

BOROUGH OF RED BANK

COUNTY OF MONMOUTH

RESOLUTION NO. 10-54

**A RESOLUTION URGING THE STATE LEGISLATURE
TO REFORM INTEREST ARBITRATION**

Mr. DuPont offered the following resolution and moved to adopt it:

WHEREAS, the interest arbitration process was intended to fairly and adequately give all due consideration to the interest and welfare of the taxpaying public and support local government aims by arriving at award decisions that are equitable to all involved parties, including municipalities and Police and Fire Department personnel; and

WHEREAS, the New Jersey Employer-Employee Relations Act, adopted in 1968, was amended in 1977 to provide for interest arbitration as the statutorily imposed terminal step in the collective bargaining process for police and fire personnel as defined by the Act; and

WHEREAS, the Police and Fire Interest Arbitration Reform Act (L.1995, c. 425) was signed into law by Governor Christine Todd Whitman and became effective on January 10, 1996; and

WHEREAS, in 2005, the League of Municipalities' Arbitration Reform Committee suggested a number of Legislative reforms to the Interest Arbitration Process among the changes proposed by the Reform Committee were that: (1) the Arbitrator may not award salary increases in excess of the expenditure cap (N.J.S.A. 40A:4-45 et seq.); (2) the Arbitrator's Award may provide for salary increases limited to the budget cap imposed by the State of New Jersey and/or any lawful adjustment adopted by the public employer; and (3) the Arbitrator's award may provide for salary increases limited to the percentage established by the State or the lawful adjustment adopted by the public employer, as may be appropriate, on a department line basis; and

WHEREAS, in 2007 the Police and Fire Interest Arbitration statute was amended to add a new ninth factor of the 4% Tax Levy Cap which resulted in 4 of the 9 statutory factors in Interest Arbitration addresses the employer's fiscal situation; and

WHEREAS, municipalities are bound by strict fiscal controls embodied in the expenditure limit and tax levy caps and it is the norm rather than the exception for state approved arbitrators to award raises for police salaries at rates that exceed the annual caps; and

WHEREAS, binding arbitration awards in excess of the caps forces municipalities to cut other critically needed municipal services, in order to fund salary increases, compounded by pension increases, to police and fire personnel, and cost for police and fire services continue to spiral at an unacceptable rate; and

WHEREAS, the state approved interest binding arbitration process is inconsistent with the State cap laws and is unfair to municipalities attempting to control property taxes through fiscal responsibility; and

WHEREAS, interest arbitration should be reform to provide that the cost of living and the employer's ability to pay should be given greater weight and the total costs of the arbitrator's award, including steps and cost of living (COLA) increases, should not exceed the cost of living; and

WHEREAS, arbitrators should be required to evaluate and analyze the total cost of the salaries and benefits, including step increases, and must provide a detailed line item analysis and explanation of the costs in the award; and

WHEREAS, arbitrators must also evaluate and analyze the overall compensation received by the bargaining unit, including vacations, longevity, holidays, excused leave, medical and pension benefits; and

WHEREAS, arbitrators should be required to live in New Jersey and the process of selecting the arbitrators and the length of time the Arbitration process takes needs to be reviewed;

NOW, THEREFORE, BE IT RESOLVED that the Mayor and Council of the Borough of Red Bank, in the County of Monmouth, State of New Jersey hereby urges the New Jersey State Legislature to pass legislation containing substantial reforms to the binding arbitration process; and

BE IT FURTHER RESOLVED that a copy of this resolution be forwarded to Senator Jennifer Beck, Assemblyman Declan O'Scanlon, Assemblywoman Caroline Cassagrande, the New Jersey State League of Municipalities and the Office of the Governor.

Seconded by Ms. Horgan and adopted on roll call by the following vote:

	Yes	No	Abstain	Absent
Ms. Lewis	(x)	()	()	()
Mr. Zipprich	(x)	()	()	()
Mr. DuPont	(x)	()	()	()
Ms. Horgan	(x)	()	()	()
Ms. Lee	(x)	()	()	()
Mr. Murphy	(x)	()	()	()

Dated: February 22, 2010