the Department after advanced notice thereof to the Firefighters.

c. To higher FIREFIGHTERS to promote, transfer, assign or retain Firefighters in position with the Township.<sup>15</sup>

d. To suspend, demote, discharge or take any other appropriate disciplinary action against any Firefighters for good and just cause according to law.

e. To lay off Firefighters in the event of lack of funds under conditions where continuation of such work would be insufficient and nonproductive.

f. The City reserves the right with regard to all other conditions of employment not reserved to make such changes as it deems desirable and necessary for the efficient and effective operation of the Fire Department.

## Section 2.

In the exercise of the foregoing powers, rights, authority, duties and responsibilities of the City, the adoption of policies, rules, regulations, Code of Conduct and practices in the furtherance thereof, and the use of judgment and discretion in connection therewith, shall be limited only by the specific and express terms of this Agreement and then only to the extent such specific and express terms thereof are in conformance with the Constitution and laws of New Jersey and of the United States.

## Section 3.

Nothing contained herein shall be construed to deny or restrict the the City of its rights, responsibilities and authority under any National, State, County or local laws or regulations

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15. The "City".



### **Post-hearing Communications**

In late June 2011, Counsel for the IAFF submitted a news articles to demonstrate recent incidents of fires in the City.<sup>16</sup> One article, entitled “One of Camden’s three recent big fires declared arson”, emphasized the occurrence of three “huge fires” that struck abandoned industrial buildings within a ten day period.

On July 7, 2011, by letter, Counsel for the City advised this Arbitrator of Governor’s Chris Christie’s exercise of the line-item veto authority to strike the Transitional Aid Program for the FY2012 State Budget. As Counsel reasserted, the record evidences the City reliance on this “ever shrinking pool of state aid”<sup>17</sup> and amounts to the elimination of approximately 40% of the City’s proposed budget for the upcoming fiscal year.”

With the record closed and evidence considered, this Arbitrator now turns to:

### **STATUTORY CRITERIA**<sup>18</sup>

Pursuant to N.J.S.A. 34:13A-(d)(2), wherein the dispute is resolved through arbitration, the resolution is reached through application of all of the relevant statutory of N.J.S.A. 4:13A-16(g)(1) through (9), with due weight given to each of the follow criteria:

g. The arbitrator or panel of arbitrators shall decide the dispute based on a reasonable determination of the issues, giving due weight to those factors listed below that are judged relevant for the resolution of the specific dispute. In the award, the arbitrator or panel of arbitrators shall indicate which of the factors are deemed relevant, satisfactorily explain why others are not relevant, and provide an analysis of the evidence on each relevant factor:

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16. Retrieved from NJ.com, the news story related a Star Ledger article dated June 24, 2011.

17. The City attached the FY2012 State budget (as an addendum and update to City Exhibit C-12) which reflected a \$139 million reduction in the Transitional Aid Program. [After receipt of this correspondence, recent announcements by Governor Christie suggests that a portion of the reduced aid may be restore to the City].

18. Note: This matter is decided under the pre-2010 amendments to the interest arbitration law.

(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:4045.1 et seq.).

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

a) In private employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.

b) In public employment in general; provided, however, each party shall have the right to submit additional evidence for the arbitrator's consideration.

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

(3) The overall compensation presently received by the employees, inclusive of direct wages, salary, vacation, 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 P.L. 1976, c. 68 (C.40A:4-45.1 et seq.).

(6) The financial impact on the governing unit, its residents and taxpayers. When considering this factor in a dispute in which the public employer is a county or a municipality, the arbitrator or panel of arbitrators shall take into account, to the extent that evidence is introduced, how the award will affect the municipal or county purposes element, as the case may be, of the local property tax; a comparison of the percentage of the municipal purposes 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 of the local unit; the impact of the award on the ability of the governing body to (a) maintain existing local programs and services, (b) expand existing local programs and services for which public 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 a proposed local budget.

(7) The cost of living.

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

(9) Statutory restrictions imposed on the employer. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by section 10 of P.L. 2007, c.62 (C.40A:4-45.45).

### **DISCUSSION OF THE STATUTORY CRITERIA and THE RECORD**

As the reader will have already observed, this matter presents this Arbitrator with a challenging experience and an earnest attempt to objectively balance the fiscal dilemma of a major New Jersey city with the harsh realities of decreased state aid, the expectations of its citizens of receiving services and the economic goals of professional fire fighters in maintaining a level of compensation equivalent to their unique, ever-dangerous occupation and service to the City and its residents. Of note, in the face of increasing financial obstacles during this process, the parties have nevertheless attempted to pursue multiple methods of resolution. The procedure may have been awkward at times, but the intent was to secure a reasonable Agreement between the parties.

Substantively, to meet that requirements imposed by statute, this Arbitrator is mandated to determine whether the net economic changes to the successor agreement are reasonable under the nine (9) statutory criteria of N.J.S.A. 4:13A-16(g)(1) through (9) and that the decision adheres to the limitations set forth in public law P.L. 1995, C 425.

Analysis commences with reference to the Municipal Rehabilitation and Economic Recovery Act (“MRERA”) which, in 2002, recognized the City as a distinct municipality, facing severe fiscal distress and suffering a dramatic shortfall of revenue. The City’s property tax revenue (approximately \$20 million) was matched against budget demands exceeding \$170 million. At the time, as in the present economic environment, the City faced a shrinking level of State assistance.

"MRERA" (N.J.S.A.52:27BBB-1 et seq.) legislatively recognized municipalities in a "continuing state of fiscal distress which endures" despite attempts to fix it; and in which the "spending power on the part of the residents of these municipalities is severely limited and local businesses thereby suffer from the lack of an indigenous client base so that rebuilding the fortunes of city residents in order to recreate a viable urban economy will require a considerable period of time." N.J.S.A. 52:27BBB-2. Camden was the only municipal jurisdiction in the State covered by MRERA during this century's first decade.

As Counsel for the City emphasized, Camden remained under "State control" at the time of Mayor Redd's election in November 2009. A Chief Operating Officer ("COO") had previously been appointed by the governor and was charged with overseeing all City operations and functions<sup>19</sup>, including employment functions and negotiating and/or approving labor contracts.<sup>20</sup> The COO-Camden relationship lasted until January 2010.

Thus, without surprise, the record reveals that Camden was (and is) strikingly dependent upon state aid, having received a total of \$125,100,682 in state aid for Fiscal Year 2010, including supplemental state aid of \$67 million. (See City Exhibit C-1, at sheet 5). It was the position of the City that, despite this aid, there remained a budget deficit for FY 2010 of \$8 million.<sup>21</sup>

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19. Some aspects of that control included: suing under Camden's corporate name, retaining counsel, appointing department heads, acting as the appointing authority and being able to abolish employment positions.

20. As the City described, in November 2008, the COO authorized the abolishment of 26 job positions. (See IAFF Exhibits).

21. The City lost an expected South Jersey Port Pilot payment (held by the State) of \$8 million. Later, a portion of the money was released and issued to the City.

Nevertheless, in the continuing face of severe budgetary limitations and further reduction of State aid, the City remains mandated to “to preserve and enhance the quality of life in the City of Camden through the effective prevention of fire and the efficient delivery of emergency services in the assigned mission areas of fire suppression, rescue services, emergency medical support, and the mitigation of special hazards that threaten public safety.” These services are provided through the joint efforts of the City’s Fire Department, Police Department, Emergency Medical Services, and Municipal Emergency management.

The Fire Department remains the City's first line of defense against a myriad of hazards which threaten the welfare of its citizens and the value of its property. The Fire Department is the City's principal emergency service agency and the only agency that provides instantaneous response to all calls for service from the community. The members of the Department, both uniformed and civilian, are dedicated to preserving the efficiency of the department through personal commitment and professional management.

As City Counsel contended, in January 2010 , Camden entered a new era — the “economic recovery” term and Mayor Redd has assumed the powers of the COO. However, her authority is still limited by MRERA, with veto power held by the Commissioner of the Department of Community Affairs over City Council actions. And, there currently remains a memorandum of understanding ("MOU") between the City and the State.

### **Interests and Welfare of the Public**

The City contended that the continuing financial crisis confronting the Camden makes any increase in Firefighter compensation impossible. Although recognizing the Union’s position that reduced staff now faces a greater volume of calls, the City argued that the fact of a financial crisis militates against the Union proposal. (see C-16).

Statistics reveal that Camden is one of the most dangerous cities in America, not only in crime, but also with regards to fires (and fire fighting). Whether resulting from natural causes, the work of an arsonist or an electrical spark of a faulty fuse in a dilapidated property, the record substantiates the enormity of fire fighting efforts within the City by IAFF members.

Camden is demonstrably the most “incendiary” of the “Urban 15”<sup>22</sup>, with an average of 11.2 fires per 1,000 individuals and 28.1 per 1,000 households. These figures far exceed the averages for New Jersey as a whole (3.4 and 8.4, respectively) and the U.S. (4.4 and 10.4, respectively). (see Public Financial Management “PFM” report<sup>23</sup>, PFM-81). Statistics further reveal that “arson” is a common occurrence in Camden, as the City’s 176.4 arsons per 100,000 residents is nearly six times that of the next major city in New Jersey, and 1,288% beyond the New Jersey average (see PFM-82). Responses to these fire calls are performed by Camden Fire Fighters and members of the IAFF.

Despite demonstrating the enormity of fire fighting efforts, in January 2011, the City was forced to lay-off sixty-seven (67) fire fighters. While the decision was based on budgetary choices, the reduction led to “brownouts”, company (fire house) closings, slower response times and minimal staffing. (see PFM-32).<sup>24</sup> As such, the City warned, should this Arbitrator grant any award to the Fire Fighters, it would be forced to layoff even more employees, thereby reducing an already razor-thin staff.

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22. Camden and the other fourteen most populated New Jersey cities.

23. “PFM” refers to the PowerPoint presentation on behalf of the City by Public Financial Management, Inc., entered into the record of the (April 2011) hearing and hereinafter referred to as “PFM-page number”. As referenced previously, the presentation was made by Michael Nadol, Managing Director of Public Financial Management.

24. It is noted that the City, in a cooperative effort with the IAFF, took immediate steps to secure funds to rehire fire fighters previously laid off.

According to the City, awarding increased compensation in the successor Agreement would be directly detrimental to the public's safety and welfare, as necessary layoffs would place the remaining firefighters and the public in danger and cause the already overstretched department an inability to respond to emergencies in a timely fashion.

However, the IAFF asserted that the overall concessions sought by the City would result in a 20% (twenty percent) reduction in a fire fighter's overall compensation package. (See U-13 and U-15). As the Union contended, the City's proposal of economic concessions go beyond prudent budget management and amounts to a wholesale attack on public servants. The IAFF argued that, not only considering the looming prospect of layoffs, the Union also faces brownouts, reduced staffing (in violation of restrictions on minimum manning previously agreed to with the City), loss of overtime, and the confiscation of accrued vacation, holiday, and sick leave if the City's proposal is accepted. Quoting the language of the Proposed Non-Binding Settlement, the IAFF contended that "it is imperative that the fire service remain at a standard of effective delivery maintained by experienced and technically competent firefighters." (See U-13).

### **Comparison of wages, hours, and conditions**

Arguing that the dire economic situation facing Camden makes comparisons with the private and public sectors, in general, and the other area fire departments in particular less relevant than other factors, the City contended that the comparisons still militate in favor of the City's proposal. (see C-23; C-24). The City noted the long decline of once prosperous Camden, and home of world famous companies as RCA Victor, Campbell's Soup, and New York Shipbuilding. As the City advance, there is little question that most of the major industry of the City either moved or closed, triggering a significant plunge in population and economics. (see PFM-3).

As of 2010, Camden's population, which peaked at 124,555 in the 1950s, reported 77,344 residents, a drop of 37.9% over a period in which the US and New Jersey populations rose 102.8% and 81.8%, respectively. The Camden population is currently at its lowest level since the turn of the Twentieth Century. (see PFM-3; PFM-4). In comparison to the other "Urban 15" cities, Camden remains last in nearly every economic indicator. Comparisons include per capita income, median household income, median home value, unemployment, education degree attainment, and poverty level. (see PFM-5 through PFM-14). As the 2009 American Community Survey revealed, Camden is the eighth poorest city in the U.S. for cities with a population over 65,000. (see PFM-5)

#### **(a) Comparison to Private Employment in General**

While not considering private sector comparisons to be of great relevance, the Union nonetheless claimed that statistics support the determination that its members deserve an increase in wages. Citing a report from the Director of Conciliation and Arbitration for PERC, the IAFF pointed to a 10.7% increase in private sector wages between 2005 and 2008. (See U-15, U-16). While acknowledging that this increase was tempered by a drop of .7% in 2008 (the beginning of the financial crisis), the Union argued that the decrease was driven by the collapse in financial and real estate markets, hardly comparable to fighting a fire. Though the Union did not point to specific private sector statistics for the period following the expired Agreement, the IAFF claimed that, as of May 2011, overall wages for the Camden area show an annual increase of 1.2%.<sup>25</sup> This general growth in Camden area earnings, the Union argued, warrants a pay raise for the firefighters.

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25. These statistics only account for individuals with a high school degree/equivalent or bachelor's degree. However, in light of the large number of persons in the City of Camden who never completed high school, the per capita income is \$11,690, and median household income is \$25,864 (PFM 6-7).



The City pointed to comparisons with the remaining persons employed by the City of Camden and Camden County and argued that, if considering the compensation already received by IAFF members, an increased economic award is unwarranted. The City further noted that the median income for the position of Camden firefighter, which requires a high school diploma or equivalency, is \$80,503 per year. (see PFM-37). As for the City of Camden and Camden County, the same educational attainment leads to median earnings of \$23,019 and \$32,091, respectively. And, when compared to a person holding a bachelor's degree or the equivalent, the City argued that the median earnings only rise to \$33,360 and \$54,170 for those in the City of Camden and Camden County, respectively.<sup>26</sup>

The City further asserted that, in addition to wage compensation, Union members maintain a substantial benefit package and receive paid leave benefits that exceed the average private industry employee in the U.S., annual leave, holidays, sick leave, and other leave benefits.<sup>27</sup> According to the City, not only do Firefighters have vacation time that starts with higher levels than private industry, but additional vacation time progresses more rapidly. The City noted that the Agreement also provides IAFF members with fourteen vacation days, allows 18 days accrued sick days per year and time off for military, funeral, and jury service. (See PFM-38). According to the City, Firefighters compare favorably to the paid leave benefits in private sector US firms (with one hundred or more employees), where employees receive an average of eight paid holidays and six days of sick leave (forty-eight hours). As the City added, 27% of industry employees do not have access to sick leave.

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26. See competitive paid leave benefits for Camden IAFF. (See PFM-38).

27. See Health Benefits for Camden IAFF. (see PFM-39).

Health benefits are another area in which the City asserted IAFF members' benefits to be very competitive with the US labor market. As expressed by the City, Camden firefighters enjoy a choice of single or family medical plan coverage. While referring to state legislation passed in 2010 to require public employees to contribute 1.5% of their salary (equaling about six percent of premium costs<sup>28</sup>) toward health care premium costs, the City noted the average U.S. worker contributes 30% of the premium cost for family coverage and 19% of the premium cost for single coverage. (see PFM-39). The City further noted that Union members also have access to dental and vision coverage, compared to 64% of private sector workers who have dental insurance coverage and 36% of private industry workers who have vision coverage. The City added that office visits and prescription co-pays are lower for Camden firefighters than elsewhere in the U.S. labor market.

With respect to pension benefits, the City noted that IAFF members participate in the New Jersey Police and Firemen's Retirement System's defined benefit pension plan following retirement. (See PFM-41). While 82% of US private industry workers in firms of 100 or more have access to an employer-sponsored retirement plan, only 30% of these same workers have access to a defined benefits pension plan. Access to pensions in the private sector, specifically to defined benefit pensions, is trending downward. As high as 63% as recently as 1988, defined benefit pensions find a sharp decline in the number of plans. (See PFM-42). As to the IAFF Members, the City noted full health coverage, including dental and prescription, is included in the post-retirement package, a rarity in private sector, where only 28% of large firms (200 or more employees) offer health benefits for retirees. (See PFM-41).

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28. According to the City, the six (6%) percent figure is derived from calculating 1.5% of \$80,000 average salary of firefighters, equaling about \$1,200, and dividing that number by average health plan value, which is \$20,376.

### **(b) Comparison to Public Employment in General**

The City maintained that the January 2011 layoffs of public safety employees was implemented after exhausting other options. (see City-17; C-18). The City asserted that the civilian workforce was targeted and depleted before the public safety employees. As the City noted, although public safety employees account for 75% of the City Budget, it was the civilian workforce that was forced to take twenty-two furlough days in FY2011, an eighteen day increase from the four furlough days required in FY2010 (see PFM-32). As the City explained, furloughs were followed by layoffs in the civilian workforce. Only then did the City look into the larger public safety area for additional cuts to close the deficit. As the City cited, when lay-offs struck 30.2% of firefighters in January of 2011, another 108 civilian employees joined the 67 firefighters and 168 police officers in the ranks of the unemployed. (See PFM-29).

The City also claimed a strong effort to trim expenses elsewhere in the budget before turning to the firefighters. The City rejected the IAFF's suggestion that Firefighters were disproportionately targeted during this financial crisis for concessions and/or layoffs.

The IAFF argued that, while civilian employment in the public sector is not a group reflective of comparisons, using public employment statistics do not support the City's proposed concessions. In reaching this conclusion, the Union argued that local government service positions have generally lagged behind uniformed services in wages. And this historic disparity resulted from prior Agreements insuring stronger economic benefits for Firefighters. (see U-16). However, the Union maintained that a 2.2% increase in civilian-sector wages in 2008 (as demonstrated in reported figures) suggests that Firefighters should receive a similar compensation increase (generally) and to maintain traditional parity (specifically).

**(c) Comparison to Public Employment in Comparable Jurisdictions**

The Union argued that comparisons to other uniformed services throughout New Jersey should be given the most weight in this Arbitrator's determination for a wage increase. More precisely, the IAFF argued that this factor looks to other urban fire departments comparable to Camden. (See U-17; U-19). To further its position, the Union presented statistics indicating wage increases in Camden have lagged behind those for uniformed services elsewhere in the State. According to the Union, when adding up the annual increases from 1998 through 2008, Camden firefighter compensation increased 40%, while salary awards across New Jersey increased 42.06% and voluntary settlements totaled 43.15%. As the IAFF noted, looking prospectively to 2009 and 2010, even if the 4.5% increases (2.5% and 2.0%, respectively) were awarded, such increases would still lag well behind other awards and agreements throughout the state. The IAFF noted the U.S. Department of Labor reported a 3.7% increase for firefighters in the Camden area as of May 2011.

The Union further argued that, while present employee compensation is about average compared to other urban centers, the City's proposal would drop Union members to the bottom of the group by the end of the Agreement. Considering the following statistics, it would appear that Camden's firefighters not keeping parity with other urban fire departments in compensation. As the IAFF contended, the result is completely unacceptable, as the department rates high in productivity and endures the greatest number of injuries of comparable urban departments. (see U-3; U-22)

City	Camden	East Orange	Elizabeth	Jersey City	Newark	Paterson	Trenton
Population	79,904	69,824	120,568	240,055	273,546	149,222	85,403
Fires	882	532	731	1,399	718	875	819
Fires Per Capita	11	8	6	5	2	6	9.5
Firefighter Injuries	39	10	10	13	16	25	2

The Union also compared its Firefighter compensation with that of the Camden police. (see U-18; U-19). According to the IAFF, the City has traditionally strived to keep parity among the two major uniformed service departments. Efforts at maintaining consistency have been made despite the fact that firefighters in Camden work 104 (5%) more hours a year than the police. As the IAFF note, the police received a 3.75% pay increase in 2009, whereas the Firefighters were offered zero increase for the same period. With the differing approaches to the two departments, the Union argued that the City is abandoning the tradition of parity.

In June 2010, the City responded to the Union's parity argument (regarding the Police Agreement). In its brief, the City noted that the State, acting through the State-appointed COO, granted the 3.75% increase to the Police for 2009. According to the City, the increase was granted before the State cut significant aid to Camden and the salary increases were not heavily scrutinized at the time. The City maintained that the economic climate was far different at the time of the Police settlement and the argument should not be entitled to any weight in considering the present award.

Aside from comparisons to the Camden police, the City analyzed the Firefighters' overall compensation package and asserted that the expired contract placed the IAFF near the top compensation when compared to other fire departments.<sup>29</sup> To gain perspective of firefighter compensation packages elsewhere, the City evaluated compensation in the largest cities of the Metropolitan Statistical Areas and Divisions of the region, concluding that Camden had not only the highest maximum base salary of such departments, but Camden firefighters' longevity pay is also among the highest of any such department (PFM-52. Public Safety Comparisons, Metropolitan Area Urban):

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29. As stated in its closing brief, the City stated that the average salary for Camden firefighters in 2010 was approximately \$16,000 above the average for fire departments in the geographical area. The basis of this conclusion is unclear, however, the subtlety of comparing Pennsylvania cities and one less urban New Jersey municipality was not lost on this Arbitrator.

<b>City</b>	<b>Maximum Base</b>	<b>Maximum Base plus Maximum Longevity</b>	<b>Contract Term</b>
Camden	\$76,161.	\$84,539	1/1/2005-12/31/2008
Philadelphia, PA	\$60,065./\$61,859.	\$63,846./\$65,753.	7/1/2008-6/30/2009
Reading, PA	\$57,114.	\$60,114.	1/1/2011-12/31/2015
Wilmington, DE	\$55,858.	\$55,858.	7/1/2007-6/30/2010
Chester, PA	\$41,347.	\$47,136.	1/1/2002-12/31/2006
Vineland, NJ	\$70,354.	\$70,354.	1/1/2005-12/31/2008

The City specifically raised the issue of longevity pay for the most senior members of the Union. Beginning in the tenth year of employment, longevity payments increase over several years from 3% of base salary up to 11% of base salary in the twenty-fourth year, amounting to an additional \$8,378 on top of base salary. (PFM-48).

Calling for sacrifices from Union members, the City cited other jurisdictions which have taken certain wage freezes and made other concessions. These cities include Vallejo, California and Miami, Florida, where cuts in health benefits, paid leave, and salary have led to major savings. (See PFM 68-70). The City also referenced Chester, Pennsylvania, noting that firefighters agreed to a wage freeze during the first three years of the new CBA with 2% increases in each of the last two years, elimination of longevity for all those not yet eligible, paid leave reductions, and savings in health care.

### **Overall compensation presently received by the employees**

The City directly addressed the overall compensation received by the Firefighters and again emphasized longevity pay as a major feature of firefighter compensation. The City characterized the payment as a reward to veteran firefighters for remaining with the fire department. As the Agreement provides, longevity payments commence in the tenth year of service, beginning at 3% of base salary and continuing gradually until the twenty-fourth year, peaking at 11% of base salary.

Considering only base salary and longevity, the City cited a Firefighter's maximum compensation of \$84,539, after twenty-four years of service. (see PFM-35). Thus, the City contended that the across-the-board increases sought by the IAFF will increase the pay scale by at least 15.1% when accounting for step increases and longevity increments. (see PFM-27).

In addition to base salary (wages) and longevity, the City contended that Firefighters also receive other sources of cash compensation. According to the City, overtime, educational supplement, and clothing allowance add to additional income. As the City cited, overtime pay can make up a significant portion of a firefighter's compensation. According to the City, between FY2009 to FY2011, overtime averaged between 13% and 20.5% of salaries. (see PFM-36). Applying the conservative estimate of 10% of base salary, the City estimated that overtime accounts for an additional \$7,405 per firefighter. Union members can also receive up to \$1,200 a year for completing college coursework, at a rate of \$10/credit completed. IAFF members are also entitled to \$200 as a clothing allowance.

In addition to cash compensation, Camden IAFF members also receive the following paid leave benefits:

Annual Leave:	Start through 1st year: 6 days
	2nd through 5th year: 14 days per year
	6th through 12th year: 19 days
	13th through 16th year: 21 days
	17th year through 19th year: 22 days
	20th year+: 24 days

Holiday: 14 holidays

Sick Leave: 18 days accrued per year

Other Leave Benefits: Military, Funeral, Jury Service (See PFM-38)

The City further contended that cash compensation, valued at an average of \$81,768 per Firefighter, accounts for only one-half of the overall cost to the City for each Firefighter. (see PFM-44). Of fringe benefits, the largest cost is for health benefits. As the City noted, employees have a choice of medical plans, with full family coverage. Based on recent legislation, employees now contribute 1.5% of their salary for medical premium cost-sharing.<sup>30</sup>

The City noted that Firefighters also received supplemental health benefits, dental and prescription (with an employee co-pay of \$7 for generic drugs and a co-pay of \$12 for brand names and no cost for mail order). A \$5 co-pays exists for office visits. The City also contributes \$125 per member per year to Union-administered eyeglass insurance program. (See PFM-39)

The City also referred to post-retirement benefits in which members of Local 788 participate in New Jersey Police and Firemen's Retirement System (PFRS), a "defined benefit" pension plan. (See PFM-41). As the City noted, in addition to the pension benefit, full coverage health benefits continue for retired firefighters, including dental and prescription coverage.

The City contended that post-retirement benefit costs are skyrocketing as a result of the increasing number of retirees and their greater life expectancy. (See PFM-63). According to the City, between 1993 and 2008, a period in which overall participation in state and local retirement systems increased 44%, benefit payments by state and local retirement systems increased 263%. At the same time, employer and employee contributions have only increased 133% . (see PFM-64).

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30. This Arbitrator takes notice of recent legislation adopted in June 2011, Pensions and Health Benefits Reform Law, P.L. 2011, c.78. The law affects all government employers, including municipalities, counties, local authorities, fire districts, and boards of education, and their component units. The Division of Pensions and Benefits has released revised FY 2012 PERS local employer pension contributions. As reported by DLGS (Division of Local Government Services), as a result of Chapter 78, FY 2012 PERS pension bills will be lower than the previous amount. Details are online at [www.state.nj.us/treasury/pensions/2012](http://www.state.nj.us/treasury/pensions/2012). The impact of Chapter 78 on PFRS will affect employer billings starting in FY 2013.



The City further cited other retirement benefits, including terminal leave pay-outs which include terminal pay and unused sick and vacation time. (See PFM-43). As the City noted, Terminal leave for retirees is calculated as 1.1% of final year salary multiplied by years of service as of December 31, 1996. Additionally, employees have long been entitled to 50% of accrued unused sick leave, based on final year's salary, and 100% of unused vacation time. According to the City, the accumulation of paid leave has allowed Firefighters to receive an average of \$22,424 accumulated unused sick leave and \$13,538 accumulated unused vacation leave at the time of their retirement.

Taking into account cash compensation and fringe benefits, the City calculated overall compensation at \$164,219 per Firefighter per year. (See PFM-44). As the City asserted, driven largely by health benefit and pension costs for both current and retired IAFF members, additional benefit costs are 102% above the base salary and expected to increase in the future. (See U-24 and U-25).

The Union did not contest the overall compensation addressed by the City, but advanced the position that the Agreement included economic items previously negotiated and earned by Firefighters in times before the present global economic crisis. And, while the IAFF modified its economic position in June 18, 2010<sup>31</sup>, and again after the recommended settlement<sup>32</sup>, the Union took a position that Firefighters were reasonably compensation for the work performed by bargaining unit members. It was the Union's position that it sought a middle ground (between the two positions) for compromise, although the City rejected the Recommended Settlement and did not budge from the proposal made in the May 2010 mediation.

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31. The IAFF's proposal of June 2010 included the wage increases over the duration of the Agreement as: 2009: 3.75%, 2010: 2.5%, 2011: 2.5%, 2012: 4% for a total of 12.75% over 4 years.

32. Recall that the Union accepted the terms of the Arbitrator's "Non-binding Recommended Settlement" of 2009: 2.5%, 2010: 2%, 2011: 2%, 2012: 2% for a total of 8.5% over 4 years.

### **Lawful authority of the employer**

The City claimed that its financial burden will be greatly amplified as a result of pension contribution obligations. As demonstrated, from 1997 to 2010, pension payment obligations were deferred by the COO overseeing the City. (See C-19 and C-20). In a reverse course of action, the State has shifted more responsibility for pension payments to the cities. And, while the pension contribution is not subject to the statutory property tax levy cap, the City maintains that it will find itself in an ever-deepening financial hole as a result of these obligations.

The Union claimed that its proposal is within the lawful authority of the City to pay for reasonable increases for its Firefighters, as such is possible through more responsible budgetary management and diligent collection regarding property taxes. The Union argued that, prior to the Christie Administration, which came to power in January 2010, the City enjoyed an annual surplus which peaked at \$10.2 million in 2005 and still remained as high as \$4.3 million in 2009. (See U-23 and U-25). According to the Union, the FY2011 budget even includes a General Revenue line as “Surplus Anticipated” in the amount of \$552,865. (See U-25). The Union asserted that the City has not referred surplus and, as a result, the IAFF questioned “suspiciously large sums” listed in the “Other Expense” line of the budget. (U-27). The IAFF further asserted that the City’s presentation of budget woes to be careless and exaggerated in painting an unnecessarily gloomy financial condition.<sup>33</sup> Key to the Union’s argument is the sequencing of the City budget with that of the State budget. (See U-28 and U-29).

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33. This argument may be supported, in small consideration, by the FY2009 “Audit of the City of Camden,” prepared by Bowman & Company, in which the City was found to have several areas in which the numbers did not add up properly.

As the IAFF further maintained, in the FY2011 City Budget, the City left several lines blank which, in prior years, were completed with “state aid”. The Union suggested that to assume each of these blanks amounted to a known cut in funding from the previous year was false. Rather, as the Union suggested, the FY2011 City Budget was printed as a “work in progress” and left blank entries because it could not account for final appropriation decisions by the State and the Department of Community Affairs (DCA).<sup>34</sup> (see U-29).

The Union also investigated areas where it believed budgetary manipulation could serve to minimize shortfalls. Notably, as the IAFF argued, while the City is required to raise \$172 million in support of the municipal budget, the Appropriations Cap has been underutilized to the tune of \$32.2 million dollars. (See U-25). In addition, the Union alleged that the City has maintained a \$1.4 million reserve for health benefits, an amount which, when considered with the premium sharing statute, should ease the healthcare burden on the City.

It was the Union’s belief that one of the few areas where the City can generate revenue, property taxes, has not been utilized. Noting that, under MRERA between 1997 and 2010, the Camden property tax rate remained frozen. Moreover, the IAFF alleged that the City failed to collect all property taxes due (even at the frozen rate), with collection rate around 80% and 90% between 2005 and 2009. (See U-23 and U-24).<sup>35</sup> The Union argued that the incomplete collection process resulted in the City shorting itself of \$7 million in additional revenue.

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34. According to the IAFF, the FY2010 line item was completed (filled in) because the previous year’s aid appropriation was known. Herein, the FY2011 aid for the present year is still speculative and, therefore, unlisted. It is the Union’s stance that the City failed to “take into account the ebb and flow of revenue and appropriation.”

35. At the final arbitration hearing, City Treasurer Glynn Jones testified that because of the large amount of vacant and abandoned land in Camden, the maximum collection rate of property taxes is 92%. Mr. Jones, however, conceded that this 92% has not been consistently reached in the past. (Tr. 9).

Finally, in arguing that the City has the lawful authority to increase the Firefighters' compensation, the Union noted that the City's fiscal condition is a "historic reality which has been constant for years," and that the City cannot now place blame for its inability to generate revenue on the fact that 51.5% of the City property is tax exempt. (See U-24). As the IAFF further noted, Camden received \$69 million in transitional aid in 2011, aid which was not available prior to this past year. (U-25; U-26).

The City took exception with the Union's assertion that the high percentage of tax exempt real estate is a "historic reality." While acknowledging its lack of ratables, the City argued that the tax burden has been eased in the past through payments in lieu of taxes. (PILOTS). However, in 2010, the state forfeited on \$8 million previously guaranteed to Camden in PILOTS, and another \$4 million in 2011. (See C-9). Even at this greatly reduced level, PILOTS still accounted for 4.4% of the City's budget. (See PFM-17). Recently, there has been a trend towards reestablishing the City's PILOTS. For FY2011, The South Jersey Port Corporation ("SJPC"), the operator of Camden's waterfront ports, provided a \$2.5 million PILOT which allowed for the rehiring of fifty police officers and fifteen firefighters. (See PFM-31).<sup>36</sup> As the City conceded, while tax exempt property is not a recent phenomenon in Camden, it has taken on a greater significance in recent time.

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36. An additional \$4 million payment from SJPC covered the remaining public safety costs, such as anticipated earnings, and another grant that would allow for the rehiring of police officers was in the process at time of hearing.

**Financial impact on the governing unit, its residents, and the limitations imposed upon the local unit's property tax levy and taxpayers**

To establish the dire situation facing local governments nationwide, the City quoted Moody's Investors Services in calling 2011 "the toughest year for local governments since the economic downturn began." (PFM-58). Support is found in The National League of Cities (NLC), which released a report in October 2010 finding that 87% of cities found their financial situations more dire in the present than they had the previous year. According to the report, 79% of the responding municipalities reported a cut in employment. As the City advanced, economic problems and personnel cuts are more acute in a city like Camden where, in FY2010, 70.5% of the budget was dedicated to employee compensation in the form of salary and wages, health insurance, pensions, and other benefits. (see PFM-23). Three-quarters of this compensation was earmarked for the City's public safety departments. Complicating the efforts to raise additional revenue for salary, wages and other benefits through Camden's emaciated tax base in the face of rapidly rising pension funding and medical premium costs added to the situation in which Camden now faces. (See PFM 24).

The City asserted that, from FY2005 through FY2009, statutorily authorized deferrals allowed the City to defer up to 50% of its total pension liability for the year. (See PFM-25). Recognizing that deferrals cannot continue indefinitely since, with each deferral, the long-term funding pressures increase on the City. Such is the present situation, in which the City finds that its pension funding requirements have increased 216.5% between FY2005 and FY2011, a jump from \$5.6 million to \$17.8 million in just six years. The funding requirement is now expected to increase another 8.7% for FY2012, an increase of \$1.5 million.<sup>37</sup>

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37. It is apparent that the City cannot accurately estimate the actual costs nor the expected increases in light of recent legislation. See Footnote #30.

In addition to the increased pension liabilities, the City claimed that it is also burdened with major increases in medical premium costs for the most popular coverage plans.<sup>38</sup> The City cited health insurance premiums as increasing 113.9% as wages have increased only 32.2%, more than three times less than insurance premiums. (see PFM-61). As of January 2011, three-quarters of City employees were enrolled in the Aetna \$5.00 POS Plan. (PFM-26). This plan includes options for Single, H/W (Husband and Wife), P/C (Parent and Child) and Family coverage.

Monthly Health Insurance Costs (see PFM-26)

<b>Year</b>	2005	2006	2007	2008	2009	2010	2011
<b>Single</b>	\$301	\$337	\$395	\$423	\$471	\$527	\$544
<b>H/W</b>	\$607	\$709	\$830	\$888	\$990	\$1,107	\$1,087
<b>P/C</b>	\$545	\$597	\$699	\$749	\$834	\$993	\$979
<b>Family</b>	\$885	\$997	\$1,167	\$1,250	\$1,392	\$1,558	\$1,740

The City maintained that, between 2005 and 2011, Single coverage increased 80.7%, Husband/Wife (only) coverage increased 79.1%, P/C (parent-child) coverage increased 79.6%, and Family coverage increased 96.6%. According to the City, while not all of these options have risen at the same rate, the one constant is that the premiums for each option have jumped significantly over the last six years. The most modest increase is represented in the H/W option, where premiums increased 79.1% from 2005 to 2011. Meanwhile, the most extreme rise is found in family coverage, where the monthly premium, which was \$885 in 2005, is now \$1,740 per month, a jump of 96.6%.

In summary opinion regarding the financial impact of the award, the City asserted that, even with the concessions outlined in its proposals, it could not guarantee job security for the remaining firefighters.

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38. Such increases have become the norm not only in the Camden area but nationwide.

Conversely, the City warned that any award “for” the Union would certainly result in massive layoffs, as the continuing fiscal crisis would make the task of meeting any increased labor costs unfeasible . (see C-21 and C-22). As the City advanced, Camden has an extremely limited ability to raise revenue through property taxes. At \$91,000, Camden’s median home value is less than one-third of the average across the fourteen municipalities in the Urban 15, and 47% behind its next closest competitor, Trenton, in relation to median home value.

The City also confirmed that, at nearly 20% unemployment, Camden has the worst unemployment percentage of all the Urban 15 (others average around 13%, unemployment) and more than doubles the national unemployment rate of 8.8%.<sup>39</sup>

There is little question that layoffs have become a major fact for Camden’s public employees, especially those in public safety. In January 2010, facing a budget deficit of \$26.5 million, the City laid off 343 out of 1,089 City employees. (see PFM-29). With this spree of terminations, the City workforce dipped to a low of 746 employees, down from 1,142 as recently as 2009, including a drop in the fire department from 240 full-time firefighters to 155 (PFM 30). Although PILOTS, grants, and increased taxes were utilized to restore 50 police and 31 firefighter positions, the City argued there remains the 27.3% reduction in City employment from FY2009, severely impacting core municipal services. (See PFM-29).

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39. 8.8% in March 2011. (see PFM-10 and PFM-56).

### **Cost of Living**

The Union argued that, even if the IAFF proposal was granted, the bargaining unit would still not be keeping pace with inflation. According to the IAFF, even with further concessions, the City's proposal would create an unreasonable impact in relation to cost of living. (See U-22 and U-23). As the IAFF pointed out, the Consumer Price Index (CPI) for Southern New Jersey rose 6.85% from December of 2008, when the prior Agreement expired, to April 2011. Over that same period of time, covering the first three years of the proposed CBA, the Union requested an overall increase of 6.5%, just under the CPI figure for the region.

While not disputing the Union's figures on this matter, it was the City's position that the firefighters have long been paid above the rate of inflation. (See C-22 and C-23). While acknowledging that their proposal obviously fails to keep pace with increases in cost of living, such shortfalls are evened out by previous raises that exceeded CPI.

### **Continuity and Stability of Employment**

The City emphasized that costs per employees must be contained, as services cannot be maintained if the workforce is reduced greater than it had recently been reduced. According to the City, despite the rehiring of several public safety and other employees throughout the City, the total number of employees remains down 27.3% over the past two years and has materially effected core municipal services, such as fire and security, in an adverse manner.

In addition to the issues of wages and premium sharing, the Union questioned the City's proposal regarding other economic and non-economic issues normally considered during collective bargaining. Among them is the proposed elimination of terminal leave, which the Union calculates as a 1.1% reduction in overall compensation. They also take exception to the City's proposal to eliminate longevity pay, a reduction of as much as 11% for those top-earning firefighters, without a corresponding increase in salaries (as the Union claims is the common tradeoff in bargaining).



On the non-economic issues, the Union rejected the City proposal to include a Management Rights Clause in the CBA. The Union is of the belief that the City has greatly exceeded its authority through the expired Agreement, which continues to control the relationship of the parties through the continuation clause. In light of events and “a unilateral power grab”, the Union feared that an explicit Management Rights Clause will open the door to further abuses on the part of the City and demean the spirit of collective bargaining between the parties. (See U-33).

As this Arbitrator observes events, when considering the continuity of employment, there is little question that layoffs have become a major concern (and “event”) for Camden’s public employees. This so in public safety quarters. As the record revealed, in January 2010, facing a budget deficit of \$26.5 million, the City laid off 343 of 1,089 City employees. (see PFM-29). The City workforce dipped to a low of 746 employees, down from 1,142 as recently as 2009, including a drop in the fire department from 240 full-time firefighters to 155. (See PFM-30). Although PILOTS, grants, and increased taxes were utilized to restore 50 police and 31 firefighter positions, the 27.3% reduction in City employment from FY2009 has impacted core municipal services. (See PFM-29).

#### **Statutory restrictions imposed on the employer**

The City’s concern lies with its severe dependence on State money (funding and aid) for financing its operations and the restrictive conditions that have been placed upon recent legislation. The City acknowledged that it no longer relies on SMA (State Municipal Aid) or the Consolidated Municipal Property Tax Relief Aid (CMPTRA) programs which had previously funded nearly 60% of the City’s operating budget. As the City noted, SMA has been eliminated and CMPTRA funds have been significantly reduced. Replaced by “Transitional Aid”, which the DCA describes as “requiring labor cost reductions and changes in service delivery preconditions for receipt of aid,” the City would only confirm that the current intent of the State is to limit expenditures on assisting municipalities.

### **Conclusion**

Having analyzed the record created through the two-year course of proceedings and observed the tragic reductions in fiscal resources and bargaining unit personnel during that same period of time, this Arbitrator has concluded that the present arbitration has actually proceeded with numerous parties on the same side. While the face of this arbitration is portrayed through the City's present Administration, who face the challenge of funding a fire department in the absence of funds, and the Members of the Fire Department, who perform the increasing daily task of protecting the City's citizens and physical structures with shrinking manpower resources, the third party to this proceeding is clearly the citizens of Camden, who have not only sustained the loss of homes and community property but now endure the constant danger of fire and threat of safety to their persons.

There is little question that the huge budget deficit and declining state aid forced the City's action in laying off approximately one-third of its Fire Fighters (and about one-half of its Police force). But, in leaving the Fire Department with a reduced workforce, the City is, by sheer numbers, less capable of performing firefighting duties and, consequentially, less capable of providing the protection of its citizens and structures. In June 2011, alone, three "huge fires" struck the City. In one instance (June 9, 2011), a 12-alarm fire destroyed an abandoned tire factory and burned at least 10 residential homes, sending three firefighters to the hospital while performing their duties in extreme heat. A second fire occurred three days later in another factory building which was constructed with large timbers and recently used as storage space for building materials and computer parts. Later in the month, an arson-ruled fire destroyed a building formerly operated by a chemical company. Whatever the cause, will the City be capable of continuing to respond, will Fire Fighters face increased injuries ... and will the citizens find the protection of persons and property which they seek?

The City acknowledged that it is seeking assistance over the course of four years, but noted that the former SMA pool has already been reduced from \$220.8 million to \$159 million statewide, and for FY 2011, Camden received \$69 million of the \$159 million, which was nearly \$7 million below that which the City requested.

The record revealed that, in addition to the elimination of SMA in favor of transitional aid, CMPTRA and Energy Tax Receipts have also plunged after effectively merging. Now appropriated with the aim of providing statutorily mandated energy tax receipt funding levels, CMPTRA funds have been diverted from the municipalities and cut more than \$300 million. In particular, the City's share of these revenues has dropped from \$54.1 million in FY2010 to \$46.6 million in FY2011. (See PFM-19). Overall, the evolution of State funding over the last couple of years, between CMPTRA, SMA, supplemental aid, and the advent of transitional aid, aid from state revenues is expected to drop from \$125.1 million in FY2010 to \$111.2 million in FY2012. (see PFM-20).

Important reference is made to the "SAFER" grant from the Federal Emergency Management Agency (FEMA). SAFER provides funding for two years for fire departments (herein, from May 5, 2011 through May 4, 2013). Specifically earmarked for the purpose of helping struggling municipalities to maintain their fire departments, the SAFER grant awarded \$5.1 million to the City, allowing the City to rehire sixteen Firefighters and prevent another round of layoffs. (See PFM-31). However, as the City, noted, a key condition of the grant - - - it must be repaid in its entirety if layoffs reoccur. As the City argued, the condition leads to a tricky financial conundrum for the City, in which any increase in compensation will force them to lay off more firefighters and such layoffs will allow FEMA to require the immediate reimbursement of the grant.

Statistics submitted through the "Fire In New Jersey 2009" Report are most revealing.<sup>40</sup> "Fire Department Data" revealed that, serving a population of 79,904, the Camden Fire Department responded to 884 fires, 3 Overpressure/Explosion (without fire), 1,246 EMS requests, 534 Hazardous Conditions calls, 568 Service calls, 420 Good Intent, 1,422 False Alarms, 20 Weather calls and 15 miscellaneous calls. In total, the Camden Fire Department responded to 5,112 calls (an average of 14 calls per day during the year 2009). (See U-83 page 157). And when compared to other cities in Camden County, only Cherry Hill and Collingswood Fire Departments (both contiguous to Camden) experience activity anywhere close to the activity of the Camden Fire Department.<sup>41</sup>

The City's own statistics demonstrate that Camden's reported arson rate is substantially higher relative to the other urban New Jersey communities. With 176.4 arsons per 100,000 residents, Camden dwarfs the remaining 14 of the "Urban 15" cities in reported arsons. In fact, Camden had 83.7 more arsons per 100,000 resident than the next three cities combined at 92.7 arsons per 100,000 residents.<sup>42</sup> As statistics demonstrated, Camden reported 42.1% of the total arsons (per 100,000 residents) reported in all of the New Jersey "Urban 15" cities.

It may be generally noted that there are clear and evident risks associated with fire firefighting and the delivery of fire services in any municipality. However, when considering the number of fires and fire-related calls, arson responses and the actual injuries sustained by Camden Firefighters, this Arbitrator takes specific notice that the work performed and risks to personal safety are greater for Camden Firefighters than any other city in the State of New Jersey. (See Table, page 28 above).

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40. See Division of Fire Safety, State of New Jersey, Department of Community Affairs. (see U-83).

41. While this Arbitrator does not offer any further conclusions regarding those numbers, the question arises whether some of the calls to Cherry Hill and Collingswood are "mutual aid" responses. However, as noted in the IAFF brief, Camden has twice the number of fires than Cherry Hill but twenty times the number of fire fighter injuries. (See U-Brief, page 4).

42. East Orange with 33.8 arsons per 100,000 residents, Newark with 31.3 arsons per 100,000 residents and Trenton with 27.6 arsons per 100,000 residents. (see C-32, page 82).

Thus, as this Arbitrator analyzed the potential impact of this Award, the intention was to recognize the importance of the service provided the City by its Fire Fighters through a minimal wage increase within a reasonable, yet confined, financial boundary. Adjustments or modifications to accumulated benefit payments were implemented to alleviate future windfall payments which, while anticipated, have untimely impacts on the budget. Wage “freezes” and “severe concessions” were not granted, because the present Agreement has been created through successions of recognized collective bargaining, meeting the mutual intent of employer and employee and causing long-standing rights and obligations which must be honored. To cannibalize an agreement in response to a dramatic circumstance diminishes the importance of both the Agreement and the process of bargaining.

But, even if this Arbitrator were to consider “freezes” in wages (or zero increases), together with deep reductions in previously negotiated contractual benefits, would the City of Camden be in a stable budgetary position or, more relevant to this interest arbitration, would the City find financial stability if granted nearly 20% reductions or concessions in the Firefighters salary budget? With extensive experience in interest arbitration and the ability to review a record, this Arbitrator is not convinced that any level of concessions by the Firefighters or an award by this Arbitrator would place the City of Camden in a stable budgetary position. Why? Because despite the efforts of the City Administration, the IAFF and the residents of Camden, there is a fourth party to this arbitration which, in reality, controls the fiscal condition of the City. It is the State of New Jersey (for purposes of reference herein, Governor Chris Christie and the State Legislature) which funds the budget shortfall and controls the ultimate amount of money to aid the City and grant Camden its operational ability. And irrespective of the level of success in progressing toward economic stability or independence, it is the final decision of the State of New Jersey, achieved through the State budget process (Governor and Legislature) and aid programs administered primarily through the Commissioner of the Department of Community Affairs, which permits the City to operate. As such, the State of New Jersey is the fourth party to this Interest Arbitration.

Testifying on behalf of the City, Glynn Jones, the City's Director of Finance since July 2010, identified the City's final economic proposal and testified to the 2010 total budget of \$185 million. He noted that \$125 million came from the State, since the City revenue amounted to \$20,600,000, which represented 100% collections. In fact, the City collected 89% of the tax levy. (See Tr.9<sup>43</sup> and Tr.15<sup>44</sup>). Mr. Jones acknowledged that the State's control over the City's affairs changed in the fiscal year 2010, as MRERA legislation was amended from "rehabilitation to recovery." (Tr.9).<sup>45</sup> As he testified, there was no longer a State appointed chief operating officer (COO) on site with veto power over the budget. The veto power now rests with the Commissioner of the DCA. (Tr.10).

Mr. Jones was also questioned about the aid received from the State, and the resulting changes in the aid programs. According to the witness there is no longer a special municipal aid nor an extraordinary aid nor capital city aid. As he testified, the State has now created "Transitional Aid", a "special aid pool" open to of nine municipalities. Mr. Jones testified that the City has made application for aid in the current year. (See C-2, Application, including a projection of use over three years, commencing September 30, 2010 in the amount of \$54 million).

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43. References to the transcript of the April 18, 2011 hearing will be marked as "Tr." and page number.

44. The witness again acknowledged that the City could raise property taxes to the cap of 3% in 2011, which amounted to \$600,000. Of note, Mr. Jones later testified that 52% of the city's real estate is tax exempt. (Tr.18). He noted that of \$3.5 million in potential rateables within the City, only 48% or \$1.7 million is taxed. (Tr.19).

45. In covering the City of Camden under MRERA, the legislation included the following declarations, among others: a) There exists in certain municipalities a continuing state of fiscal distress which endures despite the imposition of a series of measures authorized pursuant to law; b) Economically impoverished, those municipalities have a history of high crime rates, including arson, that has necessitated the maintenance of large police and fire departments, at enormous taxpayer cost in municipalities without a sound tax base; c) The past fifty years have witnessed the depopulation of those municipalities characterized by such problems; d) Spending power on the part of residents of these municipalities is severely limited and local businesses thereby suffer from the lack of an indigenous client base so that rebuilding the fortunes of city residents in order to recreate a viable urban economy will require a considerable period of time.

As the witness confirmed, the City nevertheless received \$69 million, as the result of required pension payments which were not calculated until after October 2010. (Tr.12, see C-3 “Supplement to FY 2011 Transitional Aid Application”).

Mr. Jones further testified that, from fiscal year 2010 to fiscal year 2011, the total amount of State aid to Camden, in all forms, decreased.<sup>46</sup> Other forms of aid (CMPTRA and ETR) were similarly reduced by 7 ½ million dollars. (Tr.13<sup>47</sup>).

Mr. Jones also testified that the City’s budget was amended and adopted on April 1, 2011, with a levy increase of \$2 million, as proposed by Mayor Redd.<sup>48</sup> According to the witness, the purpose of the increase was “to mitigate layoffs and basically keep us covered going forward. We have to become self-sufficient, and the traditional aid application, you have to demonstrate that you’re trying to stand on your own two feet.” (Tr.16). Notwithstanding Mayor Redd’s attempts, the City Council did not approve of the Mayor’s proposal.<sup>49</sup>

Mr. Jones then identified the 2010 audit which included pension costs and increases for the City since fiscal year 2009.<sup>50</sup> As the witness testified, pension bills for police and fire in 2010 is \$12 million but one half is placed in the cap and half outside the cap. (Tr.23). Fiscal year 2011 will require the entire \$15 million cost to be placed inside the cap. According to Mr. Jones, the City paid its payment in fiscal year 2011. (Tr.23).

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46. Reference was made to a news article in the Star-Ledger where Governor Chris Christie announced he was cutting the pool of funding from \$750 million to \$250 million.

47. While the latter two forms of aid will remain flat, the transitional aid remained unknown at the time of hearing. (Tr.15)

48. As the witness confirmed, while there is a 2% tax levy on every other municipality in the state of New Jersey, Camden is the only municipality that has the MRERA legislation permitting an increase in the tax levy by 3%. (Tr.17). Increases above 3% must be approved through the DCA.

49. Note: the transcript makes reference to “counsel” in the incorrect format intended by the witness. Mr. Jones was referring to the City “Council” in his remarks and intended the transcript to read accordingly.

50. The document, entitled, 2010 Report of Audit for the City of Camden, Bowman & Company, reported a statutory expenditure of \$6,122,672 for the Police and Firemen’s Retirement System of New Jersey. (See C-5).

Mr. Jones was questioned on the subject of health insurance costs for the City's employees in fiscal year 2011. He placed a total cost figure of \$24 million, with an average employee cost of \$29,000 per year.<sup>51</sup> The witness acknowledged that City workers are now contributing 1.5% of salaries as premium sharing. (Tr.24)<sup>52</sup>. He added that pension payments led to a further deficit in the budget and the resulting layoffs. According to the witness, over 70% of the budget was attributed to personnel costs. (Tr.25) Since the City could not cut from other areas of the budget (debt service), the only alternative was personnel and over one third of the total City workforce was laid off, including 67 firefighters. (Tr.25). In his recollections, there had never been layoffs from public safety personnel in the past.<sup>53</sup>

The witness acknowledged that 31 firefighters (and 50 police officers) were returned to employment when the City received \$2.5 million dollars from the South Jersey Port for FY 2011. \$500,000 returned the 15 firefighters to duty for the balance of the year. (Tr.26). The remaining 16 firefighters were returned to work after the City received a SAFER grant through FEMA. The condition of accepting the grant, however, was based on the agreement to "whatever staffing levels that we have at the time of the grant application has to be maintained." The SAFER grant was awarded and the City received \$5.1 million. (Tr.28).

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51. While Mr. Jones testified that the cost of family coverage amounted to \$29,000 per year, figures referred to in other documents place that figure at \$20,000 a year for Family coverage. Specifically, the figure used in the City document (C-32) and the testimony of Michael Nadol, set the average total cost for health benefits at \$20,376. According to the document, the source was the city FY 2011 salary wage information as of April 1, 2011. In his later testimony, Mr. Jones acknowledge that his calculation of health insurance rate of \$29,000 per family coverage was based on COBRA rates and not the actual cost to the City.

52. When Mr. Jones was asked if the City ever tried to switch to the State Health Benefits Plan, he acknowledged that the City had made an effort to switch in 2009. According to the witness, at the time, it was estimated that the City would save approximately \$4 million a year. (Tr.32). However, Mr. Jones testified that the City was prevented from joining the plan since it would have required all of the unions to agree to join and the change could not be undertaken unilaterally by the Employer.

53. On cross-examination, Mr. Jones testified that approximately 100 civilian employees were laid off, with the civilian workforce now numbering approximately 300. (Tr.36).



Mr. Jones was further requested to identify a document outlining the cumulative leave balances of Firefighters as of June 30, 2010. (see C-7). According to the witness, the document included accumulated unused sick leave, vacation and holiday time entitlements of all fire personnel. The total value of time accumulated by the fire personnel, according to the document and Mr. Jones's testimony, is \$8.2 million.<sup>54</sup>

In the opinion of this Arbitrator, Mr. Jones' testimony was both informative and reliable. From his testimony, this Arbitrator concluded that the City made serious and successful efforts in securing aid and grants from the State and, recently, was successful in securing the SAFER grant from FEMA to use in rehiring 15 Firefighters for duty. Mr. Jones further confirmed the personnel costs associated with health care, pension and accumulated time. The witness suggested that the cost of health care to the City will decrease with contributions from employees, including Firefighters, but increase overall as the premium costs increase.

There is no question that the City has made earnest attempts to address increasing costs in benefits. This Arbitrator has witnesses, first hand, the good faith efforts of Mayor Redd. And, when faced with the State's demand that personnel compensation budgets be drastically reduced, the City realized the State's mandate was exacting. But, in submitting an economic proposal to the Firefighters that would have resulted in an 18% to 20% decrease in an individual Firefighter's personal salary and benefits<sup>55</sup>, did the City actually believe that Firefighters could bargain from, or accept, that extent of proposed reductions as "good faith"? No .... nor did this Arbitrator.

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54. Employees are entitled to payment of the accumulated the time. (See C-7). The accumulated leave payouts are budgeted. (Tr.42).

55. Using the figure of \$20,376 as the average premium cost for health care coverage, the City's proposal would have employees paying up to \$6,112 (30% of premium) per year toward health insurance coverage. This would mean a fire fighter at top step salary would be contributing nearly \$5,000 more per year toward his or her health insurance premium than an employee earning the top step salary of \$76,161 and now paying \$1,142 (1.5% of his salary of \$76,161).

And, when facing the realities of personal living costs, did the City actually believe that the Firefighters would relinquish longevity?<sup>56</sup> The loss of longevity, taken alone, would amount to a concession between \$2,120 for a employee of 10-14 years of services to \$8,378 for employee of over twenty-four years of service to the City. Without considering any other concessions, the loss of longevity would have resulted in a reduction of pay of approximately 2%-10% of present salary compensation in each year. Even without considering that wage increases sought by the PBA were less than the cost of living during the four years of its proposal, the net result would have been a significant salary decrease. Should Firefighters work for less than a previously negotiated wage?

Certainly, with this Award, there will be critics. For the common observer of the present governing, legislating, lobbying and negotiating environment, it is *de rigueur* to decry a public sector increase or to uncover a contractual benefit not found in other sectors of employment. Indeed, accumulated benefit days are an exception when discovered in a private sector collective bargaining agreement. But, to the best recollection, the ability to accumulate unused benefit days has always been a subject within the scope of permissible public sector negotiations, freely utilized by the public sector employer as a means of meeting manpower requirements at times of personnel shortages and a method of avoiding current payments of earned time off by delaying to the future.

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56. As a simple example, although not considered evidentiary in this matter, the cost of driving over bridges in the southern New Jersey increased by 25% (from \$4 to \$5) with tolls increases on the four bridges operated by the Delaware River Port Authority (Commodore John Barry, Walt Whitman, Benjamin Franklin and Betsy Ross spans). There will also be a 10 percent fare increase (an average of 30 cents per trip) for those using the PATCO High Speed Line operated by the DRPA between Lindenwold and Center City Philadelphia. While these are costs that may not be encountered by Firefighters on a daily or regular basis, it is an example of the normal increases in the cost of living. Bridge tolls and rail fares do not decrease by 18-20% nor do tolls and fare increase by only 2%. (See: John Barna/Gloucester County Times, "Tolls set to increase on five bridges along Delaware River", published June 24, 2011).

Historically, the public sector has relished accumulating unused benefit days, including, but not limited to, sick days, vacation and holidays. Why? Because accumulating days meant there was no present payout of a benefit for which future pay out would rest with another administration. And, with further recollection, there was never an opposition to pay outs at retirement for accumulated time until “large” sums became publicized and known to the taxpayer and attention was drawn to the parties responsible, where explanations had to be offered.

But, were Firefighters solely to blame for accumulating unused sick leave, vacation days and holiday or for unilaterally implementing the provisions? To that question, this Arbitrator offers no judgment, except to comment that the ability to accumulate days and enjoy pay outs has been long accepted, similarly enjoyed by the majority of negotiators on the management side of the table and, if seeking to eliminate accumulated time, should be addressed (by example of those managers currently a beneficiary) in serious negotiations. In the opinion of this Arbitrator, the IAFF should not bear the brunt of public unpopularity nor be criticized for performing within a negotiated Agreement.

Thus, at this point in time, asking the bargaining unit to relinquish past time accumulations earned by contractual conditions is far too great a leap in concession and loss of value. Again, in the first instance, accumulated time is earned, most often by working and performing job duties while entitled to time off. In addition, due to scheduling and operating mandates of a fire department, it will not be unusual for fire fighters to accumulate further days. Manpower is needed when manpower is needed, despite entitlements to time off. The answer lies in a reasonable approach to resolve the inability to exercise the time off during the contract year and to the limit of accumulation.

At the same time, during the course of this interest arbitration, the Camden Fire Fighters have provided their extensive services with less manpower and greater work loads. It remains paramount, as it did at the time of appointment in April 2009 and issuance of the non-binding economic recommendations in November 2010 (before the layoffs), that there remains a high standard of performance in meeting response times to all fires and emergency medical calls, a continuing need to prevent apparent fires sites by eliminating the hazards of abandoned or burned out buildings, and an ever-present need to promote the safety of those who inhabit the buildings within the City. To the extent of evidence produced and observations made, Firefighters have clearly met their full responsibilities to the City of Camden.

Thus, upon review of the factors set forth in the statutory criteria, stressing the interests and welfare of the public are best served through a well-trained and effective Fire Department, it is this Arbitrator's determination that the following economic award be issued: Salary guides for Firefighters shall be amended to reflect the following increases to base wages:

<u>January 1, 2009</u>	<u>January 1, 2010</u>	<u>January 1, 2011</u>	<u>January 1, 2012</u>
2.5%	2.0%	2.0%	2.0%

The January 1, 2009, January 1, 2010 and January 1, 2011 wage increases shall be applied immediately to the wage schedule and paid prospectively; however, retroactive payments will be limited to the current year and base salary as of January 1, 2011.<sup>57</sup> This method of calculation and retroactive payment will limit the financial impact of this Award, while recognizing work performed.

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57. Note: To correctly calculate the base wage rate for retroactive salary payments intended by this Award, begin with the employee's final base wage rate on December 31, 2008 and add 2.5% (the wage increase for 2009) and 2.0% for (the 2010 wage increase), creating a baseline wage rate. Then, to calculate the retroactive payment, add the 2.0% increase for 2011 (over the 2010 base rate) and determine the payroll difference for the year. To determine the retroactive payment to January 1, 2011 consider this award is being issued 7.5 months into the 12 month year. Example: Using the 2008 top step wage rate of \$76,161, the top step base rate for 2009 is \$78,065, the top step base rate for 2010 is \$79,626 (the baseline wage rate). Applying 2.0% to the top step base rate for 2011 results in a salary of \$81,219. The 2011 increase at the top step base rate is \$1,593 (\$81,218 less \$79,626) and the retroactive payment to January 1, 2011 is \$997.50 (7.5/12 of the retroactive pay period) for a Firefighter at the top step of the guide. This calculation is to be used for all steps and pay rates on the salary guide.

What is the economic impact of the wage increase in this Award on the City? Immediately, if 170 Firefighters were at top step on December 31, 2008, the cost of retroactive payments to the City for the 170 Firefighters (at \$997.50 each) will be a total retroactive payment \$169,575 in 2011. And, when considering that the City will not be making retroactive payments for years 2009 and 2010, the retroactive payment over the three year period averages \$56,525 per year.

But, then consider the overall impact of the salary increases over three years for the IAFF Firefighter. Consider, if each of the 170 Firefighters were at top step on December 31, 2008, and are granted the applicable increases, their weekly salary of \$1,465 ( $\$76,161 \div 52 = \$1,465$ ) on December 31, 2008 would increase to \$1,562 ( $\$81,218 \div 52 = \$1,562$ ) on January 1, 2011.... a resulting total increase of \$97 a week for each Firefighter at top step “earned” over a three year period.

To further limit the financial impact of this Award, this Arbitrator will direct no adjustment to, nor retroactive payment for, longevity in the years 2009 through 2011. Longevity will continue to be paid, but will be paid at the December 31, 2008 salary levels through December 31, 2011. Instead, the longevity schedules and payments will be recalculated on January 1, 2012, at the same time adjustments are made to the salary guide, and longevity payments will be based on the salary level applicable to the Firefighter at that time.

In addition, Article XXVII, Pay Period, Section 1 shall be modified with the following language:

“In years where there are 27 pay periods, the bi-weekly pay shall be adjusted so that the annual salary shall be paid over the 27 pay periods, but there shall be no adjustment of the hourly wage rate.”

During negotiations, the parties discussed this issue as a means to alleviate administrative and accounting issues which had arisen, on rare occasions, in the past. The contract modification has no financial impact.

In turning to the issue of “co-pays”, or an employee contribution toward the cost of medical benefits, it was acknowledged during the proceedings that increases were necessary. The costs of visits to a doctor’s office, hospital appointments and prescriptions drug purchases are ever-increasing. To reduce the financial impact of ever-increasing medical costs on the City, employees (including the Firefighters) should be contributing a larger share of the costs. In the present award, this Arbitrator has accepted the City’s reality of the increasing cost burden and attempted to convey the necessity to the bargaining unit for assisting the City in reducing the impact of health care cost increases.

With respect to §16, the IAFF took the a position that premium-sharing for health benefits should be limited to the 1.5% of base salary (as statutorily required by N.J.S.A. 40A:10-21). If this Arbitrator is guided by the recent legislation (passed in June 2011), there are clear indications for substantial increases to that percent of salary for public sector employees contributions to health care premium coverage.

While rejecting the recommendation in November 2010, the City continued to hold fast to its position that premium-sharing needs to exceed the state-mandated 1.5% of base salary. The City’s proposal called for a 5% contribution from those who subscribe to the family plan, and 3% for those with single coverage, an increase of 3.5% and 1.5% over the statutory contribution, respectively.

Candidly, while these questions have been addressed by the State Legislature, it is difficult for this Arbitrator to predict how recent or future legislative actions will ultimately alter public sector employee contributions for health care as it applies to the bargaining unit and collective bargaining. Nevertheless, this Arbitrator shall attempt to limit the present increase of contributions for the bargaining unit during the term of the Agreement in a relative proportion to salary increases awarded and shall direct the parties to implement the 1.5% (of base salary) co-pay contribution for health care (as the City has already accomplished) and, to the extent of the law, preclude further percentage increases during the term of this Agreement.

With respect to other “co-pays” applicable to Article XXX Insurance, Health, and Welfare, this Arbitrator further concludes the modest increases should be granted to a reasonable level. In the expired Agreement, the prescription co-pays were \$5 for generic and \$10 for brand name.<sup>58</sup> When the Union conceded to a reasonable increase, it proposed a \$10 co-pay for generic prescriptions and \$17 co-pay for brand name prescriptions. This level of prescription co-pays shall be confirmed as reasonable and Article XXX, §14, shall be amended by this award to reflect those amounts.

A similar concession was made by the IAFF in reference to §17, in which the Union proposed an increase in doctor visit co-pays from \$5 to \$10. Nevertheless, this Arbitrator concluded that greater increase in co-pay for doctors’ visit is mandated by the reality of increasing costs and the attempt to reduce the cost burden on the City. When considering the potential costs of office visits to the City, a \$20 co-pay by employees is considered reasonable to this Arbitrator. Accordingly, an award of co-pay of \$20 for “doctor’s visits” shall be directed.<sup>59</sup>

Attention is now drawn to the issue of “accumulated” days off and the recognition that Article VII Vacations & Article XXXI Holidays, required modification. As the IAFF acknowledged, the past revealed a “windfall” reaped by certain employees when retiring with an accumulation of unused vacation and holiday time. Proposed solutions were discussed, but not agreed upon. As previously stated in this Award, while the result of accumulation is now being scrutinized with each report of a large payout, the accumulation of unused days, for the most part, are not rewards but payments earned under term of an existing contract. Thus, to implement a retroactive forfeiture of days would penalize an employee who relied upon contract for a payout of their accumulated days at retirement.

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58. National averages prescription co-pays for covered workers in three or four-tiered plans (private and public sectors combined) are: \$11 for Generic, \$28 for Preferred, and \$49 for Non-Preferred. (see PFM-39).

59. As for §14 and §17, the City’s proposal was silent with respect to prescription co-pays, but did submit a proposal of \$10 doctor visit co-pays to offset the significant increase presented in its premium-sharing proposal.

In this Arbitrator's opinion, limiting the accumulation of unused holiday and vacation days also calls for administering time off in a manner to allow the employee to utilize earned vacation and holiday time. Limiting accumulation also requires the maintenance of records and a transparent accounting of entitlements. From general experience, it is observed that management decisions, scheduling requirements, emergent incidents, lack of available replacements and general manpower shortages impact on a Firefighter's ability to fully utilize entitlements. For uniform employees (both police and fire), the resulting accumulation of time off is not necessarily the intention of the employee but the direct results of personnel management. Accumulating time off is not an unusual occurrence.

Having recently paid out large amounts of money for accumulated time to retirees (both fire and police), the City correctly argued that the plain language under the expired Agreement limits the carry over of unused vacation days and holidays to one year. Thereafter, if unused, the Firefighter forfeits time. This Arbitrator recognizes the language and agrees, in part.

It is apparent, however, that in many police and fire agreements, the administration of the accumulated time off language is not strictly enforced. It is often the results of personnel mandates. Without addressing that observation in the instant case, this Arbitrator will attempt move forward by directing the contract language to be enforced to the extent that unused vacation, if not deferred by written notice to the employee by the Department, shall expire at the end of the following calendar year in which the days were earned. Stated differently, if the vacation time is not used by the employee, he or she shall forfeit the vacation at the end of the second year unless the use of time was denied. With that one exception, the City is encouraged to schedule the time off in the second year.



However, this directive is not applicable retroactively. For those hired before January 1, 2009, accumulation of time off will be capped at the amount of vacation and holiday time on the City's records as of the expiration of the previous Agreement (December 31, 2008). New limits will be prospective and, with this approach, the only employees affected by the new cap would be those who were hired after the expiration of the previous Agreement and never accumulated unused vacation.

With respect to the accumulation of unused sick days (Article X Sick Leave), and with arguments similarly put forth regarding vacation and holiday accumulations, the City suggested both a dollar (\$15,000) cap and retroactive application of the cap. As such, Firefighters who accumulated days valued in excess of \$15,000 would forfeit accumulations. This is not equitable. A Firefighter providing his or her service to the community should not accept the punishing effects of relinquishing contractually earned, but unused, sick days.

Nevertheless, the IAFF recognized the inability of the City to meet growing accumulations and accepted the cap of \$15,000 on unused sick time, but prospectively. Again, this Arbitrator will not punish members who relied on the previous unlimited method of accumulating sick time accumulated prior to December 31, 2008 and will protect the accumulated time with an exemption from the cap. This Arbitrator has drawn language as an equitable solution, balancing the economic concerns of the City and the expectations of the Union members borne in the previous Agreement.

Thus, when the criteria is considered, this Arbitrator reached an Award made with specific concern for the residents of Camden and the remaining property structures and the work of the Firefighters in protecting both person and property. Despite its economic woes, Camden still retains facilities of great economic value .... a major hospital, the headquarters of a world-known corporation, a State university campus, tourist attractions, a concert venue and a sports stadium. There remains considerable private housing and commercial offices. The protection of these facilities from fire is of paramount concern to all parties to this interest arbitration, but it is the Camden Fire Department and its Fire Fighters, members of IAFF Local 788, that provide the essential services.

To alleviate any misunderstanding or confusion, this Arbitrator does not contend that these increases fit within the City's ability to pay from its present tax base nor could be funded by greater bargaining unit concessions. Indeed, the City, alone, does not have sufficient funds to meet the modest, but reasonable, increases granted. But, when the record was finalized and the evidence reviewed, this Arbitrator reached three clear and realistic conclusions: 1) The City must continue an appropriate level of fire services, irrespective of budgetary shortages, in order to protect the City of Camden, its residents and property; 2) Fire Fighters should be granted reasonable increases in base wages, together with the obligation of paying for a portion of their health care coverage, as their responsibilities continue to grow and their duties expand; and, perhaps most important, 3) The State must affirmatively provide for the City of Camden what the City cannot provide for itself.

Herein, when faced with the extreme State mandates and reductions in aid, the City Administration, however well-intentioned in its far-reaching pursuit of 20%-plus reduction in the municipal budget, will struggle to provide the level of fire protection for persons and property within Camden. In the opinion of this Arbitrator, the State cannot deny addition aid or refuse to fund, either on reasoned basis or moral grounds, the City's Fire Department budget, whether for its operation or for modest Fire Fighter salary increases. Politic expediency, personal sentiment and current public opinion aside, the State cannot abandon a citizenry that faces the enormity of protecting its city while engaged in budgetary challenges. The breadth of evidence produced in hearing convinced this Arbitrator that the State of New Jersey must continue as a party to this process (along with the City, the IAFF and the residents of Camden) to maintain the safety and welfare of the citizens of Camden.

Based on the record presented, this Arbitrator determined that the net economic changes to the successor agreement are reasonable under the nine (9) statutory criteria of N.J.S.A. 4:13A-16(g)(1) through (9) and that the decision adheres to the limitations set forth in public law P.L. 1995, C 425, as set forth below:

**INTEREST ARBITRATION AWARD**  
**City of Camden -and- IAFF Local 788**  
**Case Docket No. IA-2009-065**

**1. Article XXVI, Wages, Section 1:** Wages and guides shall be modified with the following increases.

<u>January 1, 2009</u>	<u>January 1, 2010</u>	<u>January 1, 2011</u>	<u>January 1, 2012</u>
2.5%	2.0%	2.0%	2.0%

The January 1, 2009, January 1, 2010 and January 1, 2011 wage increases shall be implemented immediately.

Notwithstanding wage increases in each year, retroactive wage payments shall be made only to January 1, 2011, based on the modifications to the salary guide as of that date, and in accordance with Footnote 57 above. (See Page 53).

**2. Article XXVII, Pay Period, Section 1** shall be modified with the following language:

In years where there are 27 pay periods, the bi-weekly pay shall be adjusted so that the annual salary shall be paid over the 27 pay periods, but there shall be no adjustment of the hourly wage rate.

**3. Article VII, Vacations, Section 4** shall be modified with the following language:

Notwithstanding any provision to the contrary, as of January 1, 2009, an employee may accumulate fifteen (15) vacation days in the calendar year to be carried over in the following year, but for no longer than the next year unless deferred by written notice to the employee by the Department and then the accumulated days shall expire at the end of the following calendar year if not used. The vacation accumulation for employees hired before January 1, 2009 shall be capped at the amount of accumulated vacation time on the City's records, as of December 31, 2008, and such employees shall be permitted to utilize any such accumulated time prior to retirement. For employees retiring prior to the execution of this Agreement, the vacation accumulated prior to December 31, 2008 shall be paid in full upon retirement.

4. **Article X, Sick Leave (Section 5 (New))** shall provide a new **Section 5** as follows:

Effective January 1, 2010, and except for present employees employed prior to January 1, 2009 and who have an accumulation of sick time exceeding \$15,000, employees shall receive payment for unused accumulated sick time at the time of retirement or termination in an amount not to exceed \$15,000.

5. **Article XXX, Insurance, Health and Welfare:** shall be modified as follows:

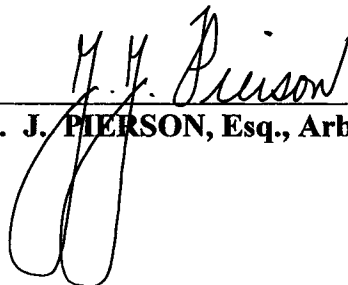
Section 14: Upon the execution of a successor agreement, the co-pay for generic prescriptions shall be \$10.00 and the co-pay for brand name prescriptions shall be \$17.00.

Section 16: (New): Effective upon the execution of a successor agreement, the employees shall contribute 1.5% of their base salary as a contribution for health insurance, as required by N.J.S.A 40A:10-21.

Section 17 (New): Upon the execution of a successor agreement, the co-payment for Doctor's visits shall be \$20.00.

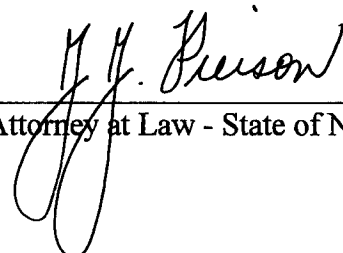
6. All other provisions of the parties' collective negotiations agreement, effective from January 1, 2005 through December 31, 2008, which have not been modified by this Award, shall remain in full force. All other proposals of the parties not addressed herein, shall be denied and dismissed in all respects.

Dated: August 14, 2011  
Short Hills, New Jersey

  
J. J. PIERSON, Esq., Arbitrator

STATE OF NEW JERSEY )  
:SS  
COUNTY OF ESSEX )

I, J. J. PIERSON, Esq., on my oath, do attest to being the person who has executed the foregoing instrument and issued the above Award on for delivery to the Public Employment Relations Commission on August 15, 2011.

  
J. J. Pierson, Attorney at Law - State of New Jersey