

NEW JERSEY ASSOCIATION OF COUNTIES

County Government with a Unified Voice!

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STATE HOUSE NEWS

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PENSION AND HEALTH BENEFITS STUDY COMMISSION

NJAC is hoping that all twenty-one counties adopt the following resolution in the wake of the Commission's recommendation to enact a State/local approach to pension benefits funding.

A RESOLUTION urging State leaders to protect local property taxpayers and governing bodies by preserving the structure and integrity of the fiscally solvent local pension systems.

WHEREAS, the local pension systems funded by county and municipal property taxpayer dollars are actuarially sound as counties and municipalities have prudently met their pension obligations as employers; and,

WHEREAS, the local pension systems include the local Public Employees Retirement System (PERS) funded at 73.9% and the local Police and Fire Retirement System (PFRS) funded at 76.9% according to the latest valuation reports; and,

WHEREAS, the local pension systems are close to or have exceeded the target funded ratio of 75% by fiscal year 2012 pursuant to the pension and health benefits reform law enacted in 2011, and have combined actuarial valued assets of \$42.0 billion with estimated retirement allowances due of \$3.0 billion; and,

WHEREAS, the New Jersey Pension and Health Benefit Study Commission in its report entitled "A Roadmap to Resolution," recommends in part, applying a unified State and local approach to pension benefits funding as a result of the State's well-documented mismanagement of its systems for over two decades; and,

WHEREAS, the New Jersey Association of Counties (NJAC) recognizes that the State must take meaningful steps to make the State government funded pension systems more affordable for taxpayers and sustainable members, but objects to any reforms that would affect, alter, or integrate the local pensions systems with that of the State's; and,

WHEREAS, it is in the best interest of county and municipal taxpayers and governing bodies across the State that the State reform its pension systems with viable, meaningful, and long-term solutions that pay off existing State pension deficits without affecting, diluting, or diverting valuable local pension system assets.

NOW, THEREFORE, BE IT RESOLVED that NJAC does in fact hereby urge State leaders to protect local property taxpayers and governing bodies by preserving the structure and integrity of the fiscally solvent local pension systems; and,

BE IT FURTHER RESOLVED that certified copies of this Resolution are forwarded to the Governor of the State of New Jersey, the President of the New Jersey State Senate, the Speaker of the General Assembly, and the clerks of the boards of chosen freeholders of all twenty-one counties.

MOSQUITO CONTROL RESERVE FUNDS

NJAC is pleased to announce that on March 16th Governor Chris Christie signed into law legislation that will authorize a county to establish a mosquito control reserve fund. As you know, NJAC's board of directors unanimously adopted this initiative as one of its top legislative priorities as it will empower county governments throughout the State to deliver services more effectively while enhancing the level of service provided. Special thanks to: Sussex County Administrator John Eskilson for coming up with the idea; Senator Jeff Van Drew and Assemblyman Gary Schaer for introducing the bill on behalf of NJAC; and, Senator Steve Orho, Assemblyman Jack Ciattarelli, and Assemblyman Carmelo Garcia for co-sponsoring the legislation.

In summary, this new law will authorize a county board of chosen freeholders to establish a mosquito control reserve fund. The funds in the reserve may be used for the purpose of mosquito population control after all budget and appropriations for that purpose have been expended and are intended to stabilize the mosquito control budgeting process and enhance fiscal planning for mosquito control activities. Moreover, the funds will serve to streamline the process for using emergency monies by eliminating the need to issue an overly burdensome bond that a county must provide in full as a deferred change in the next budget year. Please note that unspent appropriation balances in a county with a mosquito control commission become surplus funds that may be used for unexpected mosquito control activities. As such, a county with mosquito control commission does not need to establish a reserve fund accordingly. These counties include: Camden, Middlesex, Ocean, and Warren counties.

FEDERAL 1033 PROGRAM

On March 13th Governor Christie also signed into law legislation that will require local approval of applications for surplus Department of Defense military equipment under the federal 1033 program.

In summary, this new law will require local approval of applications for surplus Department of Defense military equipment under the federal 1033 program. The federal 1033 program permits the Secretary of Defense to transfer to State and local agencies personal property of the United States Department of Defense that the secretary determines is suitable for use by agencies in law enforcement activities, including counterdrug and counterterrorism activities, and is excess to the needs of the Department of Defense. The authority granted to the secretary has been delegated to the Defense Logistics Agency, which determines whether property is suitable for use by agencies in local law enforcement activities.

The Office of Emergency Management in the New Jersey Division of State Police serves as State Coordinator for county and municipal law enforcement agencies that participate, or seek to enroll, in the 1033 program. As the program currently operates, local law enforcement agencies must request enrollment through the State Coordinator and the DLA Law Enforcement Support Office. If enrollment is approved, the law enforcement agency is required to sign a memorandum of agreement with the State Coordinator agreeing to the terms and conditions of the 1033 program. The acquisition of property through the 1033 program or the transfer between law enforcement agencies of property obtained through the 1033 program also must be approved by State and local authorities. The program procedures do not require local law enforcement officials to obtain the approval of the governing body of a local unit before submitting an application to enroll in, or acquire property, through the 1033 program.

The law will require an application for the enrollment of a county or municipal law enforcement agency in the 1033 program to be approved by a resolution adopted by a majority of the full membership of the governing body prior to the submission of an application to the State Coordinator. This law will also require the actual acquisition of property through the 1033 program to be approved by a resolution adopted by the full membership of the governing body. NJAC supported the measure as it made its way through the Legislature as a means to ensure that local governing bodies play an integral role in the planning and financing of emergency management and law enforcement activities.

TRANSPORTATION TRUST FUND (TTF)

Special thanks to Monmouth County Engineer Joseph Ettore who testified with NJAC on March 19th before the Assembly Transportation and Utilities Committee concerning the asset management and planning systems used by counties to deliver vital transportation projects. Mr. Ettore also explained that it's costly to construct road and bridge projects in New Jersey because it's the most densely populated State in the nation; and, noted that the use of centerline miles as a factor to determine and compare nationwide transportation costs is an inaccurate methodology as New Jersey maintains and operates significantly more lane miles of roads per square mile than any other State in the nation. Lane miles measure the total length and lane count of a given road; and centerline miles represent the total length of a given road.

Although it appears that State leaders have reached an impasse on potential solutions to remedy the nearly insolvent TTF, NJAC will continue to advocate for the need to invest in a stable, sufficient, and long-term source of funding to pay for critical transportation projects by constitutionally dedicating a predictable, measurable, and transparent source of revenue to pay for such projects, authorizing the use of private-public partnerships to help finance larger projects,

and reducing the costs associated with the operation, maintenance, and construction of a safe and reliable transportation network. Further, as county and municipal roads and bridges carry an estimated 53% of the State's overall traffic, yet inequitable receive only a 12% share of funding as Local Aid allocations under the State's current Transportation Capital Program, NJAC supports an increase in Local Aid allocations to \$400.0 million as a means to mitigate the reliance on the collection of local property taxes, promote job growth and economic development, and ensure safe and reliable roads and bridges. The tables and footnotes below represent the local transportation inventory and needs for 2014.

Local Transportation Inventory 2014

CATEGORY	COUNTY	MUNICIPAL	TOTAL
Centerline Miles ¹	6,775	25,675	32,540
Lane Miles ²	13,550	51,530	65,080
Major Bridges ³	2,556	42	2,598
Minor Bridges ⁴	4,584	0	4,584
Total Bridges	7,140	42	7,182
Vehicle Miles Traveled ⁵	35%	18%	53%

1. Centerline miles represent the total length of a given road.
2. Lane miles measure the total length and lane count of a given road. *The figures used above represent two lanes on a given road, and do not take into consideration the size or type of a lane, or whether a given road has more than two lanes, so the total figure for lane miles is likely greater.*
3. Major bridges are bridges greater than 20' in span.
4. Minor bridges are bridges between 5' - 20' in span.
5. County vehicle miles traveled equals 35%, Municipal vehicle miles traveled equals 18%, State vehicle miles traveled equals 36%, and toll road vehicle miles traveled equals 11%.

Local Transportation Needs 2014

ANNUAL NEED	COUNTY	MUNICIPAL
Bridges	\$284,425,000.00	\$8,743,000.00
Resurfacing	\$108,295,000.00	\$175,202,000.00
Construction/Reconstruction	\$98,540,000.00	\$179,277,000.00
Design/Contract Administration	\$73,689,000.00	\$54,483,000.00
<i>Total</i>	\$564,949,000.00	\$417,705,000.00

Local Transportation Trust Fund Allocations 2014

The current Transportation Trust Fund allocates \$165.0 million in Local Aid of which counties and municipalities share at 50% in the following manner: \$78.75 million for county roads; \$78.75 million for municipal roads; and, \$7.5 million for Commissioner's discretionary funding. Counties receive an additional \$25.0 million in State allocations under the Local Bridges Future Needs program that is distributed equally among all 21 counties with \$4.0 million set aside for the Commissioner's discretionary funding for a total of \$190.0 million.

STATE PSYCHIATRIC PATIENT BILLING PRACTICES

NJAC is working with the New Jersey State Association of County Adjusters (NJSCA) concerning the State's practice of billing counties for the costs of treating psychiatric patients who have been involuntarily committed to a State psychiatric facility for treatment and determined by a court of law to be responsible for the costs of their own care. NJAC is in the process of summarizing data collected from the county adjusters to determine the fiscal impact on counties as a result of this practice, which violates existing law and court ordered settlements.

According to the 2014 white paper published by county adjusters in Bergen, Middlesex, Monmouth, Morris, Sussex, and Warren counties, State law provides that persons suffering from a mental illness and present an immediate danger to themselves or others, may be involuntarily committed for treatment in a psychiatric facility until such time as they no longer constitute a danger. More often than not, such patients qualify for charity care and the State and counties share treatment costs for patients with legal residency (*settlement*) in a particular county. Please note that the State pays for the treatment costs of charity care patients without county settlement.

State law further provides that involuntarily committed patients with income and assets that exceed charity care eligibility thresholds and with county settlement are responsible for the costs of their own treatment. Once a patient is involuntarily committed, a county adjuster will investigate the patient's assets, income, and residential history. Pursuant to the adjuster's recommendation, a judge will then execute a settlement order on whether the patient, a county, or the State is responsible for treatment costs. In a nutshell, the State is ignoring these settlement orders and statutory law, and is routinely billing counties for the costs of treating patients who have been determined by a court of law to be responsible for their own care. Although patient numbers fluctuate each year, preliminary data suggests that the State is improperly billing counties approximately \$1.5 to \$2.0 million annually.

ENVIRONMENTAL INFRASTRUCTURE TRUST

On March 9th, the General Assembly passed by a vote of 69-7 **ASSEMBLY, NO. 3548** (*Schaer D-Bergen/Spencer D-Essex*), which would require local governments and authorities to obtain a financing cost estimate from the New Jersey Environmental Infrastructure Trust (EIT) when financing all environmental infrastructure projects valued over \$1,000,000.00.

Earlier this year, NJAC testified before the Assembly Environment and Solid Waste Committee that that local governing bodies currently have the option of

pursuing a loan from the EIT for environmental infrastructure projects; and, that this measure would mandate local units to secure an EIT cost estimate regardless of whether they're considering the EIT as a viable funding mechanism. Although in many cases counties and municipalities utilize the EIT to finance such projects, the strict requirements of the borrower and limited repayment schedules associated with EIT financing often outweigh any potential benefit. While the bill would require EIT to provide feedback to potential borrowers within their cost estimate, the bill would not require that feedback to include: an indication of whether the proposed borrower meets the credit eligibility criteria of the EIT; the timetable within which the proposed borrower may commence construction of the project and obtain financing; and, assumptions used by the EIT in determining the costs of financing the project independently.

In summary, the measure would require local governments and authorities to obtain a financing cost estimate from the EIT when financing all environmental infrastructure projects or project components valued in whole or in part over \$1,000,000.00. The bill would also require the EIT to make available online a form for requests for the financing cost estimate. The estimate would enable the local government unit to evaluate, and other interested parties to consider, the potential savings of financing and interest costs offered by trust financing compared to other available methods of financing the project.

The bill would further provide that the EIT may require the local government unit to provide information concerning the project and the borrower needed to generate the financing cost estimate, including, but not limited to, a detailed description of the project, design, engineering and environmental information, a cost estimate prepared by the project engineer or other qualified person, information regarding the borrower, the amount to be financed, and any other information the trust deems relevant in order for the cost estimate to be as accurate as possible. Upon submission of the completed form, the EIT must provide the estimate within 15 days. If a local government or authority does not use EIT financing for the project, the financing cost estimate must be submitted by the local government to the Division of Local Government Services in the Department of Community Affairs with the local government's supplemental debt statement. Lastly, the bill would amend the EIT's enabling statute to increase bond maturities up to 30 years instead of up to 20 years as is the case under current law. A-3548 and the Senate companion version **SENATE, NO. 2354** (*Smith D-Hudson*) are currently in the Senate Budget and Appropriations Committee awaiting consideration.

BED BUGS BITE

On March 9th, the General Assembly was prepared to vote on **ASSEMBLY, NO. 1578** (*Spence D-Essex/Tucker D-Essex*), but the measure was never considered. In

summary, this legislation would establish procedures to prevent and eradicate bedbug infestations in certain residential properties. Although NJAC commends the sponsors for their intent to require owners of multiple dwellings to maintain safe and clean living environments free from the presence of bedbugs, NJAC is concerned that A-1578 would create a statutory framework in which county health departments would become the lead government agencies responsible for the remediation of bedbugs when landlords are unresponsive for the clean-up and maintenance of infested properties. At a time when county governments are struggling to make ends, we're concerned with the increased workload and expense this legislation would impose on county health departments, most of which provide local public health services on behalf of constituent municipalities.

NJAC previously testified before the Assembly Environment and Solid Waste Committee that county health departments are charged with protecting and enhancing the general health and welfare of county residents throughout the State. However, county health departments typically inspect and fine violators under certain circumstances, but do not engage in remediation or mitigation as it is often costly and time consuming. Although A-1578 would authorize local boards of health to impose fines or place liens on the properties of unresponsive landlords, we're concerned that these mechanisms would not adequately compensate county health departments for the significant amount of work and substantial expense necessary to remediate properties infested with bedbugs. The New Jersey State League of Municipalities, and the New Jersey Association of City and County Health Officials oppose the measure as well.

NJAC ANNUAL CELEBRATION OF COUNTY GOVERNMENT

Stay tuned for details next week about our two dozen workshops as we're anticipating approval for continuing education credits for finance officers, engineers, attorneys, purchasing officials, clerks, public works professionals, and more from the Department of Community Affairs, the Rutgers Center for Local Government Services, and the New Jersey Board of Bar Examiners. If you haven't done so already, make sure to check out our new website at www.njac.org for additional details about this highly anticipated event.

STATE HOUSE TRIVIA

Did you know that the Vernal Equinox kicks off spring each year on March 20th or 21st and is the first day of the year where we enjoy 12 hours of daylight and 12 hours of darkness?

"Science has never drummed up quite as effective a tranquilizing agent as a sunny spring day." W. Earl Hall