

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

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## STATE HOUSE NEWS

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### TRANSPORTATION TRUST FUND REGULATIONS

Special thanks to NJAC transportation consultants Mike Barrett and Dick Lane, Monmouth County Engineer Joseph Ettore, and Sussex County Engineer as President of the New Jersey Association of County Engineers John Risko for taking the time over the past several weeks to meet with representatives from the New Jersey Department of Transportation (DOT). DOT invited NJAC to participate in a working group designed to develop new regulations for local aid allocations that must replace the existing ones set to expire on October 19, 2013 and in accordance with the State's Capital Transportation Program that runs through 2017.

Importantly note that pursuant to P.L. 2012, c.13, which revises "The New Jersey Transportation Trust Fund Authority Act," the new regulations will include meaningful changes to local aid allocations. More specifically, the regulations will require counties and municipalities to spend local aid allotments within three years. Failure to award construction or other approved contracts for 100% of a county's allotment within three years of notification by DOT of that year's allotment shall result in the allotment being immediately rescinded or the funds being returned to DOT. The regulations will also require the Commissioner of DOT to provide aid to counties and municipalities on a discretionary basis as opposed to being awarded by grant or on a cost reimbursement basis. We'll make sure to provide you with the working groups' final draft recommendations and likely county allotments as soon as they become available.

We're also going to need your help in reducing or eliminating unencumbered Transportation Trust Fund (TTF) allotments, so that we may begin laying the foundation for increasing local aid to \$300 million in 2017 as recommended by the Transportation Blue Ribbon Commission. As has been well documented, counties have an annual need of \$86.0 million for resurfacing, \$277.0 million for bridges, \$84.0 million for construction and reconstruction, and \$67 million for design and contract administration for a total need of \$514.0 million per year. The 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. However, if counties do not spend down previous allotments, our argument for additional funding will fall short. We'll make sure to provide you with additional details and resources on this important issue shortly.

#### **DIRECT DEPOSIT LEGISLATION**

Despite our minor setback last month, the Senate State Government, Wagering, Tourism, and Historic Preservation Committee will again consider **SENATE, NO. 2090/ASSEMBLY, NO. 720** (*Gordon D-Bergen*)(*Ramos D - Hudson*) at its next meeting on September 13<sup>th</sup>. As you know, this legislation is one of NJAC's top legislative priorities as it would require direct deposit for all State employee compensation on or after July 1, 2014; and, would authorize counties, municipalities, and school districts to pay its employees by direct deposit at the governing body's discretion at that time as well. This legislation would also authorize governing bodies to grant exemptions under certain circumstances and as determined by the governing body.

#### **MARKETING RECYCLABLE MATERIALS**

On August 29<sup>th</sup>, NJAC and Cumberland County Improvement Authority Management Consultant Donald H. Rainer met with Senate President Stephen Sweeney to discuss **SENATE, NO. 1717**. In summary, this legislation would eliminate the exception for local public contracts involving the marketing of recyclable materials from public advertising for bids and bidding requirements under the "Local Public Contracts Law" for contracts that exceed the bid threshold.

NJAC would like to thank the Senate President for taking the time to work with us on collecting and submitting comprehensive data on how this bill could potentially impact an important revenue stream for counties that provide recycling services on behalf on constituent municipalities. We believe these counties include: *Atlantic, Burlington, Cape May, Cumberland, Middlesex, Morris, Ocean, and Somerset*. Under current law, the above-noted counties may solicit and secure the highest prices for their recyclable materials as commodities or hold onto to them until market conditions improve. S-1717 would appear to eliminate this important flexibility and a significant source of revenue for local governments struggling to makes ends meet. NJAC looks forward to working with Senate President Sweeney on a bill that preserves the legislation's original intent, but makes its implementation more practical for local governments.

## COUNTY OPERATED NURSING HOMES

NJAC would like to thank each county official that attended our “County Operated Nursing Home Strategy Session” on August 29<sup>th</sup>. The purpose of the session was to discuss the possibility of NJAC: establishing an affiliate association for county operated nursing homes; identifying potential cost saving initiatives and additional revenue streams; and, using NJAC as the lead agent for collectively negotiating rates with providers when managed care phases in during July of 2013.

The group agreed that NJAC should move forward with establishing an affiliate association to represent the interests of county operated nursing homes. In concept, this association would advocate for relevant legislation, meet on a regular and consistent basis throughout the course of the year to share ideas and resources, and publish a monthly e-newsletter to be distributed among members. This Association would not replace organizations such as the Health Care Association of New Jersey (HCANJ) and Leading Age, but would instead supplement their services as noted above. This Association would rely on the subject matter expertise of its members to meet with legislators, partisan staff, administration representatives, and industry professionals when necessary. The Association would also need these subject matter experts to testify in committee or at other public hearings.

The group was not optimistic about identifying new revenue streams, but discussed the benefits and pitfalls of privatizing nurses, food services, and maintenance workers. Importantly, the group strongly supported the concept that counties would recognize significant cost savings by taking advantage of economies of scale if they negotiate with providers as a single entity as opposed to acting individually. The group recommended that NJAC initiate conversations with consultants and other professional brokers to serve as the lead negotiator(s) on behalf of NJAC and those counties that operate nursing homes. In the meantime, NJAC will draft and send a letter to the Commissioner of the Department of Human Services requesting that the Commissioner provide NJAC with the list of state-approved health care providers; and, and timeframe for the official phase in of managed care in 2013. Finally, NJAC will draft and send a letter to each nursing home administrator informing them that NJAC is in the process of establishing an association and lead agent for the purpose of negotiating with providers in a unified manner; and, recommending that each county consider freezing negotiations at this time.

## COUNTY INFRASTRUCTURE USER FEE

NJAC plans to review with its Legislative Affairs Committee **ASSEMBLY, NO. 3138** (*Coutinho D-29*), which would permit counties to impose a county-wide fee for the purpose of funding infrastructure construction within the county after first obtaining voter approval. The bill defines infrastructure construction as the construction, reconstruction, alteration, addition, physical betterment, or improvement of any public infrastructure within a county, including but not limited to *public highways, bridges, utilities, water, and sewer systems*. The Utility Transportation Contractors Association (UTCA) supports this measure as one of its top legislative priorities and reached out to NJAC for our endorsement. The Assembly Housing and Local Government Committee will likely consider the bill at one off its upcoming meetings.

## SALARY SURVEY

Special thanks to Middlesex County Administrator John Pulomena for putting together a clear, concise, comprehensive, and user friendly draft salary survey that will contain useful data on elected officials, management, and law enforcement. NJAC and Salary Survey committee members plan to complete the final draft and distribute to counties by September 15<sup>th</sup>; collect all data from counties by October 15<sup>th</sup>; and, summarize and publish all final data by November 15<sup>th</sup>.

*"If you're riding ahead of the herd, take a look back every now and then to make sure it's still there." Will Rogers*