

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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PRIVATIZATION CONTRACTS

On October 1st, NJAC testified before the Senate Labor Committee in opposition to **SENATE, NO. 968** (*Weinberg D-Bergen*), which would establish procedures and standards concerning public services privatization contracts.

Although we're still in the process of reviewing the legislation's potential impact on county operations, our general concern at this point is that the measure would effectively prohibit the use of privatization contracts by requiring counties to pay new employees' wages and benefits at a rate not less than the wages and benefits paid to displaced employees. As has been well documented, counties execute privatization contracts to recognize substantial cost savings by typically reducing wage and benefit costs that equal 50% of operating budgets. We're also concerned with the fact that this legislation would require the Office of the State Ombudsman to review and approve privatization contracts creating an overly burdensome and unnecessary level of bureaucracy. Moreover, elected county officials should retain the autonomy to enter into agreements that they believe are in the best interests of county residents.

NJAC added that as a means to deliver often mandated services in a more cost effective manner and without impacting the level of service provided, several counties have privatized food, laundry, maintenance, and medical services at county jails and juvenile detention facilities. In counties that operate and maintain nursing homes, several have privatized dietary and laundry services; and, adult day care, counseling, and some risk management services. Additional successful privatization initiatives include home health, and preventative maintenance on county fleet vehicles. Many counties have considered privatizing welfare services, and senior and disabled transportation services, but ultimately decided against it after conducting comprehensive feasibility studies. The Committee favorably reported the measure along partisan lines by a vote of 3-2 and it's now on Second Reading in the Senate. The companion version in the General Assembly **ASSEMBLY, NO. 998** (*Vainieri-Huttle D-Bergen*) is currently in the Assembly Labor Committee awaiting consideration.

TRANSPORTATION FUNDING

At its meeting on September 28th, NJAC's Board of Directors voted to oppose **ASSEMBLY, NO. 3168** (*Coutinho D-Essex*) as introduced. In summary, this legislation would permit counties to charge a fee to fund infrastructure construction projects through voter approval.

Although NJAC commends Assemblyman Coutinho for his efforts to sponsor a measure that would allow counties to proactively address critical infrastructure improvement needs through the use of a dedicated tax, we're primarily concerned about how the use of such a tax would impact Local Aid allocations under the Transportation Trust Fund (TTF). We're also concerned with the fact that the use of a dedicated tax in this manner would inequitably increase the reliance on the collection of local property taxes as means to fund capital improvement projects with state and regional implications. As has been well documented, county governments maintain over 6,792 centerline miles of roads and 7014 total bridges that along with municipal roadways carry an estimated 55% of the State's traffic. Moreover, 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 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 \$403.0 million of its total need through the collection of local property taxes. With these staggering numbers in mind, one of NJAC's long-term goals and objectives has been to enhance Local Aid allocations to the levels recommended by the Blue Ribbon Transportation Commission in 2003 as a means to mitigate the reliance on the collection of local property taxes. Importantly, we're also committed to advocating for innovative solutions that will provide our counties with a stable, dependable, and long-term source of revenue to finance critical transportation projects. We have since reached out to Assemblyman Coutinho to discuss this legislation in more detail, so that we may work on a bill that preserve's the legislation's original intent, but makes its implementation more practical for county governments. At a minimum, NJAC will respectfully request amending the legislation to include language that will protect Local Aid allocations.

Additionally, NJAC recently met with Assemblyman Troy Singleton (*D-Burlington*) to discuss **ASSEMBLY NO. A-3177**, which would establish a State Transportation Infrastructure Bank within the New Jersey Environmental

Infrastructure Trust. The Assemblyman is committed to moving the bill after fully vetting it with stakeholders; and, has asked NJAC to provide him with language that would protect Local Aid allocations as similarly noted above.

Provisions of A-3177

1. This bill would establish a special non-lapsing, revolving fund within the New Jersey Environmental Infrastructure Trust (Trust) as the State Transportation Infrastructure Bank Program.
2. The measure would segregate funds and accounts in such a manner as to prevent the mixing of transportation and water or environmental infrastructure monies.
3. The Trust would issue bonds in maturities of up to 30 years for all types of capital improvement projects; and, would create an interim financing program for transportation projects matching the existing interim financing program for environmental projects.
4. The intent of the legislation is to encourage private/public partnerships whereby monies in the State Transportation Infrastructure Bank would be loaned or used to provide other financial assistance to public or private entities for planning, acquisition, engineering, construction, reconstruction, repair, and rehabilitation of a transportation project. *(We need additional clarification on this provision)*
5. The Board of Trustees of the Trust would administer the program with assistance from the Department of Transportation (DOT); and along with DOT, would be responsible for establishing a list of projects that the Trust would finance.
6. The Legislature must consider the full DOT project list through the Senate and Assembly budget committees before its inclusion in the annual appropriations act. The Legislature will have until June 15th of each year to reject the transportation financial plan through a concurrent resolution, which after removing the DOT project list from the budget would prohibit the Trust from financing any transportation projects in that fiscal year. If the transportation financial plan is not rejected by June 15th, it is considered approved by the Legislature.
7. All projects of the Trust must provide a prevailing wage and utilize labor that has completed an apprenticeship program or certify that every worker is paid the highest journey worker's rate established for the trade.

Comments for A-3177

1. Pursuant to P.L. 2012, c.13, the Commissioner of DOT will provide aid to counties and municipalities on a discretionary basis as opposed to being awarded by grant or on a cost reimbursement basis. Nonetheless, the Law and current practice does not require local governments to pay back Local Aid allocation monies as would be the case under this legislation. It's unclear at this point if the long-term goal of the Legislature, DOT, and Administration is to replace Local Aid allocations as a funding mechanism with the Trust or simply create an additional funding source.
2. The Utility Transportation and Construction Association (UTCA), the New Jersey Alliance for Action, and several construction and building trade associations support the measure; and, endorse creating multiple funding mechanisms to finance capital improvement projects. The New Jersey State League of Municipalities is in the process of reviewing the measure; and, the Sierra Club and other environmental groups oppose the bill.
3. On September 21st the Assembly Transportation and Public Works Committee took testimony on the measure; and, on October 15th the Senate Transportation Committee favorably reported **SENATE, NO. 2143** (*Gordon D-Bergen*).

NJAC's is seeking additional input from our Board of Directors, county administrators, and county engineers as both measures appear to have bi-partisan support.

COUNTY NURSING HOMES OF NEW JERSEY

On October 18th NJAC will host a strategy session to discuss its plans to play a greater role in advocating for county operated nursing homes and serving as the lead agent in negotiating with healthcare providers. Department of Human Services Commissioner Jennifer Velez will also meet with the group to discuss the State's comprehensive waiver application, the phase-in of Managed Care, and the approval of managed care organizations to provide coverage for long-term care facilities.

In summary, NJAC plans to establish County Nursing Homes of New Jersey (CNHNJ) to advocate for legislation, regulations, and policy directives that empower county operated nursing homes to operate more effectively and efficiently. As a non-partisan organization that represents the only true regional

form of government in the State with a unified and proactive voice, NJAC is committed to advancing innovative programs and initiatives that enhance the level of service provided and save valuable taxpayer dollars. CNHNJ will monitor, review, and summarize proposed legislative, administrative, and rule changes relevant to the nursing home industry. Through the use of subject matter experts, CNHNJ will testify at pertinent committee meetings, public hearings, and other venues as deemed necessary. CNHNJ will conduct research and analysis on a wide variety of substantive topics that may include: comparative data on facility capacity, average daily census, occupancy rates, and privatization initiatives. CNHNJ will develop educational and informative position statements that advance its core mission and serve to benefit county operated nursing homes in an equitable and uniform manner.

CNHNJ, through NJAC, will also serve as the lead agent in negotiating Medicaid rates with healthcare providers to take advantage of economies of scale. NJAC and Pino Consulting Group, Inc. (PCG) may enter into an agreement for PCG to assist NJAC, in its capacity as lead agent, for negotiating Medicaid payment rates with managed care organizations. PCG is a leading firm in financial management, costing, and revenue enhancement consulting services that has generated over \$200 million in revenue and cost savings for county governments throughout the State.

MORTGAGE ASSIGNMENTS

Prepared by Allen Weston, NJAC Legislative Director

Thank you to Cape May County Clerk Rita Fulginiti and the Constitutional Officers Association of New Jersey (COANJ) for bringing to our attention the recommendation of the New Jersey Law Revision Commission (NJLRC) to transfer the recording of the assignment of mortgages from the county clerks and registers of deeds and mortgages to the Division of Revenue and Enterprise Services in the Department of Treasury.

On October 18th, NJAC's Legislative Director Allen Weston will join COANJ for a meeting with NJLRC to discuss our collective opposition to the Mortgage Assignment Draft Tentative Report (Report). In summary, NJAC is primarily concerned with the broad based assumptions made in the recent Report; and, the negative impact of those assumptions on county residents, revenues, and operations. More specifically, paragraph five of page three of the Report reads as follows:

“Statewide filing of mortgage assignments would have a minimal effect on the operations of the offices of the county clerks and registers. At present, almost no assignments are filed. This change

is not a matter of moving filings from one office to another, it is creating added filings in a new office. As a result, the county recording offices would not be losing filings and revenue.”

NJAC disputes the claim that currently “almost no assignments are filed,” and that county recording offices “would not be losing filings and revenue” with a change to the proposed statewide electronic system. The Commission should note that through the first three quarters of 2012, 83,295 Assignment of Mortgage documents were recorded in New Jersey’s counties. *That number is expected to grow to over 110,000 by the end of the year.* Additionally, through September of this year, counties have realized \$2.5 million in revenue from the recordings of the assignment of mortgage documents. *That figure is projected to grow to over \$3.3 million by the end of 2012.* The loss of this revenue would have a significant and negative impact on county operations at a time when all of our counties are experiencing budget cuts, layoffs, and a reduction in essential services. Additionally, to remove the function of the recording the assignment of mortgages from county clerks would be to remove an essential county function: one which allows for linked vital land records to be recorded in one location.

COUNTY BEST PRACTICES

Thank you to Sussex County Administrator John Eskilson and Sussex County Finance Officer Bernard Re for participating on a conference call with the Department of Community Affairs (DCA) to discuss the Department’s proposed “County Best Practices.” In summary, DCA plans to review and summarize data from collected from each county on issues such as shared services, procurement, information technology, continuing education, collective bargaining, fiscal operations, health benefits coverage, and several other matters. The worksheet DCA plans to use is similar to the one used by municipalities. Although DCA may not withhold State aid for failing to achieve a certain score, the Department plans to publish the findings on its website.

“I don’t measure a man’s success by how high he climbs but how high he bounces when he hits rock bottom.” General George S. Patton