

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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INTEREST ARBITRATION CAP

The 2010 law that imposed a 2.0% cap on interest arbitration awards is set to expire in April of 2014. Over the past several weeks, NJAC has had the opportunity to meet with several legislators to discuss extending this deadline as maintaining the cap is critical to stabilizing property taxes and allowing counties to deliver essential services in a cost effective manner. As has been well documented, county governments dedicate approximately 50% of their overall budgets to salaries and wages; and, face a restrictive property tax cap levy where counties must prepare two comprehensive cap calculations and then use the more restrictive one.

Failure to extend the 2.0% cap on interest arbitration awards will force county governments throughout the State to further reduce or even eliminate crucial services, personnel, and long-overdue infrastructure improvement projects. Although we're cautiously optimistic that the Legislature and Administration will take action on this important and timely matter, the sunset provision was a key reform compromise for unions and others that initially opposed the measure. With this in mind, it's imperative that NJAC prepare to demonstrate any projected cost savings and other intangible benefits resulting from the cap. We should also prepare to discuss the impact of the cap levy and possible long-term solutions to further mitigate the reliance on the collection of local property taxes.

STATE HEALTH BENEFITS PROGRAM

On September 9th, Governor Christie conditionally vetoed **ASSEMBLY, NO. 1273** (*Coughlin D-19/O'Donnell D-31*), which would require the State Health Benefits Program (SHBP) to provide certain information to participating public employers. In summary, the Conditional Veto would require joint insurance funds to provide the same information and in the same manner as the SHBP, would require all claims data to be provided in a manner consistent with the federal Health Insurance Portability and Accountability Act (HIPAA), and would extend the timeframe for providing such data to 60 days. Although NJAC

supported the measure as introduced, the Conditional Veto is reasonable and we plan to encourage the Legislature to concur with the changes. Counties that currently participate in the SHBP have long objected to the fact that claims experience and loss report data are not made readily available by the SHBP. These counties currently include Atlantic, Camden, Gloucester, Hudson, Mercer, Ocean, Salem, Sussex, and Warren. Moreover, the SHBP forces counties to pay for this critical information typically provided at no charge and in a timely manner by private health insurance plans.

PROJECTED COST ESTIMATES

Earlier this week, NJAC had the opportunity to meet with Assemblyman Louis D. Greenwald (*D-Camden*) to discuss **ASSEMBLY, NO. 4147** (*Greenwald D-Camden/Rible R-Monmouth & Ocean*), which would require certain contract bid advertisements to contain certified cost estimate ranges, would specify the grounds for the rejection of all bids, and would require a 50% guaranty on bids.

The meeting with Assemblyman Greenwald went very well and he's open to suggestions based on our concerns that the legislation as introduced would defeat the intended purpose and cost benefits of competitive bidding as the bill provides contractors with little incentive to submit proposals below projected cost estimates. This legislation would also increase the cost of doing business with local governments as preparing bid solicitations become more complex. Depending on the size and scope of a construction project, counties may be required to hire professional consultants to prepare comprehensive cost estimates. Moreover, county employees may not be qualified to "attest" to the accuracy of such cost estimates further driving up project expenses; and, face potential litigation if the reasonableness of the estimate is challenged in court. Finally, this legislation would appear to eliminate the important flexibility local governments exercise under current law when making decisions concerning the acceptance or rejection of all bid proposals - including those that deal with the purchase of goods and services.

In summary, A-4147 would require a contracting unit to reject all bids for *publicly stated bona fide* reasons, which would include that the lowest bid substantially exceeds the *published and attested* cost estimates or *estimate ranges* for the goods or services. This bill would increase the guarantee required by a person bidding on a contract for the erection, alteration, or repair of a public building, structure, facility or other improvement to real property, the total price of which exceeds \$100,000.00, in the amount of 50% of the bid, but not in excess of \$100,000.00. The bill would also require that the advertisement for bids for construction projects projected to cost in excess of \$500,000.00 shall include the contracting unit's or its purchasing agent's projected cost estimate ranges for the base bid

contract and any specified alternate proposal, such estimate ranges having been attested to as reasonable by the individual or firm preparing the cost estimate ranges. The highest amount of a cost estimate range shall not be greater than five percent more than the lowest amount. The projected cost estimate ranges shall be attested no more than 30 days prior to the bid advertisement date. A-4147 is currently in the Assembly Housing and Local Government Committee awaiting consideration.

NJAC GOALS AND OBJECTIVES

Although we've received some terrific suggestions already, this is your last chance to provide us with some input on indentifying and developing three short-term legislative priorities that will help counties operate more effectively and efficiently. In summary:

1. Recommendations should be realistic and achievable within the two year legislative cycle.
2. Recommendations should be specific and tangible, so that we may accurately quantify any potential cost savings or other benefits.
3. Recommendations should benefit counties throughout the State and enjoy bi-partisan support.

In addition to setting three short-term legislative priorities, NJAC must also identify and develop three long-term legislative goals and objectives such as *extending the expiration date under the 2010 interest arbitration reform law as noted above*, increasing Transportation Trust Fund (TTF) monies for county roads and bridges, and mitigating the costs associated with operating and maintaining the county judicial and prosecutorial offices and facilities. Although somewhat easier to identify, our long-term goals and objectives will prove more difficult to accomplish and are subject to the following criteria:

1. Recommendations should offer a viable and substantive solution for a long-standing issue that has had a negative impact on county operations.
2. Recommendations should benefit counties throughout the State and enjoy bi-partisan support

We plan to summarize all recommendations and discuss them in more detail for possible adoption at the September 27th NJAC board of directors meeting.

"Success is a little like wrestling a gorilla. You don't quit when you get tired – you quit when the gorilla gets tired." Robert Strauss