

# NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice

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## STATE HOUSE NEWS

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### COUNTY PROPERTY TAX CAP LEVY CALCULATIONS

On September 30<sup>th</sup> NJAC, Morris County Administrator John Bonanni, Hudson County Administrator Abe Antun, and Morris County Finance Officer Glen Roe met with DCA Commissioner Lori Grifa and Deputy Commissioner Betty Lou DeCroce to discuss the fact that county governments must prepare their budgets pursuant to both the "1977 Cap Law" and the "2010 Cap Law," and then use the more restrictive one as its cap calculation.

Although the meeting went well and the Commissioner requested that we prepare amendments to the "1977 Cap Law" to make it consistent with the "2010 Cap Law" with respect to pension and health benefits, statutory changes to the calculations remains a long shot at this point. Despite the fact that we face an uphill battle, please make sure to contact your legislators about this significant issue impacting county governments as our best shot at making any meaningful changes is during the upcoming lame-duck session.

### PENSION AND HEALTH BENEFITS REFORM QUESTIONS

Over the summer, NJAC formed a Task Force of county administrators, finance officers, counsels, purchasing officials, and human resource professionals to review and comment on the recently enacted Pension and Health Benefits Reform Law. As a result of their comprehensive analysis, NJAC submitted the following questions, along with additional materials not included below, to DCA and the Division of Pension and Benefits for additional clarification.

#### I. PENSION CHANGES

##### *Section 33: Super Conciliator*

QUESTION 1: This section does not outline the ramifications of the super conciliator's decision and raises the following questions: Will the super conciliator's decision be considered a committee's decision? Will there be additional discussion and a re-vote? And, does the super conciliator become the ninth member to create the fifth vote?

QUESTION 2: Additional questions include: How will the list of super conciliators be generated? What are their qualifications; and, will they be compensated?

## II. HEALTH CARE BENEFIT CHANGES

### *Sections 39 to 44: Active and Retired Employee Contributions*

QUESTION 3: These sections need clarification on the amount current part-time employees must contribute if they transition to full time employment status. In other words, are these employees phased in as a current employee or do they contribute at the maximum amount as a new employee?

QUESTION 4: If a self insured employer either collects the employee and retiree contributions pursuant to section 39 or demonstrates a plan design savings strategy acceptable to the Department of Treasury, will the self insured remain in control of its healthcare program design and associated premiums?

QUESTION 5: May self insured employers develop their own premium rates based on plan experience or are they subject to the State premium level contributions?

QUESTION 6: May self insured employers develop their own plan offerings to employees or are they required to meet the plan criteria developed by the State Health Benefits Commission?

QUESTION 7: Must self insured employers wait for the State to collect retiree contributions?

QUESTION 8: At what point does the State plan to cancel benefits of active employees for nonpayment of appropriate contributions?

## III. Other Provisions

### *Additional Questions*

QUESTION 9: In order to determine the cost of an employee's health care coverage as a self insured employer, should the employer discount the cost with the employee's contributions?

QUESTION 10: Some counties that participate in the SHBP have implemented a tiered system for health benefits contributions where the county charges 1.5% of base salary for employees earning up to \$80,000;

2.0% of base salary for employees earning between \$80,000 and \$100,000; and, 2.5% for employees earning over \$100,000. Is this tiered system still permissible in SHBP counties? If so, please note the enabling section of law.

We'll make sure to provide you with whatever feedback we receive from DCA and the Division, both of which have been very helpful in providing guidance and assistance over the past several months. *And, special thanks to Bergen County Administrator Ed Trawinski, Monmouth County Administrator Teri' O'Connor, Warren County Finance Officer Pete Houck, Monmouth County Finance Officer Craig Marshall, Cape May Director of Human Resources Barbara Bakley-Marino, Warren County Director of Human Services Karen Kubert, Somerset County Purchasing Official Mary Louise Stanton, Monmouth County Purchasing Official Gerri Popkin, and Atlantic County Counsel Jim Ferguson for their time and commitment to this endeavor.*

## COUNTY ECONOMIC DEVELOPMENT

Check out how some of our counties are making a difference by promoting these innovative economic development initiatives.

### SHORT-TERM ECONOMIC DEVELOPMENT INITIATIVES

#### *Somerset County*

- The Somerset County Business Partnership, as a freeholder supported economic development agency, is focused on strengthening our workforce delivery system(s) through collaboration, growing emerging industries of the future, and insuring investment in priority infrastructure projects.

#### *Sussex County*

- The County of Sussex, the Sussex County Chamber of Commerce, the Local Chambers of Commerce, and Sussex County businesses are working together to encourage and assist new business interested in the Sussex County area. Approximately ten of Sussex County's twenty four municipalities have initiatives or interest in additional economic development. *These initiatives include:*
- Several large scale solar farms. Sussex County has many large tracks of land with many of them being situated near power company distribution feeds that might qualify for connection to the grid. There are also many businesses installing or researching smaller solar projects like roof top and

on property ground mounts. These solar projects offer work and income potential to installers and investors

- Some large businesses are relocating to Sussex County due to the downturn in the economy. The property costs in NJ are more reasonable than they have been in the past and since Sussex County offers some of the better pricing in NJ, now is the time to buy. Scotts Mulch, Meadowbrook Glitter, and Sam's Club are just three examples. The County's geographic location makes it attractive to be within a reasonable drive to many major cities, airports, seaports, and world headquarters.
- The County is now beginning to see former residential developers and builders looking into bankrupt and partially completed apartment and condominium complexes.

### *Union County*

- Recent building projects -- Wakefern supermarket cooperative warehouse (job retention/growth), Elizabeth parking garage (redevelopment of major commercial hub), Linden firehouses.
- Individual workforce partnerships – Whole Foods, Elizabethtown Gas (employee screening and recruitment were conducted in partnership with County's One-Stop Career centers).
- Improved access to career services through new One-Stop center in downtown Elizabeth.
- Public-Private partnerships – Improvements to Galloping Hill Golf Course (Taylormade golf club center on site, future home of New Jersey Golf Association), just off of Garden State Parkway.
- Partnering with UCEDC to support small businesses.
- County facility improvement projects – new Ralph J. Froehlich Public Safety Building and County Services Building in Westfield.

### *Warren County*

In 2002, the Warren County Regional Chamber of Commerce was contracted by the Board of Chosen Freeholders to be the Economic Development entity for the county, and the Chamber established the Warren County Economic Development Corporation. The WCEDC maintains a comprehensive database and communication tool to promote property availability and labor market information. It also offers a "buy local" initiative to support the county's long-standing agriculture industry. We have included technology to also help in Workforce development and projecting economic growth in the area.

## LONG-TERM ECONOMIC DEVELOPMENT INITIATIVES.

### *Somerset County*

- Somerset County is focused on creating a set of comprehensive economic development strategies that will result in job creation and economic investment. These economic development strategies are being developed with the financial support of the US Economic Development Administration and will be consistent with that agency's guidelines. The economic development strategies effort will leverage the public-private partnership structure of the Somerset County Business Partnership and result in a set of "Projects of Regional Significance." The Projects of Regional Significance will be used to connect Somerset County priorities to federal and state support.

### *Sussex County*

- Pursuing and supporting research and initiatives that will increase rail availability and improved highway infrastructure are important for future and long term economic growth. With the soon to be completed *Panama Canal widening*, the County could expect to see up to a 300% increase in freight transportation. As such, warehousing and businesses that support freight distribution will find tremendous opportunities in the North West New Jersey area.
- Sussex County will continue to maintain initiatives that support its rural and scenic nature. From the many parks, lakes, streams, and trails that can be used for fishing, hunting, horseback riding, hiking, and exercising, the County offers businesses who can capitalize from these many opportunities.
- One of our largest businesses in Sussex County is Mountain Creek Ski Resort and Water Park. The Resort employs thousands of employees. Sussex County and the Sussex Chamber Of Commerce's nationally recognized Destination Marketing program use this program to target and attract tourists and visitors to area.

### *Union County (Major Infrastructure Improvements in past decade)*

- Rebuilt and expanded major roadways with intersection/traffic flow improvements, including recent projects funded by the federal American Recovery and Reinvestment Act (ARRA).
- Renovated New Jersey Transit train stations.
- Dredged Elizabeth Seaport, a major international shipping hub.
- Expanded Newark Liberty Airport (one of the world's busiest).

- Built the largest mall in New Jersey - Jersey Gardens Mall - on site of former landfill.
- Significant improvements to education infrastructure, including a new building for Union County College's downtown Elizabeth campus, new buildings at Kean University, new schools and programs added to Union County Vo-Tech High Schools campus, and a new library for City of Linden.

*Union County (Ongoing Projects)*

- Streamlining communications between businesses and County via website redesign including designated link for business opportunities (RFP's, etc).
- Maximizing commuter transportation potentials through mass transit (Kapkowski project, Cranford corridor, ferry, freight rail).
- Leveraging desirable NYC/Philadelphia/Boston/D.C./New Jersey Shore location through "smart" development at downtown mass transit hubs.
- Enhancing quality of life/desirability of location through recreation, arts and cultural programs including Trust Fund land purchases and projects, purchase/renovation of Union County Performing Arts Center, and improvements to Galloping Hill Golf Course.
- Following up on Union County Economic and Workforce Competitiveness Project (developed with the John J. Heldrich Center for Workforce Development at Rutgers University), through workforce programs focusing on fields demonstrating potential for sustainable growth, such as health care.
- Aggressively pursuing competitive federal grants for workforce development in fields related to renewable energy and energy conservation (weatherization, etc.), most notably through a \$5 million ARRA-funded Green Jobs grant (one of the largest of its kind in the nation) that Union County was selected to administer for New Jersey.
- Aggressively pursuing new shared services opportunities to help local governments manage their budgets, for example a new County-run shared emergency dispatch service.
- Promoting early workforce development in "green" and high-tech fields through a new middle school teacher training program (the Green Boot Camp, developed in partnership with Honeywell), and through new Vo-Tech High Schools academic programs targeting advanced technology.
- Promoting early workforce development in the performing arts and related technical fields through new Vo-Tech Academy of Performing Arts high school in partnership with Kean University.
- Establishment of strong public safety assets and training including homeland security programs to ensure protection of the public in emergencies (including Hurricane Irene).

- Improvement of judicial services through planned Family Court building to be constructed in downtown Elizabeth (consequence of mandatory safety improvements to County Courthouse tower that currently houses Family Court).
- Promotion of improved fiscal management, public health, and energy security through a new Countywide solar energy installation program for County and local public facilities (through power purchase agreements), and new contract with Countywide waste-to-energy facility operator Covanta.

#### *Warren County*

- Warren County has recently re-established a county Economic Development Advisory Council (EDAC) to offer advice on economic policy to the Board of Chosen Freeholders, and to work with county departments, government agencies, and businesses to implement smart strategic growth that makes sense in the county. Its goals are to increase the tax base, reduce unemployment, reduce the high level of out-of-county commuting, and find alternative methods of funding to encourage job development in the county.

#### EMERGING INDUSTRIES.

#### *Somerset County*

- In 2009 the Somerset County published a Long-term Economic Development Plan for Emerging Industries of the Future. This business plan recognized geo-spatial technologies, bio-informatics, and nano-bio technologies as potential targets for the County to pursue. The short term economic development priorities or workforce delivery collaboration and infrastructure investment were the result of the Long-term Economic Development Plan.

#### *Sussex County*

- The points and initiatives noted above showcase some of the possible emerging industries in the County.

#### *Union County*

- Union County has successfully diversified its economy from a declining manufacturing base to include educational services and retail/commercial



- activity as well as advanced manufacturing particularly in pharmaceuticals, and will continue to move in these directions.
- In addition, the Heldrich study identified health care, transportation and warehousing, and pharmaceutical and chemical manufacturing sectors as likely candidates for successful future growth.
  - Also emerging are health services for older residents, especially in fields such as home health aide, and home improvement services related to clean energy and energy conservation.

#### *Warren County*

- Warren County is extremely limited in the types of industries it can host, primarily due to land use regulations – most specifically, the Highlands Act – and the relatively few areas that have adequate public water and sewer systems. Tourism and other businesses that utilize the open spaces and natural resources of the county are a potential growth area, but the job creation that results is minimal. However, Warren County has the advantages of being crossed by two interstates (I-78 and I-80) and freight rail lines; close proximity to major markets; and an educated workforce.

#### CAPITALIZING ON EMERGING INDUSTRIES.

#### *Sussex County*

- The plan to capitalize on these industries includes working with land owners and municipalities to identify property near major corridors; and, then having the property pre-staged in a ready for use status. Although a tedious endeavor, it's critical for economic growth.

#### *Union County*

- Union County's long term economic development strategies have already begun to capitalize on these emerging industries by helping to promote the high quality workforce that is in demand in today's knowledge-based global economy, by positioning Union County as a safe, convenient and enjoyable place to live and work, and by enhancing mobility for residents, especially those with limited opportunities for using individual transportation.
- Union County will continue to engage in public-private partnerships as well as partnering with the county's education resources to enhance economic activity in our target sectors of consumer/retail, health care, and home improvement.



- In addition, Union County will continue to promote activities at Elizabeth Seaport, and encourage high-tech industries and industries related to clean energy, energy conservation, and resource conservation.

#### *Warren County*

The new EDAC will develop strategies to capitalize on emerging industries. Also, Warren County is part of a North Jersey Transportation Planning Authority (NJTPA) study that is examining possible enhancements to the Washington Secondary freight line that runs the length of the County's eastern edge (the Route 57 and Musconetcong River corridor). Furthermore, a Sustainable Communities grant for Northern New Jersey includes road and rail studies to look at leveraging the current infrastructure to improvement economic development.

Warren County also uses its open space, farmland and historic preservation trust fund to finance projects at historic, recreational and agricultural properties, which in turn helps maintain and development the agriculture, agri-tourism, historic tourism and recreational businesses located here.

### BARRIERS TO ECONOMIC DEVELOPMENT

#### *Somerset County*

- Overall predictability in both the permitting and approvals process remains a challenge. Beyond state level permits and approvals, predictability in local land use and zoning process, including construction code enforcement, remains elusive. Additionally, there seems to be a significant disconnect between desired development outcomes (planning areas 1 &2, transit oriented developments, regional and town centers) and state regulatory policies (water quality management, affordable housing), investment priorities (roads, bridges, transit), and incentives (Urban Transit Hub Center designation).

#### *Sussex County*

- Burdensome and time consuming highway, transportation, COAH, Highlands, and DEP regulations. .

### *Union County*

- Union County has extremely limited space for new, large scale manufacturing, industrial, residential, or recreational development.
- Due to the aforementioned shortage of space, brownfields revitalization is essential for meaningful economic development in the long term; therefore, cuts in federal funding for brownfields reclamation will have a significant negative impact.
- Coordinating programs and processes across multiple jurisdictions (home rule issues) remains a challenge.
- Allocating increasingly scarce resources to address multiple priorities, for example in disaster preparation and response will mean less resources devoted to economic development.
- Reduced state and federal funding for mass transit and other transit services such as Paratransit will have a negative impact, given Union County's position as a commuter hub.
- Reduced federal funding for workforce development will be a significant roadblock.
- Reduced federal funding for community development (CDBG program) will be a significant roadblock.

### *Warren County*

- There is a strong perception that state and local regulations – and the actions of state and local regulators, including NJDEP inspectors and municipal building inspectors – are a drag on business development. Also, negative perceptions about the reception proposed businesses will receive from residents and municipal officials - hinders new economic activity.

## ECONOMIC DEVELOPMENT SUCCESSES DIRECTLY RELATED TO COUNTY POLICIES

### *Somerset County*

- Secured an investment from the US Economic Development Administration as a partner in our comprehensive economic development strategies effort.
- Secured over \$14,000,000 in federal investment for improvements to the Route 22 Corridor in Bridgewater and Somerville.
- Effectively delivered state resources and incentives to local employers (On-the-Job Training, Customized Training, NJEDA financing)
- Facilitated the resolution of numerous local permitting and approvals challenges.

### *Sussex County*

- Thor Labs in Newton. This was a successful endeavor because the County and Town of Newton worked together to create a redevelopment zone that convinced Thor Labs to stay in NJ and *NOT* move to neighboring Pennsylvania.
- Mountain Creek and Crystal Springs Resort area in Hardyston and Vernon NJ have been another great success. This large employer and tourist attraction is a tremendous economic stimulus to the area. The owners of the resort and development worked closely with the local municipalities and the County to reduce planning obstacles and time consuming permit issues.

### *Union County*

- Jersey Gardens Mall is a regional attraction that has created hundreds of jobs.
- New Wakefern warehouse will save hundreds of jobs and create additional jobs.
- New Vo-Tech high schools have won regional and national recognition for excellence.
- Covanta waste-to-energy plant has saved millions for Union County residents and new contract will ensure future savings over its term.
- New shared emergency dispatch service will result in significant savings for that borough's residents.

### *Warren County*

- The Warren County Economic Development Corporation has been able to partner with other state and regional economic development agencies to develop relationships across the country with developers and site consultants. The WCEDC also has been able to utilize its relationships with area businesses to work on efforts to recruit other businesses to the area.

### ADDITIONAL COMMENTS

- Warren County would like to see the State be more active on this economic development. The State should offer more programs through its various economic development agencies, and be more communicative on how the State can help the counties develop their economies.

*Special thanks to John Maddocks of the Somerset County Business Partnership, John Eskilson of Sussex County, Tina Casey of Union County, and Art Charlton of Warren County for taking the time to complete NJAC's County Economic Development Survey.*

## **COUNTY BOARDS OF ETHICS**

NJAC recently conducted research on how many counties maintain a board of ethics pursuant to N.J.S.A. 40A:9-22.13, which authorizes counties to establish an independent, bi-partisan, "County Board of Ethics." The entire statute enacted in 1991 may be found at N.J.S.A. 40A:9-22.13 through N.J.S.A. 40A:9-22.18. Since that time, only Atlantic County in 2004 and Essex County in 2011 have created such boards. Mercer County established an Office of the Inspector General in 2004 to carry out similar responsibilities. Please note that N.J.S.A. 40A:9-22.18 authorizes municipalities to establish a "Municipal Board of Ethics," but few municipalities have established these boards as well.

## **PRESIDENTIAL PRIMARY**

Governor Christie recently signed into law **SENATE, NO. 2833/ASSEMBLY, NO. 3777** (*Norcross D-5/O'Toole R-40*)(*Wisniewski D-19*), which eliminates the separate presidential primary election held in February of presidential election years. The presidential primary would be held at the same time as the regular primary election on the first Tuesday after the first Monday in June, which was the practice prior to the enactment of P.L.2005, c.136. NJAC supports this new law as it will save counties approximately \$8.0 million in various election expenses every four years.

*"Don't tell people how to do things, tell them what to do and let them surprise you with their results." George S. Patton*

