

**STATE OF NEW JERSEY
PUBLIC EMPLOYMENT RELATIONS COMMISSION**

In the Matter of the Interest Arbitration Between:

CHERRY HILL TOWNSHIP

AND

P.B.A. LOCAL NO. 176

Docket No. IA-2002-089

BEFORE: ERNEST WEISS, INTEREST ARBITRATOR

APPEARANCES:

FOR THE PBA:

**RICHARD D. LOCCKE, ESQ.
LOCCKE & CORREIA**

**FOR THE TOWNSHIP: WILLIAM T. TAMBUSI, ESQ.
BROWN & CONNARY, LLP**

PRELIMINARY STATEMENT

The above parties are signatories to a Collective Bargaining Agreement for the term of January 1, 1999 through December 31, 2001. The Police Department consists of 132 sworn members and the Bargaining Unit consists of 103 regular full time Police Officers employed by the Township with the exception of the Chief of Police.

Since the parties were unsuccessful in negotiating a successor agreement, I was designated to serve as Interest Arbitrator in accordance with the rules of the Public Employment Relations Commission. Prior to my designation and subsequently, the parties engaged in a series of collective bargaining sessions and were successful in resolving most of the outstanding issues.

Initially I attempted to mediate the remaining disputes in order to help the parties reach a voluntary settlement on the remaining issues. The parties eventually resolved all the issues, except those set forth below.

As a result, I convened a formal Arbitration session on October 2, 2003. During the formal hearing the parties were afforded the opportunity to present documents, testimony and argument in support of their respective position. The parties were also afforded the opportunity to submit post-hearing briefs, which I thoroughly considered.

Since the parties failed to agree upon an alternative form of submission, I am mandated by statute to decide the outstanding issue with conventional arbitration and in accordance with the revised statutory criteria, which are as follows:

REVISED STATUTORY CRITERIA

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

1. The interest and welfare of the public. Among the items the arbitrator or panel of arbitrators shall assess when considering this factor are the limitations imposed upon the employer by P.L. 1976, c. 68 (C.40A: 4-45.1 et seq.)
2. Comparison of the wages, salaries, 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 service 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 jurisdiction, 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 too submit additional evidence concerning the comparability of jurisdictions for the arbitrator's consideration.
3. The overall compensation presently received by the employees, inclusive of direct wages, salary, vacations, holidays, excused

leaves, insurance and pensions, medical and hospitalization benefits, and all other 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 the 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 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 effect 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 employee' 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 taxpayer 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 © 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 such other factors not confined to the foregoing which are ordinarily or traditionally considered in the determination of wages, hours and conditions of employment through collective negotiations and collective bargaining between the parties in the public service and in private employment. (N.J.S.A. 34:13A-16g)

THE POSITION OF THE PBA

1. **Wage increase** - The PBA proposes a five (5%) percent across the board wage increase in each year of a four (4) year contract. This proposal appeared as item 1B on the original proposal sheet.
2. The PBA proposes a reduction of 2 steps in the salary guide for patrol officer. This proposal appeared on the original proposal sheet as item I c.
3. **Clothing Allowance** - The PBA proposes a \$ 100 per contract year increase in the annual clothing allowance. This proposal appeared as item 5a on the original proposal sheet.
4. **Retiree Medical** - The PBA proposes that the current retiree medical plan be improved by removing the maximum contribution by the employer. Therefore, the employer would be obligated to pay the entire cost of retiree full family medical coverage. This issue appeared as item 7a on the original proposal sheet. Retiree medical shall be interpreted to include medical, prescription and dental coverage.

THE TOWNSHIP'S FINAL OFFER

The Township submits its final offer as follows:

1. **Length of Contract** - The Township proposes a five (5) year contract retroactive to 2002.
2. **Wage Increase** - The Township proposes the following schedule:

2002-3.75%
2003-4.00%
2004-4.00%
2005-4.00%
2006-4.00%

3. **Bi-Weekly Paychecks** - As soon as practicable after the signing of this Agreement, the Township shall discontinue the practice of issuing paychecks on a weekly basis and shall institute the practice of issuing paychecks on a bi-weekly basis.

4. **Hospitalization and Medical Benefits** - The Township shall offer all bargaining unit members coverage by Amerihealth or an equivalent HMO without cost of premium contribution. Employees will be given the choice of selecting Amerihealth PPO Health Benefit Plan or an equivalent PPO Health Benefit Plan. However, employees who choose this option will be required to pay thirty-three and one-third percent (33 1/3%) of the difference in cost of this option from that of the applicable HMO at the Township rates in contract year 2004, sixty-six and two-thirds percent (66 2/3%) of the difference in the cost of this option from that of the applicable HMO at the Township rates in contract year 2005, and one hundred percent (100%) of the difference in the cost of this option from that of the applicable HMO at the Township rates in contract year 2006 and thereafter.

5. **Prescription Coverage**.- Effective January 1, 2004, the Township shall provide prescription coverage for employees covered by this Agreement and each employee's family on the following basis: a five dollar (\$5.00) deductible per generic drug prescription, a ten dollar (\$10.00) deductible per non-generic drugs, and a five dollar (\$5.00) payment for mail-in prescription orders.

Effective January 1, 2005, the Township shall provide prescription coverage for employees covered by this Agreement and each employee's family on the following basis: a seven dollar (\$7.00) deductible per generic drug prescription, a ten dollar (\$10.00) deductible per non-generic drugs, and a seven dollar (\$7.00) payment for mail-in prescription orders.

Effective January 1, 2006, the Township shall provide prescription coverage for employees covered by this Agreement and each employee's family on the following basis: a ten dollar (\$10.00) deductible per generic drug prescription, a fifteen dollar (\$15.00) deductible per non-generic drugs, and a ten dollar (\$10.00) payment for mail-in prescription orders.

6. Retirement Medical - For those officers retiring prior to January 1, 2004, the maximum cost to the Township for retiree medical insurance coverage shall not exceed per year four thousand five hundred dollars (\$4,500.00).

For those officers retiring after January 1, 2004, the maximum cost to the Township for retiree medical insurance coverage shall not exceed five thousand dollars (\$5,000.00) for contract year 2004; five thousand five hundred dollars (\$5,500.00) for contract year 2005; and six thousand dollars (\$6,000.00) for contract year 2006.

POSITION OF THE PARTIES

INTEREST AND WELFARE OF THE PUBLIC

The PBA stressed that the interest and welfare of the public is well served by the men and women of the Cherry Hill Police Department. It pointed out in relevant part that the Township is one of the largest and fastest growing communities in all of south Jersey with the busiest highways and interstates in the northeast.

In its Power Point presentation at the hearing before me, the PBA eloquently illustrated the various transportation networks and major highways crossing the Township. The illustration also demonstrated the Township's population, land use and quality of life. The nighttime population consists of 70,000 resident in over 25 square miles of land. The daily population is estimated to be over 200,000 persons and quarter million vehicles. The township also contains numerous educational facilities, major shopping centers with over 3,000 businesses, national hotel chains and corporate headquarters. Additionally, the Township has 112 members in its fire Department with six stations on a 24-hour basis. The needs of this rapidly growing community are well served by the 132

sworn officers of the Cherry Hill Police Department 103 of which are non-supervisory members of this bargaining unit.

In his post-hearing brief PBA counsel presented in part as follows:

CHART NO. 1
Cherry Hill Police Department "Other Serious"
1992 Compared to 2001 (Source: Ex. P-20)

Ambulance Calls	+280%
Alarms	+25%
Motor Vehicle Complaints	+220%
Motor Vehicle Suspensions	+27%
Suicides & attempts	+240%
Ordinance violations	+74%

In 1992 there were 54,904 calls for service with 125 officers sworn. That averages to about 150 calls per day. In 2002, the most recent complete year for which figures are available, there were 123,862 calls for service with 132 sworn officers available. This is an average of over 340 calls per day. Seven additional sworn officers exist on the roles today as compared to 10 years ago. Calls, however, have more than doubled- It will be difficult to establish a more clear case for a high degree of productivity and professional delivery of service.

In addition to the statistics identified above, since the last contract was signed there have been additional services and additional specialty units made available through the Cherry Hill Police Department to increase and enhance public service. Some of these recently added or expanded units are included on the following list:

Three K-9 Units, including patrol, bomb and narcotics
6 officers assigned to a motorcycle unit

7 officers designated for community policing
20 officer Tactical Response Team with 2 specialty vehicles
Critical Incident Negotiating Team
Civil Disturbance Unit
2 officers Special Investigative Unit
Street Level Drug Program
5 Officer Bicycle Unit
Office of Emergency Management
Emergency Medical Services

There has also been additional equipment provided to the Police Department in the recent 3 years, which has added to their efficiency and the delivery of public service.

Recent equipment includes the following:

New radio system - 800 Mhz
Mobile Data Terminals in all vehicles (one of the few departments in all of south Jersey to have such equipment)
Defibrillators
Digi-mug
Identi-print
Megans Law Enforcement

There is regular Inter-agency action with numerous other law enforcement agencies, which is necessitated by the evolving and expanded mission of the Cherry Hill Police Department.

Township position

The Township acknowledged that the interest and welfare of the public are served by a competent police force. However, it must be balanced against the interest and welfare of the public. The Township pointed out that the municipal tax rate has increased by 20% during the years of 1997 through 2001 without the benefit of any significant increase of ratables to offset the

tax burden. Since 1998 the ratables had been only 4.4% and the fund balance of the Township has decreased by over 97% and at present the Township has a debt load of \$116,000,000.00 resulting in Moody's Investors rating of Aa2 with a credit watch and an intent to downgrade.

COMPARISON OF WAGES AND TERMS AND CONDITIONS OF EMPLOYMENT

PBA Position

On this factor the PBA argued in part that its members are paid below average among their peers and have no offsetting benefits to justify such a low rate. A number of comparable Collective Bargaining Agreements, representing law enforcement agencies, were submitted into evidence by the PBA at the hearing before me. The PBA argued that the base rate provided for Cherry Hill Police Officers is well below average and among the lowest in the region. In support of its position counsel for the PBA submitted various charts comparing the wages and some benefits of comparable agencies whose contacts commenced in 2001

CHART NO. 2 **COMPARISON OF BASE WAGE BASED ON PBA EXHIBITS**

	2001 Maximum Rate
Voorhees	62,625
Camden Co. Police	68,936
STFA	83,076
Bellmawr	58,460
Stratford	58,488
Mt. Laurel	66,630
Moorestown	61,482
Winslow	71,581
Ewing	70,263

Hamilton	70,091
Average	67,163
Cherry Hill	58,620
Cherry Hill	(\$8,543)
Compared to Average	(14.6%)

The PBA insisted that the above chart clearly demonstrates the significantly poor relative position of Cherry Hill Police Officer compensation. It stressed that it would take more than an \$8,500.00 wage increase just to bring the PBA up to average and the 5% per year increase as proposed by the PBA would merely catch average. The PBA acknowledged that commencing with the 23rd year of service there are three other pay rates but those are senior rates and should not be considered as part of pay progression. The PBA also argued with the 9 pay steps showing in its Chart No. 3 that it takes an exceptionally long time to get to the top rate.

CHART NO. 3
COMPARISON OF NUMBER OF STEPS TO REACH
TOP STEP PATROL OFFICER SALARY RATE

Camden	7
Voorhees	8
Camden Co. Police	5
STFA	10
Bellmawr	6
Stratford	10
Mt. Laurel	9
*Cherry Hill Fire Dept.	7
Moorestown	7
Camden Co. Sheriffs	5
Gloucester	6
Ewing	6
Hamilton	7
Average	7.15

Cherry Hill PBA	9
Cherry Hill compared to average	(2.85) (28.5%)

In its post hearing brief, the PBA argued "Once again, Cherry Hill finds itself in last place. It takes almost three additional steps to reach maximum in Cherry Hill than in comparable jurisdictions. If one uses the "carrot and stick" analogy, one finds an exceptionally long stick with a very small carrot at the end. This is a regressive payroll system. It does not reward personnel who stay with the program. The longer one stays, the poorer the comparisons become"

The PBA is seeking the reduction of two (2) steps on the pay schedule. It pointed out that, under their new contract the Cherry Hill SOA, the supervisors of the instant bargaining unit, received the equivalent of a two-year acceleration of senior pay. Consequently the PBA asserted that both external and internal comparisons support the reduction of the two steps.

With respect to the issue of clothing allowance the PBA argued in part that there are no offsetting benefits to justify the poor relative position of the Cherry Hill Police Department. In support of its position counsel for the PBA provided Chart No. 4

CHART NO. 4
Clothing Allowance Comparison

Voorhees	\$1,000
Camden Corrections	full replacement/ no limit
Camden Co. Police	\$1,007
STFA	\$ 900
Bellmawr	\$ 900
Stratford	\$ 575

Cherry Hill Fire Dept.	full supply & replacement/ no limit
Moorestown Patrolmen	\$740
Moorestown Det.	\$1,655
Winslow	\$1,220
Camden Sheriff	full supply & replacement/ no limit
Gloucester	\$1,800
Ewing	\$1,075
Hamilton	\$ 600 (supply & replacement on many items)
Average	\$1,042
Cherry Hill PBA	\$ 800
Cherry Hill	(\$242)
compared to average	(30.4%)

The PBA argued that "Once again the short fall from average is clear. The Cherry Hill annual clothing allowance is significantly below average and it would take more than a 30% increase in the clothing allowance just to catch average. With due respect to the Arbitrator, such evidence one again supports the increase sought by the PBA in this case." Additionally the PBA argued that many other agencies have superior work schedules, night differential senior officer differential, and other special allowances.

Chart No. 5 is a Comparison of Increases in Law Enforcement Agencies Based on Evidence submitted by the PBA. The PBA pointed out that these are the agencies with whom these officers work and such principal is clearly established by the testimony of witnesses at hearing.

CHART NO. 5

Comparison of Increases in Law Enforcement Agencies in Evidence Based on PBA Evidence

	2002	2003	2004	2005
Camden		4(2/2)	4.5(2/2.5)	
Voorhees	4.1	10.4	3.9	
Camden Corr. SOA	4	4	4	4
Camden Pros. SOA		4	4	4
STFA	4	4		
Bellmawr		4	4	
Stratford		5	4.5	
Mt. Laurel	4	4		
Cherry Hill Fire Dept.	4	4	4	
Moorestown	3.75	3.75	3.9	
Camden	4			
Camden Sheriff (new step)	11.2			
Gloucester (+ 1000 ea. yr.)		5 (2/3)	3.5	
Ewing	5	5		
Hamilton	4			
Hamilton SOA	4			
Averages	4.732%	4.763%	4.333%	4%

The PBA Argued that Chart No. 5, once again, fully supports the PBA's last offer position of 5% in each contract year. It pointed out that the sum of the average movements in each of the 4 years was 17.826% Further it argued that Chart No. 2 concluded that the 2001 short fall from average was 14.6% therefore the total is actually 32.428% which is the amount needed to bring the PBA wages up to average.

With respect to the duration of the Agreement the PBA has proposed a 4-year Contract. In this regard it argued that there are no 5-year contracts in the record. Most are 3 or 4 year Agreements. Since 2 years are already passed of the projected duration, a 4-year term is most reasonable and should be awarded.

The PBA also pointed out that a key issue in this arbitration is medical coverage for retirees. This is perhaps even more important than base wages. The PBA pointed out that there is a retiree medical program in existence and it is merely seeking a slight adjustment to the existing medical insurance plan as provided on page 24 of the Contract (J1). The existing program provides a \$4,500.00 per year per retiree. The PBA proposes to have no limitation for retirees up to age 65 and to provide them with the same program as provided for active employees. The PBA insisted that the Contracts submitted in evidence even those submitted by the Employer supports the position of the PBA. (see p. 26 of brief)

The PBA also disagreed with the Township conclusion that private sector comparables are relevant in considering the wages and benefits of the PBA. It insisted that due to the unique statutory obligations, the best comparisons are made in law enforcement and emergency services and private sector comparisons should not control. (see p. 31+)

Position of the Township

In its written submission the Township first compared Longevity among the other bargaining units in the Township. The township provided a chart showing that in five other units of the Township the highest percentage of longevity is 8.5% after 25 years of service whereas the highest in the Police unit the longevity benefit after 25 years is 9.25% also the entry level for longevity is at least one percent higher than the other five units. Additionally, the Police receive more vacation days and accrue them in a shorter period of time than the other units in the township. With respect to paid time off the Township pointed out that the other

bargaining units receive one less holiday/personal day per year when compared to the Police.

The Police also compare quite favorably to other municipalities such as Pennsauken and Voorhees. The Township pointed out that with respect to non-salary benefits the Police are virtually identical with the comparable contracts. Although the two comparable contracts increase the salaries from 3.8% to 4.2% , both contracts rolled certain non-salary compensation into their base wage. While there appears to be a difference in the salaries, when the longevity is added to the salaries of the Cherry Hill Police the difference is illusory.

With reference to the overall compensation the Township stated that it continues to pay the employees in accordance with the FOP Lodge #28 contract that had a term of January 1, 1999 through December 31, 2001.

STIPULATION OF THE PARTIES

There were no significant stipulations by the parties

LAWFUL AUTHORITY OF THE EMPLOYER

Under these statutory criteria the parties usually consider the existence of the fiscal restraint of the "Cap Law" which limits certain category of municipal spending up to a maximum of 5%. The PBA pointed out that the Township used only a 2% cap thereby waving its 3% available flexibility amounting to \$714,595.00. Therefore the PBA concluded that given the amount of unused spending flexibility, no one can claim that there was cap pressure on the Township. (see p. 36)

Township Position

The township maintained that the Cap Law is not a significant factor in the instant case. However it argued that “given the Township’s existing debt load, the precarious bond rating and increasing tax rate, any further encroachment on the Cap limits will have a negative impact on the Township’s finances”

IMPACT ON THE RESIDENTS AND TAXPAYERS

The PBA argued that an award of its entire proposal would have no perceptible impact on the interest of the residents and taxpayers. Moreover, any small measurable impact is more than offset by the value of the services provided and increased productivity. The PBA pointed out that the ratable base of 4.5 billion dollars makes Cherry Hill the jurisdiction with the largest Aggregate Assessed Value of all the 37 Camden County Municipalities. The PBA Power Point presentations as well as the various exhibits presented at the hearing indicate new growth in the Township. The total levy in the most recent year was \$181,996,937.00 9.2% of which was consumed for the municipality. The balance is spent on county and school taxes. The total base wage of the bargaining unit is merely \$6,937,860.00 or 3.3% of the tax levy. The PBA concluded that the tax burden on the citizens and taxpayers by awarding the entire PBA proposal is very small.

Township Position

The Township argued in relevant part that its budget provides funds for the level of increases proposed by the Township. There are no other accumulated monies available to fund a greater economic package without

a significant impact on the municipal property tax. Additionally the Township argued that the total compensation of the bargaining unit has significantly increased as a result of the increase in the health insurance premiums. The 2000-2001 insurance costs for the Police was \$1,945,772.79 The Projected costs for 2003-2004 is \$2,814,431.40 this is a 45% increase and a dollar increase of \$868,658.61 which equals to almost two cents on the municipal property tax rate.

The cost of the PPO health plan increased by 41% and the HMO increased by 46% during the period in question and there is no expectation that the cost of the health plans will be reduced during the projected term of the Agreement. Despite this dramatic increase in costs the PBA proposes that the retirees receive the full medical plan without sharing in the cost of the premiums. Additionally, the PBA proposes that the Township provide prescription and dental benefits at no cost to the retiree. This cost would be equivalent to two additional cents to the municipal property tax rate. The Township concluded on this statutory factor that the overall increase in residential ratables since 1998 has only increased by 4% and the Township has an affordable housing obligation of 1,669 low cost units for the first and second rounds with a third round pending in 2004. also the Garden State Racetrack site must contain 285 low cost units which represents a lost retable increase opportunity in its residential base.

THE COST OF LIVING

The Township argued that this statutory criteria clearly favors the position of the township. It further argued that utilizing the BLS data the wage increases offered by the Township are significantly higher than the cost of living increase.

THE CONTINUITY AND STABILITY OF EMPLOYMENT INCLUDING SENIORITY RIGHTS AND SUCH OTHER FACTORS NOT CONFINED TO THE FOREGOING WHICH ARE ORDINARILY OR TRADITIONALLY CONSIDERED IN THE DETERMINATION OF WAGES, HOURS, AND CONDITIONS OF EMPLOYMENT THROUGH COLLECTIVE BARGAINING BETWEEN THE PARTIES IN THE PUBLIC SERVICE AND THE PRIVATE EMPLOYMENT.

Under this criteria the PBA argued in relevant part that it is appropriate here to compare the respective offers using the private sector principals of “area standards” and “going rate”. Using this standard it is obvious that the members of the bargaining unit are compensated substantially below their peers. It further argued that the going rate more closely parallels the proposal of the PBA. Additionally, the PBA again pointed out that the Township reduced the number of pay steps for the SOA but is refusing to reduce the PBA steps by two from the wage guide. Also the fire fighters have a better medical plan for its retirees. Therefore the entire PBA proposal should be awarded.

Township Position The Township pointed out that it has not had a problem in retaining employees in this bargaining unit or attracting quality candidates for vacancies. It insisted that its offer herein is consistent with the most recent interest arbitration awards as published by the Public Employment Relations Commission and it would not significantly erode the relative position of the Cherry Hill bargaining unit as compare to other police departments.

The Township concluded that the financial position of Cherry Hill Township clearly demonstrates that it cannot afford the proposal of the PBA and the arbitrator should adopt the more modest increases of the Township.

DISCUSSION AND OPINION

I agree with the general sentiment of both parties that **the interest and welfare of the public** is best served by providing fair wages and conditions of employment to the officers who serve and protect the citizens of the community. Both parties expressed a sincere desire in this regard. However, differences exist in the definition of what and how much is fair. Obviously, it is the difference in this perception that is the essence of this Interest Arbitration.

The PBA is seeking, in part, a four-year contract with a base wage increase of 5% in each year, whereas the Township's last offer was for a five-year contract with wage increases in the first year to be 3.75% and 4% in each of the remaining four years of the five year duration of the proposed contract.

I instinctively resist the temptation of splitting the difference in the final wage position of the parties, although at times such an approach is appropriate. In this instance, and for the reasons stated below I concluded on the basis of the record made before me that, with only a relatively small modification, that the wage position of Cherry Hill was more reasonable under the circumstances. However, although substantial time has passed since the expiration of the previous contract I became persuaded that a four-year contract is more appropriate.

I recognize that increased productivity in a police department is not necessarily a reason, by itself, to increase wages. However, an increase in pay for increased effort as depicted in PBA Chart No.1 above, coupled with additional responsibility, is generally a persuasive argument. In this instance, the additional productivity combined with the addition of specialty units, as listed above, was one of the factors driving my conclusion regarding the additional .25% increase in the first year of the four-year duration of the contract. In reaching this conclusion, I also thoroughly considered the other statutory factors including the **Comparison of Wages and Terms and Conditions of Employment.** In this regard, both parties were able to put forth statistics favoring their respective positions. The PBA produced Chart No. 5 showing that base-wage in Cherry Hill is substantially below average of the 16 contracts compared. Due to several unusually high settlements the average settlement appears significantly above 4%. However, the Chart actually reveals the majority of the settlements to be closer to 4% than the 5% proposed by the PBA.

The PBA relies more on computation of averages. However averages can be deceiving. I am reminded of a recent remark by former Secretary of Labor Robert Reich who stands about 5 feet tall and who remarked, something to the effect that on average, he and Kareem Abdul Jabar are about 6 foot tall. Averages are of course useful but they can be deceiving. Additionally, while the comparison with the private sector is always difficult for many of the obvious reasons, I must consider that the taxpayers of this community are predominantly in the private sector and therefore the average wage increases in that sector necessarily effect the community's economic ability to shoulder the increases herein.

Consequently I believe, for the reasons stated above, that the 4% per year across-the-board wage increase in the four year duration of the contract is more reasonable in light of all the statutory criteria.

I also considered the **overall compensation presently received by the other employees of Cherry Hill**. This sub-criterion supports the Township's position that the 5% wage increase sought by the PBA was somewhat excessive in the existing economic climate. However, I note that with the exception of the Superior Officers Unit the other Units were not shown to have had a dramatic increase in productivity and responsibilities, as did the PBA. For reasons more thoroughly discussed below the Township proposal on wage increases was essentially awarded.

There were no significant **Stipulations of the Parties** herein. However, this does not foreclose any other agreements of the parties, that may have been reached prior to my arrival as Interest Arbitrator and the procedural changes, which may be necessary to conclude the instant contract.

Under the **Lawful Authority of the Employer**, the PBA essentially argued that Cherry Hill had the authority but elected not to use its discretionary cap ability which is as high as 5%. Instead, the Township elected to use only 2% cap, the lowest of all cap-options available, waiving its 3% additional spending flexibility. Here I agree that there was no cap pressure on the Township. However, this additional Cap 0 is obviously not extra money actually available but merely the amount by which the Township could legally exceed its budget if it became necessary. I must also note in this regard, that the ability to pay was not a central issue herein. However, I considered the existing debt load and the rising cost of health care for the Township. However, in this regard I must note that

even if there was a comfortable and substantial ability to fund the entire PBA proposal, it would not necessarily mean that the entire proposal is reasonable.

Here I agree with the Township argument that under the existing circumstances, 5% wage increase would be somewhat excessive by recent settlements in comparable communities. The record made before me in this case does not justify a wage increase of such magnitude. However, as stated above, the 3.75% in the first year of the Township's wage proposal falls slightly short of the 4% that I believe is more reasonable in this instance. With this in mind and considering all the revised statutory criteria, I have concluded, for the reasons stated above, that the PBA wage proposal was somewhat high and the Borough's proposal was found to be only slightly low in the first year and correct in the remaining three years of the four-year contract.

The Financial Impact on the Governing Unit, its Residents and Taxpayers, would not be immediately devastated even if the entire PBA proposal were to be awarded. However, as stated above, being able to afford the increase is not necessarily the controlling factor in determining its reasonableness. When all the statutory factors are taken into consideration the 4% wage increase each year in a four-year contract appears, in this case, to be most reasonable.

The Cost of Living criteria favors the Township position since the CPI increases have not been significant in recent years and inflation has been mostly under control. The Township argued convincingly here that since the CPI has been or only slightly increasing the wage increases in its proposal should be found to be appropriate.

In the **Continuity and Stability of Employment** factor the PBA again emphasized the significant productivity increases of the PBA and insisted that the members of this bargaining unit are compensated substantially below their peers. Although I agree that such substantial increases in productivity should be rewarded, I continue to believe that 5% increase in each of the four years of the contract is somewhat high.

The Borough correctly pointed out that there was no hard evidence that the **Continuity and Stability of Employment** would be negatively affected by the Borough's proposal or enhanced by the PBA proposal. However, such evidence is difficult to gather and most often it is speculative. The best evidence of course in this regard is the turnover of employees, when officers give up their seniority in order to seek a position elsewhere for greater compensation. I have nothing in the record to indicate that such a condition exists in Cherry Hill.

I considered the PBA's request for a reduction of two steps in the salary guide. The evidence before me indicates that the steps in the salary guides of other comparable units in the area are closer to 7 steps than the 9 steps existing in the previous Cherry Hill contract. However, although I am convinced that a reduction is in order I am not persuaded that the guide should be reduced by 2 steps as proposed by the PBA. The appropriate reduction at this time is by one step instead. Additionally, I notice that the elimination of salary step No. 6 appears to be the least costly on the existing salary guide and therefore, its elimination is awarded herein.

Some increase in the clothing allowance is in order simply in recognition that the prices of the required clothing are undoubtedly higher. However, the \$400.00 increase during the duration of the contract, as proposed by the PBA, is in my considered opinion, excessive. Given the

passage of time and my reluctance ordinarily to award retroactivity on clothing allowance, I concluded pursuant to the above economic rationale, that \$150.00 increase in clothing allowance in the 2005 contract year is appropriate under all the statutory criteria as described above.

With respect to prescription drug coverage I thoroughly reviewed the position of both parties and concluded, in light of all the statutory criteria and the recent increases in the cost of health benefits, that the proposal of the Township is reasonable. Some relief to the Township is clearly in order. However, as in clothing above, given the expiration of the first two years of the contract term as well as a substantial portion of the third year, retroactivity in this benefit is not practical since it would be difficult to recreate. The progression of the increases in the prescription co-pay as proposed by the Township would have resulted in the deductible of \$10.00 for generic, \$15.00 non-generic and a \$10.00 for mail-in prescription orders. These increases will be effective January 1, 2005, the fourth and final year of the contract.

However, the changes in the Hospitalization and Medical Benefits as proposed by the Township, are not granted herein. I fully considered the documentation provided by the Township depicting the recent increases in the health care premiums. However, having awarded the increases in the prescription drug deductible as proposed by the Township and having further awarded the lower wage proposal of the Township, I was not convinced that officers choosing the PPO plan instead the cheaper HMO, should be required to pay the difference in the cost of the two plans at this time.

The proposal of the Township to institute the payment of paychecks on a by-weekly basis is hereby granted. I was not convinced that this would

result in any major inconvenience to the members of the Bargaining Unit and would provide greater cost efficiency and uniformity in the production of the payroll for the Township.

With respect to medical benefits upon retirement, I was not persuaded by the PBA proposal to have the Township pay the entire cost of the plan. In the previous contract the benefit was capped at \$4,500.00 to each retiree. The Township proposal to increase the cap to \$6,000.00 in the fifth year of the contract is hereby adopted but effective as of January 1, 2005, the final year of the four-year contract awarded herein. The evidence was insufficient with respect to the two-tier proposal of the Township for this benefit, therefore, it is not granted. Therefore, the increase in the \$6000.00 medical cap applies to all retirees as of January 1, 2005 the final year of the contract.

As stated above, both sides agreed that maintaining a competitive and fair compensation program in the police department is desirable and is in the best interest of the citizens and taxpayers. Therefore, after thoroughly considering all the evidence in the record made before me, in light of all the factors of the revised statutory criteria as required, and after reviewing the respective positions and the post hearing arguments of the parties, I make the following:

AWARD

1. Duration of the contract shall be four years. January 1, 2002 through December 31, 2005

2. A four percent (4%) across the board wage increase as of January 1, in each year of the four-year contract, retroactive to January 1, 2002.

3. Increase in the clothing allowance of \$150.00 in the final year of the contract.

4. A reduction of one step in the salary guide by eliminating step #6 on the existing salary guide.

5. The Township may institute the practice of issuing paychecks on a by-weekly basis as soon as practicable but no sooner than 30 days after the execution of the contract by both parties.

6. The existing deductible in the Drug Prescription coverage shall be increased to \$10.00 for generic drug prescriptions, \$15.00 for non-generic and \$10.00 payment for mail-in prescriptions effective as of January 2005.

7. Retiree health benefits for all retirees shall be capped at \$6000.00 effective January 1, 2005

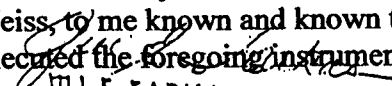
8. For the above stated reasons, the changes in the Hospital and Medical benefits for active Unit members, as proposed by the Township, are hereby denied.



.....
Ernest Weiss, Interest Arbitrator

STATE OF: NEW JERSEY
COUNTY OF: MONMOUTH

On this 29th day of March, 2004, before me personally came and appeared Ernest Weiss, to me known and known to me to be the individual described in and who executed the foregoing instrument and he acknowledged that he executed same.


JILL E. FARKAS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires May 5, 2004