

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

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## STATE HOUSE NEWS

*June 13, 2012*

### 62 ANNUAL CELEBRATION OF COUNTY GOVERNMENT

Congratulations to our culinary arts students from Atlantic, Cumberland, Gloucester, Mercer, Monmouth, Ocean, and Warren counties that competed in NJAC's first ever "County Vocational-Technical School Cook-Off Challenge." The event was a huge as students competed for titles in taste, creativity, and food presentation by preparing outstanding dishes of scallops, shrimp, crawfish, oysters, and pork. Congratulations again to each of our award winners.

#### PEOPLE'S CHOICE AWARDS

Gold - Atlantic

Silver - Gloucester

Bronze - Cumberland

#### AC CHEFS AWARDS

Taste - Mercer

Presentation - Cumberland

Creativity - Cumberland

#### NJAC JUDGES AWARDS

Taste - Gloucester

Creativity - Cumberland

Table Display - 3-way tie: Monmouth, Mercer, Cumberland

#### MAURICE FITZGIBBONS FREEHOLDER OF THE YEAR AWARD

Union County Freeholder Angel Estrada

#### COUNTY SERVICE AWARDS

Warren County Chief Finance Office Charles "Pete" Houck

Atlantic County Finance Officer Jane Lugo

Somerset County Purchasing Official Mary Lou Stanton

Monmouth County Secretary Assistant Linda Keats

#### LEGISLATIVE LEADERSHIP AWARDS

Senate President Stephen M. Sweeney

Senator Joseph M. Kyrillos

## **DIRECT DEPOSIT**

After several months of advocacy by NJAC and under the leadership of Assemblyman Ruben Ramos (*D-33*), the Assembly State Government Committee plans to consider on Thursday legislation concerning direct deposit.

As introduced, this Legislation would require direct deposit for all State employee compensation after July of 2014. NJAC has been working with Assemblyman Ramos on amendments to the bill, which would authorize all local government employers to pay its employees by direct deposit at the governing body's discretion. Please note that the proposed amendments would also authorize governing bodies to grant exemptions under certain circumstances and as determined by the governing body. If all goes according to plan, the Committee should amend and favorably report the Legislation on Thursday; and, the General Assembly should vote on the matter at one of its upcoming sessions before the summer recess.

To recap, current law N.J.S.A. 34:11-4.2 requires local government employers to pay its employees the full amount of wages due in cash or by check. Although N.J.S.A. 34:11-4.2a authorizes public employers to pay its employees by direct deposit, such employees must first consent to payment in this manner. Unfortunately, these antiquated laws have become a significant barrier for several counties committed to streamlining their operations and saving valuable taxpayer dollars. At a time in which all local governments are struggling to make ends meet, NJAC supports this important and timely initiative as one of its top legislative priorities.

## **DOT DISCRETIONARY FUNDING**

On June 21<sup>st</sup>, NJAC has a meeting scheduled with New Jersey Department of Transportation (DOT) Commissioner James S. Simpson to discuss the Department's Transportation Capital Program (TCP) for fiscal years 2013 through 2017. The current TCP budget calls for a \$10.0 million reduction in Local Aid allocations under the Commissioner's discretionary funding through fiscal year 2017. As noted in the April 24, 2012 letter by the New Jersey State Association of County Engineers (NJSACE), the Department reduced discretionary funding beginning in fiscal year 2012 by \$10.0 million.

As has been well documented, county governments maintain 13,584 lane miles of roads and 7014 bridges that along with municipal roadways carry an estimated 55% of the State's traffic. According to the most recent data provided by the Department, county governments have an annual need of \$86.0 million for resurfacing, \$277.0 million for bridges, \$84.0 million for construction and reconstruction, and \$67.0 million for design and contract administration for a

total need of \$514.0 million per year. The current Transportation Trust Fund (TTF) allocates \$175.0 million per year as Local Aid with \$78.75 million each for counties and municipalities, now \$7.5 million in discretionary funding, and an additional \$25.0 million for county bridges leaving county governments responsible for financing at least \$407.0 million or 79% of its total need through the collection of local property taxes.

With these staggering numbers in mind, NJAC looks forward to working with the Department to identify whether local governments may not have taken advantage of available discretionary funding during the past five years. In light of a restrictive property tax cap levy, and at a time in which all counties, municipalities, and school districts are struggling to make ends meet, we should at a minimum identify how to effectively utilize vital transportation funds. Importantly note that one of NJAC's long-term goals and objectives is to enhance Local Aid allocations to the levels recommended by the Transportation Blue Ribbon Commission in 2003 as a means to mitigate the reliance on the collection of local property taxes.

## **SOLAR LEGISLATION**

On Thursday June 7<sup>th</sup>, the Assembly Environment and Energy Committee amended and favorably reported **SENATE, NO. 1925/ASSEMBLY, NO. 2966** (*Sweeney D-3/Smith D-17*, which would substantially accelerate RPS requirements and strengthen the Solar Renewable Energy Certificate (SREC) market.

Several counties have implemented or are pursuing cutting edge solar energy projects that will significantly lower electricity costs and stabilize property taxes. Through their county improvement authorities and as means to lower capital costs, many of these counties issued bonds to finance solar projects that have saved taxpayers approximately \$72.0 million. For each of these projects, a solar developer, selected through a competitive procurement process, is responsible for selling SRECs generated by the solar energy system; managing the SREC market risk; and importantly, repaying the project's debt service guaranteed by the respective county.

As a result of the significant oversupply of the SREC market, SREC values have declined sharply over the past several years from a high of \$600.00 for every SREC generated by the solar energy system to its current price of \$85.00. Although solar developers are in fact responsible for managing the SREC market risk and repaying a county's debt service as noted above, the continued instability and decline of the SREC market may force solar developers to default on repaying project debt service. That being the case, counties would be responsible for approximately \$205.0 million in debt service obligations. To remedy this impending scenario, NJAC supports S-1925 as a means to accelerate RPS requirements, which will in turn stabilize the volatile SREC market, protect

an investment mechanism that has saved taxpayers approximately \$72 million, and insulate local governments from potential risk. Moreover, a steady and secure SREC market will ultimately facilitate the development of new solar projects that will save valuable taxpayer dollars moving forward. The General Assembly plans to vote and further amend S-1925/A-2966 at one of its upcoming voting session, and then send the measure back to the Senate for a final vote before the Legislature breaks for summer recess.

## **PUBLIC MEETINGS AND RECORDS**

On Thursday, Senate Majority Leader Loretta Weinberg (*D-37*) will hold a news conference in support of legislation that would provide greater access to public records and meetings. For those interested in attending, the news conference will take place at 10:30 am in Room 103 of the State House in Trenton.

The bills in question include **SENATE, NO. 1451** (*Weinberg D-37*, would revise the law concerning meetings of public bodies to provide the public with greater access to meetings and to information about such meetings under the Open Public Meetings Act (OPMA); and, **SENATE, NO. 1452** (*Weinberg D-37*) would make certain access changes to the Open Public Records Act (OPRA). Both bills are currently in the Senate Budget and Appropriation Committee awaiting consideration. NJAC is concerned with S-1451 because it does not contain an appropriation to address the costs associated with providing adequate notice and preparing accurate meeting minutes for committee meetings, which the bill general defines as any subordinate committee of a public body. Although much more difficult to quantify, we have similar concerns with S-1452, which would in part require a custodian of records to provide a requestor with comprehensive written notice on redacted information; and, with an index that describes certain available government records.

## **COUNTYWIDE PURCHASING SYSTEMS**

Thank you to Senator Paul Sarlo for requesting that the Senate Education Committee hold **SENATE, NO. 1459** (*Sarlo D-36*) at the Committee's June 4<sup>th</sup> meeting. In summary, this legislation would permit the establishment of a county-wide purchasing system by a county that employs a qualified purchasing agent; and, would mandate participation by all school districts located within the county. Although NJAC applauds the fact that the legislation would promote shared services and consolidation through cooperative purchasing; and, appreciates the fact that the measure is permissive for county governing bodies, we are concerned with the unintended consequences this legislation would impose on county procurement operations.

As pointed out by our county purchasing officials, the "Local Public Contracts Law" under Title 40A of the Revised Statutes governs the purchase of goods and services for counties and municipalities, and Title 18 regulates such purchases for

school districts. Several differences exist between the two purchasing laws and it's unclear at this point as to which statute would control. To further complicate matters, neither law defines the term "best value at the lowest cost acquisition policy." However, current public contract bidding laws prohibit the use of such a practice as defined in the bill. Please note that several counties publicly bid for food services, where contracts are awarded to the lowest responsive and responsible bidder; and, that Title 40A requires counties to publicly bid for custodial services.

We are also concerned with the fact that county purchasing officials do not retain the necessary subject matter expertise or available resources to acquire food and custodial services on behalf of school districts; and as a result, would be forced to hire costly consultants to navigate the complex procurement process. In addition, this legislation does not appear to provide guidance on which professional or governing body would be responsible for administering food and custodial services contracts - a timely and comprehensive endeavor. We also believe that requiring the county clerk of a county that establishes a county-wide cooperative purchasing system to provide notice as prescribed under the bill creates an unnecessary level of bureaucracy as county purchasing officials typically handle procurement notices. We would also need clarification on whether "county clerk" means clerk of the board of the chosen freeholders or the elected county clerk.

Finally, NJAC respectfully opposes the use of an employee protection plan as outlined in the legislation as 20 of the State's 21 counties follow Civil Service layoff procedures. Moreover, NJAC has long advocated for repealing terminal leave payments as a means to compensate employees separated from employment due to a consolidation or shared services agreement under the "Uniform Shared Services and Consolidation Act." These statutorily imposed severance payments serve as a financial disincentive and significant impediment for local governments working to streamline costs and save valuable taxpayer dollars.

## **REFUNDING BONDS**

It only took a decade, but under the leadership of Tom Neff, the Director of the Division of Local Government Services, the Department adopted new rules concerning the issuance of refunding bonds to realize debt service savings on outstanding obligations without the approval of the local finance board. Check out [www.state.nj.us/dca/divisions/dlgs/](http://www.state.nj.us/dca/divisions/dlgs/) for additional details. Special thanks to Mark Acker in Essex County for coming up with the idea and advocating for the passage of the enabling legislation back in 2003; and, to Glen Roe in Morris County for suggesting that DCA revisit the matter during a meeting with the Commissioner last summer.

