

**MAYOR AND COUNCIL  
BOROUGH OF HO-HO-KUS  
BERGEN COUNTY, NEW JERSEY  
Resolution # 14-62**

**SUBJECT:** 2% Arbitration Cap

**Dated:** March 25, 2014

**WHEREAS**, on December 21, 2010, Governor Christie signed into law reforms to the arbitration process that took effect January 1, 2011 capping arbitration awards to no more than 2%, and also providing for random selection of arbitrators, expediting the determination of awards, requiring the arbitrator to provide a written report detailing the weight accorded to each of the required considerations and expediting the appeal process; and these reforms have helped municipalities to control the ongoing rise in public safety personnel costs; and

**WHEREAS**, the key element of these reforms, that is, the capping of arbitration awards on economic factors to no more than 2% of the property tax levy, will expire on April 1, 2014; and

**WHEREAS**, while municipalities are statutorily limited to raising their property tax levy by no more than 2%, failure to extend the 2% cap on economic arbitration awards will force municipalities throughout the state to further reduce or even eliminate crucial services, personnel and long overdue infrastructure improvement projects in order to fund an arbitration award; and

**WHEREAS**, the 2% cap referred to has controlled one of the largest municipal expenses, i.e., public safety salaries, not only through arbitration awards but through contract negotiations, and without further action by the State Legislature, any contract that expires on or after April 1, 2014, will be subject to all new procedures and requirements, except the 2% awards cap; and

**WHEREAS**, without those limits, arbitrators will be able to impose awards that do not account for the 2% limit on the property tax levy, which would immediately threaten funding for all other municipal services, and without the 2% cap on interest arbitration awards but with the 2% cap on property tax levy, local budget makers could be forced to reduce other essential municipal services to fund an arbitration award,

**NOW, THEREFORE BE IT RESOLVED** by the Mayor and Council of the Borough of Ho-Ho-Kus strongly urge the State Legislature to permanently extend the 2% cap on interest arbitration awards prior to the April 1, 2014 sunset, and

**BE IT FURTHER RESOLVED** that a copy of this duly adopted resolution be forwarded to Senate President Sweeney, Assembly Speaker Prieto, the legislators of District 40, Governor Christie and the New Jersey State League of Municipalities.

	Moved	Second	Ayes	Nays	Absent	Abstain
Mayor Randall						
Council Member Troast						
Council Member Lennon						
Council Member Shea						
Council Member Rorty						
Council Member Weiss						
Council Member Shell						