

December 5, 2017

The Honorable Phil Murphy  
Governor-Elect, State of New Jersey  
20 West State Street  
PO Box 002  
Trenton, New Jersey 08608

**RE: Extension of the 2% Interest Arbitration Cap**

Dear Mr. Murphy:

We, the undersigned Essex County Mayors and County Executive, are writing to strongly encourage you to support the extension or permanent implementation of the 2% cap on police and fire interest arbitration awards. As you are undoubtedly aware, the current extension of the 2% arbitration cap expires in less than a month; this has already caused significant uncertainty in labor negotiations and, by extension, preparation of our municipal budgets.

While the 2% interest arbitration cap is set to expire, the 2% property tax levy cap will remain in place, creating an untenable situation for municipalities and the county. Police and fire costs are almost always the single largest items in our operating budgets, with salaries and wages being by far the largest component of those costs. In many Essex County municipalities with both paid Police and Fire Departments, those costs represent more than 25% of the total annual operating budgets.

Without the 2% arbitration cap in place, the fate of local and county government will be left in the hands of unelected arbitrators with no effective recourse to appeal adverse decisions. Any arbitration awards in excess of 2%, when coupled with the 2% property tax cap, will unavoidably and negatively impact the level of services we can provide to our residents. Absorbing arbitration awards exceeding 2%, while complying with the property tax levy cap, can only be accomplished in a couple of ways. One would be to reduce the overall public safety manpower, resulting in fewer police officers and firefighters on the job, and in turn potentially compromising public safety for our communities. The other option would be to continue to fund public safety at current manpower, with the difference having to be made up through cuts to other essential services, including public works, recreation, libraries, and the maintenance of our roads and aging infrastructure. Such budget cuts and corresponding reductions in public services will only increase existing problems and put additional pressures on the state budget to help municipalities and counties address the resulting financial challenges.

In a related vein, the 2% property tax levy cap has effectively served as a 2% cap on the salaries and wages of our other (non-police and fire) public employees. Without the continuation of the cap, police and fire arbitration awards exceeding 2% would undoubtedly yield even lower salary adjustments for all other public employees, furthering the already large divide between police and fire employees and their non-public safety counterparts. The 2% property tax levy cap has forced fiscal discipline and shared sacrifice on all municipalities and public servants, and it would be unfair to allow one sector of public employees to not share in that sacrifice.

In conclusion, we strongly support the continuation of the 2% public safety interest arbitration cap that has served as such a critical tool in enabling municipalities to remain within the 2% property tax levy cap without drastically and adversely affecting the services we provide to our already overburdened taxpaying residents.

We look forward to hearing from you and working collaboratively with your administration on this issue and others that impact our local communities.

Sincerely,

**The Honorable Joseph N. DiVincenzo, Jr.**  
County Executive, Essex County

**The Honorable Cheryl Burstein**  
Mayor, Millburn Township

**The Honorable Sheena C. Collum**  
Village President, South Orange Village

**The Honorable Victor DeLuca**  
Mayor, Maplewood Township

**The Honorable John Duthie**  
Mayor, Roseland Borough

**The Honorable James Gasparini**  
Mayor, Fairfield Township

**The Honorable Shawn R. Klein**  
Mayor, Livingston Township

**The Honorable Robert D. Jackson**  
Mayor, Montclair Township

**The Honorable Robert Parisi**  
Mayor, West Orange Township

**The Honorable Stuart K. Patrick**  
Mayor, Glen Ridge Borough

**The Honorable Kevin Ryan**  
Mayor, Verona Township

**The Honorable Joseph Tempesta, Jr.**  
Mayor, West Caldwell Township

**The Honorable Tony Vauss**  
Mayor, Township of Irvington

**The Honorable Dwayne Warren**  
Mayor, City of Orange Township

cc: The Honorable Steve Sweeney, President, NJ State Senate  
The Honorable Vince Prieto, Speaker, NJ General Assembly  
The Honorable Craig Coughlin, Speaker-Designate, NJ General Assembly  
Michael F. Cerra, Assist. Executive Director, New Jersey State League of Municipalities  
John Donnadio, Executive Director, New Jersey Association of Counties