

NEW JERSEY ASSOCIATION OF COUNTIES
County Government with a Unified Voice!

M. CLAIRE FRENCH
NJAC President
Monmouth County Clerk

JOHN G. DONNADIO
Executive Director

BOARD OF DIRECTORS MEETING MINUTES
Friday, June 27, 2014
State House Annex - Committee Room 4
Trenton, New Jersey 08608

The meeting was called to order by Claire French, NJAC President and Monmouth County Clerk, at 10:05 a.m. After saluting the American flag, John G. Donnadio, NJAC Executive Director, called roll and a quorum was present.

Voting & Alternate Members in Attendance:

M. Claire French, *Monmouth County Clerk*
Ann Cannon, *Mercer County Freeholder*
Heather Simmons, *Gloucester County Freeholder*
Gerald M. Thornton, *Cape May County Freeholder Director*
E. Marie Hayes, *Cape May County Freeholder*
Mike Laffey, *Cape May County Director of Operations*
Ken Mecouch, *Cumberland County Administrator*
Carol Clark, *Essex County Freeholder*
Abe Antun, *Hudson County Administrator*
John King, *Hunterdon County Freeholder Deputy Director*
Blanquita Valenti, *Middlesex County Freeholder*
Gary Rich, Sr., *Monmouth County Freeholder Deputy Director*
John Bonanni, *Morris County Administrator*
Beth Timberman, *Salem County Freeholder*
Peter Palmer, *Somerset County Freeholder*
John Eskilson, *Sussex County Administrator*
Richard D. Gardner, *Warren County Freeholder Deputy Director*
Brian M. Hughes, *Mercer County Executive*
Elaine M. Flynn, *Middlesex County Clerk*
John Armeno, *Executive Director for the NJ Sheriffs' Association*

Absent

Atlantic County
Bergen County
Burlington County
Camden County
Ocean County
Passaic County
Union County
County Surrogate
County Improvement
Authority

Staff

John G. Donnadio, *NJAC Executive Director*
Allen Weston, *NJAC Legislative Director*
Loren Wizman, *NJAC Director of Business Development*
Kimberly Nolan, *NJAC Office Manager*

NJAC Auditor, General Counsel, Labor Counsel, and Consultants

Michael O'Connell, *Member of Pringle, Quinn & Anzano, PC and NJAC General Counsel*
Michael Barrett, *Sr. Consultant of Greenman-Pedersen, Inc. & NJAC Transportation Consultant*
Richard Lane, *Sr. Consultant of Greenman-Pedersen, Inc. & NJAC Transportation Consultant*
Robert Werkmeister, *Sr. Consultant of Greenman-Pedersen, Inc. & NJAC Transportation Consultant*

Also in attendance:

Matt Chase, *Executive Director for the National Association of Counties (NACo)*
Chad Bruner, *Gloucester County Administrator*
Gerald White, *Gloucester County Deputy Administrator*
Gary Schwarz, *Gloucester County Treasurer and Chief Financial Officer*
Daniele Spence, *Gloucester County Confidential Aide to Freeholder Simmons*
Jo Ann Povia, *Mercer County Director of Research & Special Projects for the Freeholder Board*
Colin Dansberry, *CPCU, Division Administrator – Personal Lines for NJM Insurance Group*
John Hardiman, *Director of Corporate Communications and Policy Holder Services for NJM Insurance Group*
Bina Kumar, *Managing Director – East Region for Nationwide Retirement Solutions*
Jeff Mayer, *Director of Tradition Energy*
Joiel Ray-Alexander, *Membership Account Executive for Republic Health Services of NJ*
Emory Ross, *Managed Services Specialist for Ricoh Business Solutions*
John Smith, *Account Representative for EMEX*
Victor Scire, *Vice President of Marketing for Prime Point*
John Szeliga, *Director of External Affairs for Verizon*

GUEST SPEAKERS:

Matt Chase, Executive Director for the National Association of Counties (NACo), commended the Board in that counties are a key level of government, directly serving the people. Counties provide essential services to the nation's communities such as building infrastructure, maintaining roads and bridges, providing health care, administering justice, keeping communities safe, running elections, managing solid waste, keeping records, and much more.

Mr. Chase pointed out that the Federal Highway Trust Fund is going bankrupt and Moving Ahead for Progress in the 21st Century Act (MAP-21) is set to expire at the end of September. MAP-21 made several changes to federal transportation programs that shifted funding away from the infrastructure owned by counties and other local governments. Under MAP-21, the funding available for locally owned bridges and federal-aid highways decreased by 30%. NACo is urging Congress to fix the Highway Trust Fund and pass a long-term surface transportation bill that provides increased funding for county owned infrastructure.

Mr. Chase also discussed the proposed Waters of the U.S. rule that would impact county-owned and maintained roadside ditches, flood control channels, drainage conveyances, storm water systems, green infrastructure construction and maintenance. On June 11th, NACo testified on the proposed rule before Congress that the proposed rule would significantly increase county budgets and timelines for infrastructure projects and could put public safety at risk. NJAC First Vice President Cannon stated that during last week's Mercer County Board of Chosen Freeholders Meeting the County passed a resolution supporting NACo's position in opposition to the proposed rule. Warren County Freeholder Deputy Director Gardner, Cape May County Freeholder Director Thornton, and Sussex County Administrator Eskilson expressed their opposition to the proposed rule and requested Mr. Donnadio to provide them with copies of the

Mercer County resolution. Lastly, Mr. Chase encouraged board members to attend NACo's Annual Conference from July 11th through July 14th in New Orleans, Louisiana.

Chad Bruner, Gloucester County Administrator; Gerry White, Gloucester County Deputy Administrator; and Gary Schwarz, Gloucester County Finance Officer/Treasurer, provided the Board with a presentation on the regionalizing of county correctional facilities and Gloucester County's model.

Gloucester County surveyed current and past capacity as well as the projected population at the jails of Burlington, Cumberland, Essex, and Salem Counties. A review of the budget costs was conducted addressing each line item such as all salary and wages, all operating expenses, capital, fringe costs (pension, medical, and social security), and indirect costs (unemployment, utilities, worker's compensation, insurance, information technology support, building maintenance, etc.). The County explored procurement options such as direct contract versus shared services. Early communication with an assignment judge, prosecutor, Police Chiefs' Association, and the Civil Service Commission proved very helpful. A meeting with the affected Union Presidents was held before making the announcement of regionalization. They identified which operations and positions needed to remain; filed a layoff plan with New Jersey Civil Service; engaged in a direct contract with each county and a separate one with Essex County to ensure the initiative would not fail; held multiple job fairs for affected employees; made a formal request for an early retirement package (which was approved); and renegotiated contracts to be more inline and supportive of this incentive. The overall savings for Gloucester County, after sharing with Cumberland and Salem Counties, is \$7 million.

The advantages of regionalizing county correctional facilities include: 1) reduced operating expenses and capital improvement projects for counties eliminating their facility; 2) increased revenues for counties expanding their jail population; 3) reduced worker's compensation exposure; 4) reduced liability insurance costs; 5) reduced litigation exposure; and, 6) more realistic negotiations. Mr. Bruner noted that the County faced initial opposition from correctional workers and their families through local media and public meetings as well as an abuse of sick time after the regionalization announcement. Mr. Bruner also informed the Board to expect some type of litigation by the unions and public defenders. Salem County Freeholder Beth Timberman expressed some concerns about the cost to Salem County to build a larger jail.

OFFICIAL REPORTS

1. **Secretary/Treasurer's Report** - NJAC Secretary-Treasurer and Gloucester County Freeholder Heather Simmons presented the following reports:
 - a. Meeting Minutes - The Board approved the meeting minutes of March 14, 2014 on a Mercer/Cape May County motion.
 - b. NJAC Financials - The Board unanimously approved the NJAC financials, dated May 31, 2014, on a Middlesex/Somerset County motion.
2. **President's Report** - NJAC President French updated the board members on the following:

- a. NJAC Annual Celebration of County Government - It was held from May 7th through May 9th. There were 23 educational workshops approved for continuing education credits. The conference took place at Caesar's in Atlantic City with over 500 guests, 65 vendors, and participation from a number of county affiliate groups. The conference ended on a high note with 11 County Vocational-Technical Schools participating in the 3rd Annual Cook-Off Challenge. The NJAC Annual Conference will take place again at Caesar's in Atlantic City next year. The dates are May 6th through May 8th, 2014.
 - b. Retirement Planning Seminar - On July 10th, NJAC is hosting a free retirement planning workshop for county officials enrolled in the Public Employees Retirement System (PERS). The workshop is taking place at the Monmouth County Public Safety Center in Freehold thanks to Monmouth County Sheriff Shaun Golden. The workshop will be presented by Ken Hartman, who is now retired and has over 20 years of experience in management with the NJ Division of Pensions and Benefits. During this workshop, Mr. Hartman will explain the retirement application process, beneficiary options, group life insurance, and taxability of pension plans. There will also be an overview of the State Health Benefit Plan, Social Security benefits, financial planning, outside investments, life insurance, and estate planning.
 - c. Trenton Thunder Baseball Game - A minor league baseball game between the Binghamton Mets and Trenton Thunder takes place on Thursday, July 24th, at 7:05 p.m. at the Mercer County Water Front Arm & Hammer Ball Park. A luxury suite has been reserved and a picnic style dinner is being catered. This event is free of charge for all county officials, but reservations are based on a first come first serve basis as seating is limited to a maximum of 30. County officials were encouraged to sign up.
3. **Executive Director's Report** - NJAC Executive Director John G. Donnadio informed the Board on the following:
- a. NJAC Foundation Scholarships - The NJAC Foundation has been awarded with three grants this year. The first grant was from NJM Insurance Group in the amount of \$5,000.00. Both Mr. Hardiman and Mr. Dansbury were recognized and thanked for the generous donation given by NJM Insurance Group. The second grant awarded to the NJAC Foundation was from Investors Bank in the amount of \$16,000.00, and the third grant was from PSEG in the amount of \$12,000.00. Investors Bank and PSEG made check presentations to the NJAC Foundation during the NJAC Annual Conference on May 8th and May 9th. The scholarship awards are dispersed to qualified county vocational-technical school graduates who plan on continuing their education at a New Jersey county college or State college or university. Board members were encouraged to make special presentations to the students once receiving the awards in their county's Board of Chosen Freeholders' Office.
 - b. Partnership with Rutgers University - The New Jersey Association of Counties is once again partnering with Rutgers University to offer continuing education programs for county finance officers and purchasing officials on October 3rd. Road Supervisors are also offered continuing education programs on October 10th. On

October 24th and 31st, county administrators are offered a Basic Certificate Program. More information will be posted on www.njac.org. All county administrators and professional staff were encouraged to enroll.

- c. Transportation Summit - NJAC is hosting its year-end summit on the Transportation Trust Fund (TTF) on December 12th at the Trenton Country Club in Trenton. Mr. Donnadio encouraged Board members to attend this importantly and timely event where State, county, municipal, and other transportation industry experts will discuss the need to establish a stable, dependable, and long-term-source of funding for the TTF.
4. **Legislative Committee Report** - NJAC 1st Vice President and Mercer County Freeholder Ann Cannon informed all board members that a copy of the *State House News*, dated June 20, 2014, was enclosed in the provided packets prior to asking Mr. Donnadio to update the board members on legislation in which NJAC is active.

NJAC hosted a conference call on June 11th with county officials from across the State to discuss the Department of Human Services' proposed solutions for extending the 24-hour hospital stay exception to pre-adjudicated inmates housed in county jails. It was learned during the call that the Department plans to implement the Presumptive Eligibility (PE) process and train all jail liaisons and hospital PE workers as soon as the Notice of Claim with Hudson County on this matter is resolved. The Department also plans to implement its proposed short-term solution to use the PE process for all twenty-one counties, but not until the Notice of Claim with Hudson County is resolved. The Department is open to implementing its proposed short-term solution retroactive to January, 1, 2014 but has not developed a process to make the solution retroactive as of yet. Lastly, the Department believes the Consolidated Assistance Support System (CASS) should have the capacity to suspend Medicaid eligibility but may still use a monthly incarceration file from the Administrative Office of the Courts (AOC) and edits to Medicaid's claims processing system.

On June 12, 2014 the Senate passed **Senate No. 1811** (*Sweeney, D-Gloucester*)(*O'Toole, R-Bergen*) and the Assembly Labor Committee favorably reported **Assembly No. 3059** (*Egan, D-Middlesex*)(*Rible, R-Monmouth*) in identical forms and of which would require the use of goods made in the United States for all public contracts. Although NJAC supports the intent of this legislation to promote the use of American made products, NJAC and the New Jersey State League of Municipalities recommended expanding the waiver provision for purchasing products manufactured in the United States to include a presumption of unreasonableness defined as a cost of 20% above the fair market value for such products. NJAC also recommended deleting language that would have required counties to work with other affected contracting unites to ensure the domestic supply of American made products under certain circumstances. Lastly, NJAC recommended changing the notice and public comment period on proposed waivers from 30 to seven days to avoid delays in awarding contracts and to minimize potential administrative costs.

It was on June 16, 2014 that both houses passed along partisan lines **Senate No. 770/Assembly No. 2873** (*Weinberg, D-Bergen*)(*Vainieri-Huttle, D-Bergen*), which would

establish procedures and standards concerning public services privatization contracts. NJAC is primarily concerned with the fact that this legislation would effectively prohibit the use of privatization contracts by requiring counties to pay new employees' wages and benefits at a rate no less than the wages and benefits paid to displaced employees. Counties enter into privatization contracts to recognize substantial cost savings in salary, wage, and health benefit costs that comprise up to 60% of overall operating budgets. NJAC is also concerned that this legislation would create an overly burdensome and unnecessary level of bureaucracy by requiring the Office of the State Ombudsman to review and approve privatization contracts. Elected county officials should retain the autonomy to enter into privatization contracts that they believe are in the best interest of their local constituents. NJAC is optimistic that Governor Christie will veto the measure, and we have asked him in a letter to so accordingly.

OTHER BUSINESS:

Freeholder Deputy Director Rich opposes **Sentate No. 2171** (*Smith, D-Middlesex*), which permits fifth and sixth class counties to assume control and responsibility for operation and maintenance of beaches bordering the Atlantic Ocean unless control and responsibility are reserved by a municipality. Freeholder Deputy Director Rich believes towns should continue to manage the beaches and not the counties.

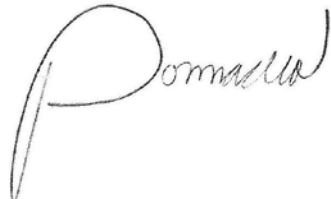
Somerset County Freeholder Peter Palmer raised concerns regarding the New Jersey State Pension and its funding. He stated that counties and municipalities funding into the pension system are different than that of the State. Freeholder Palmer questioned whether or not the counties and municipalities are subsidizing the State Pension Plan and is concerned that the State may penalize county and municipality employees. He wants it known that counties pay their own pension bills and suggested that NJAC take initiative and address this matter before the State. Administrators Antun, Bonanni, and Eskilson are in agreement with Freeholder Palmer.

The next board meeting is scheduled for September 26, 2014 at 9:30 a.m. in Committee Room 4 of the NJ State House Annex.

ADJOURNMENT

The board adjourned on a County Clerk/Warren County motion at 12:10 p.m.

Respectfully submitted by:

A handwritten signature in black ink, appearing to read "Donnadio", written over a large, stylized capital letter "P".

John G. Donnadio, Esq.
NJAC Executive Director