

LUARCC

Local Unit Alignment, Reorganization
and Consolidation Commission

2008 Progress Report

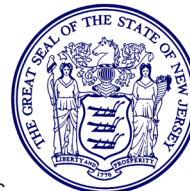


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Executive Summary

The Local Unit Alignment, Reorganization, and Consolidation Commission (LUARCC), established under P.L.2007, c.54, is required to submit to the Governor and Legislature by January 31st of each year a report summarizing the Commission's activities over the course of the previous calendar year (refer to subsection 7a. of that law, compiled at N.J.S.A.52:27D-507). This progress report is submitted to the Governor and the Legislature in fulfillment of that charge and covers the period beginning in April 2008 when LUARCC met for the first time.

A permanent commission, LUARCC was created to examine more cost efficient methods of delivering local services, identify best practices, and develop proposals to effectuate the consolidation of, and sharing of services among, pairs or groups of municipalities, fire districts, and other taxing districts in the State.

During the reporting period, the Commission met 12 times and heard from over 16 interest groups representing local officials, the business community, think tanks, foundations, planning organizations, builders, and others with divergent viewpoints and interest in the subject matter at hand. LUARCC has made positive progress toward accomplishing its statutory mission and looks forward, in the months ahead, to advancing concrete recommendations to promote regionalizing and realigning services that will result in the cost savings and efficiency enhancements which represent LUARCC's core mission. The succeeding pages are intended to summarize the approach the Commission has taken in fulfilling its mission and provide a record of what Commission members have learned to date in this pursuit.

Activities undertaken by LUARCC and outlined in this report may be summarized as follows:

Commissioned Research – The Commission has engaged the School of Public Affairs and Administration (SPAA) at Rutgers, Newark, to survey available research regarding the optimal size of municipalities and service delivery areas, what constitutes efficiency in service delivery, and the costs and benefits of consolidation – LUARCC expects to receive a final report in mid-January 2009 and to report on preliminary findings in March 2009.

Hearings on Municipal Service Delivery – The Commission has undertaken a detailed examination of municipal service delivery starting with public health, emergency dispatch, and administration of justice given the fundamental role the State plays in overseeing the delivery of these services. The Commission devoted monthly meetings to in-depth presentations about these service areas to determine whether further research is needed with the longer term goal of recommending alternate patterns of service delivery to assure optimal service delivery in a cost-efficient manner.

LUARCC has identified an extensive data base on how much money over 400 municipalities and counties spent on emergency communications in 2007. It is hoped that careful analysis of these data may reveal cost savings associated with different patterns of service delivery. For the first time, the Commission may begin to identify cost savings associated with regional, as opposed to municipal, service delivery. Where appropriate, LUARCC will commission additional research, working in cooperation with the State Office of Emergency Telecommunications Services.

In the year ahead, LUARCC will turn its attention to other services, including property tax assessment, police, and fire in order to identify service delivery models which are both cost-efficient and effective.

Data and Mapping Initiative – Commission staff has been mapping current service sharing arrangements which exist in the State, including regional school districts, to determine compatibilities and tolerance for sharing as an indicator of where future arrangements might be realistic. Additionally, staff is developing data files which in future will allow for the grouping of municipalities for potential consolidation based on the parameters set forth in the legislation.

Staff is also developing a test methodology using the 21 Somerset County municipalities seeking a connection between spending, configuration of service delivery, and outcomes. Once the methodology is developed, staff will expand the inquiry to include Gloucester and a northern county. The aim is to examine efficiency in service delivery and to determine whether the data reveal major disparities in spending patterns relative to service outcomes.

Recommendations to Promote Further Intermunicipal Cooperation – LUARCC is also charged with recommending legislative changes to remove obstacles to service sharing or consolidation. The Commission views broadly its responsibility to promote a culture of intermunicipal cooperation among municipalities. Among the tasks being undertaken by LUARCC to fulfill this obligation are the:

- review of the hours of testimony submitted for recommendations that may be pursued;
- analysis of multiple feasibility studies submitted to DCA undertaken through SHARE grant funding for obstacles encountered; and
- review of State programs to identify opportunities to promote service sharing.

INTRODUCTION

The Local Unit Alignment, Reorganization, and Consolidation Commission (LUARCC), established under P.L.2007, c.54, is required to submit to the Governor and Legislature by January 31st of each year a report summarizing the Commission's activities over the course of the previous calendar year (refer to subsection 7a. of that law, compiled at N.J.S.A.52:27D-507). This progress report is submitted to the Governor and the Legislature in fulfillment of that charge and covers the period beginning in April 2008 when LUARCC met for the first time.

The idea for LUARCC originated during a special legislative session convened with the goal of enacting property tax reform. Following Governor Corzine's address to a joint session of the Legislature in July 2006, four bicameral, bipartisan joint committees were formed, one of which was the Joint Committee on Government Consolidation and Shared Services. Among the recommendations of that committee was the creation of a permanent commission to facilitate municipal mergers and the sharing of services among local units.

A permanent commission, LUARCC was created to examine more cost efficient methods of delivering local services, identify best practices, and develop proposals to effectuate the consolidation of, and sharing of services among, pairs or groups of municipalities, fire districts, and other taxing districts in the State.

Over the long term, the enabling legislation envisions LUARCC as a bipartisan commission that will make recommendations to the Legislature proposing municipal consolidations or shared service agreements based on criteria developed through various research initiatives.

Membership

Of the nine appointees set forth in the abovementioned statute, two are ex officio (the Commissioner of Community Affairs and the State Treasurer), and seven are public members. Of the public members, one is appointed by each of the majority and minority House leaders and three are appointed by the Governor, with the advice and consent of the Senate.

Of the three gubernatorial appointees, one must reside in a northern county (Bergen, Essex, Hudson, Morris, Passaic, Union, Sussex or Warren), one in a central county (Hunterdon, Mercer, Middlesex, Monmouth or Somerset), and one a southern county (Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester, Ocean or Salem). An appointee may be an elected official of a county or municipality only if that person has significant experience in shared services initiatives and demonstrated success at having implemented such agreements at the local level.

Members serve for a five-year term and are eligible for reappointment, but for the staggering of the first terms as prescribed by law.

The current members of the Commission are:

Jack Fisher (Mantua)
Chairman
Term: One Year

Steven M. Cozza (Bound Brook)
Term: Two Years

Jane Kenny (Highland Park)
Term: Three Years

Marvin Reed (Princeton Borough)
Term: Four Years

Gary Passanante (Somerdale
[Camden])
Term: Five Years

Robert F. Casey (Succasunna)
Term: Five Years

Vacant (Northern New Jersey)

Joseph V. Doria, Jr. (Bayonne)
Commissioner
Department of Community Affairs

David Rousseau (Hamilton)
Treasurer
Department of the Treasury

Detailed biographical information on each Commission member is included as Appendix I.

Meetings

Upon the appointment of the eighth member, the Commission met for the first time on April 8, 2008 with Governor Corzine in attendance. At the inaugural meeting, Governor Corzine reiterated the Commission's charge...“to find a more optimal mix of governance that will reduce administrative cost, which will look for economies of scale, and ultimately lower the cost of providing services....”

Eight of the nine members were sworn in at that time, the chairman was selected, and lots were drawn to determine the terms of the initial appointees. LUARCC held monthly meetings through September 2008 and beginning in October, one or more meetings each month in order to advance the research agenda given the tight reporting deadlines. To date, all of the meetings have been held in the Department of Community Affairs (DCA) building in downtown Trenton. In the coming months, Commission members intend to begin holding regional meetings.

During 2008, the full Commission met 12 times to pursue its mission. Meetings were held on April 8, April 23, May 29, June 26, July 24, August 28, September 26, October 22, October 31, November 17, December 9 and December 22. In addition, various subcommittees met during the year and reported back to the Commission as indicated in the minutes.

THE ACHIEVEMENT OF LUARCC'S MISSION – THE FIRST EIGHT MONTHS

The legislation that created LUARCC reflects certain assumptions regarding efficiency of municipal government operation and the inherent inefficiency surrounding multiple units of government. Nevertheless, the Commission interpreted its mandate as requiring a serious vetting of these assumptions and, where possible, to document the relative efficiency or inefficiency associated with certain patterns of service delivery.

The Commission therefore decided, upon the engagement of the Executive Director in August, immediately to solicit research proposals to provide a framework for testing these assumptions. Given the impending reporting deadlines, the Commission also decided to pursue a series of hearings on service delivery, listen to interested members of the public and various interest groups, and undertake a data initiative in order to be prepared to move forward upon the receipt of commissioned research studies.

Framework and Approach

The statutory purposes of LUARCC are far-reaching and ambitious; it is clear from the statute that the Legislature envisioned a period of study and serious consideration of more efficient ways of delivering municipal services prior to receiving LUARCC's recommendations for municipal consolidation. The Commission was asked to study and report on the "appropriate allocation of service delivery responsibilities from the standpoint of efficiency" and to consider optimal service levels and best practices in service delivery.

Upon the completion of this inquiry, LUARCC will develop criteria to serve as the basis for recommending the consolidation of specific municipalities, the merger of specific existing autonomous agencies into parent governments and the sharing of services.

In the absence of an underlying theoretical framework, LUARCC sought research assistance from the academic community and issued a call for proposals which was distributed widely within New Jersey.

Research Questions

Following a competitive call for proposals, in October LUARCC commissioned the School of Public Affairs and Administration (SPAA) at Rutgers Newark to undertake separate literature reviews to answer five fundamental questions which underlie the legislative charge:

1. Is there an optimal size of municipal government entities from the viewpoint of efficiency or other similar criteria?
2. Is there an optimal population size associated with the cost-efficient delivery of the following municipal services: police; fire, health; public works; courts; and animal control?

3. Based on the literature, what are the costs and benefits of municipal consolidation primarily looking at evaluations of municipal consolidations that have occurred with a view to determining whether creating larger geographic units results in greater efficiency and cost savings or yields other benefits?
4. What are the costs and benefits of consolidating municipal functions over a larger geographic area without actually consolidating local units? Does such consolidation result in greater efficiency and cost savings or yield other benefits?
5. Are there case studies of municipalities that have attempted to measure their service delivery performance according to empirical measures? What were the measures, what type of data were required to measure performance, how was it ensured that the data were consistently measured over time, and are there examples of such benchmarking that can help inform LUARCC's work?

Rutgers' final report to LUARCC will be submitted in January 2009 and will be evaluated in time for the commission's March 2009 report to the Legislature.

Public Testimony

From the outset, the Commission has involved the public and interest groups in its deliberations and has viewed its mission as continuing the work of analogous commissions with similar purpose that may have studied these issues in the past.

LUARCC heard testimony from over 16 interest groups representing local officials, the business community, think tanks, planning organizations, builders and others with divergent viewpoints and interest in the subject matter that concerns LUARCC. The insights and recommendations brought before the Commission are summarized in Appendix II and the testimony is available on the LUARCC website comprising meetings beginning on April 23rd. The list of groups that testified during this time is included as Appendix III.

Those who testified regarding previous analogous initiatives included:

- Brian McCord of the Office of Legislative Services who served as nonpartisan staff to the 2006 Joint Legislative Committee on Government Consolidation and Shared Services;
- Marcus Rayner, staff to the Property Tax Study Commission empanelled by Governor Christine Todd Whitman;
- Mike Egerton and Dr. Seth Benjamin, former staff to the County and Municipal Government Study Commission;
- Dr. Henry Coleman, Executive Director of the State and Local Expenditure Revenue Policy Commission; and
- Professor Ernie Reock who served the Tax Policy Committee established by Governor William T. Cahill.

The meeting concerning previous initiatives occurred on May 29th and materials submitted to LUARCC at that time are available on the Commission's website at <http://www.state.nj.us/dca/luarcc>

Analysis of Municipal Service Delivery

As noted above, while awaiting the Rutgers research, the Commission decided to embark on a series of public hearings to examine in depth the delivery of municipal services. This inquiry seeks to determine the extent to which service delivery is handled individually or through shared arrangements, identify any reported efficiencies attained through sharing, and offer any recommendations the Commission might have regarding best practices based on current experience or pursue additional research.

In viewing the divergent municipal services provided, members felt that it would be best to focus first on municipal services undertaken within the parameters of State guidelines. This would offer the possibility of utilizing more centralized data that might exist at the State level rather than sole reliance on data collected by 566 diverse municipalities. In addition, it was felt that any lack of consolidation identified might be more easily rectified if the State played a significant role in service delivery.

The Commission thereby selected public health, emergency communications and local administration of justice as the focus of attention. In the year ahead, LUARCC will continue its examination of those services it has begun to look at and will extend its focus to include such areas as property tax assessment, police and fire with an emphasis on achieving property tax savings.

The meeting devoted to public health service delivery occurred on October 22nd, emergency communications on November 17th, and municipal courts on December 22nd.

In advance of each meeting, LUARCC members provided staff with questions for witnesses, which were conveyed to those witnesses so that discussions could be framed around members' concerns. Throughout the hearings, a common thread was members' interest in knowing what services are shared or otherwise delivered among municipalities with a population of under 5,000 and whether any analyses had been conducted on cost savings associated with regionalized service delivery.

Prior to each meeting, staff prepared briefing notes for the benefit of LUARCC members, which can be found on the Commission website. Meeting minutes are also available on the website, as are any materials presented by witnesses to the Commission members. Where questions were posed in advance of the meeting and witnesses provided written answers, these are included in the written record as well.

Local Public Health

At its October 22nd meeting, LUARCC heard from:

David Gruber, Senior Assistant Commissioner, New Jersey Department of Health and Senior Services (DHSS)

Peter Tabbott, President, New Jersey Health Officers Association

Cheryl Sbarra, Staff Counsel, Massachusetts Association of Health Boards

James Pearsol, Association of State and Territorial Health Officials (ASTHO)

Testimony Themes

The overall theme of this hearing was public health governance, how New Jersey's public health system is organized, what variations exist throughout the State in the organization of public health delivery, what role the State plays in overseeing local activities, what type of sharing arrangements exist, and whether any research has been undertaken to identify optimal service provision arrangements from the vantage point of cost-savings, equity, efficiency or other policy goals.

Ms. Sbarra and Mr. Pearsol helped place New Jersey in a more regional and national context by discussing the Massachusetts regionalization study currently underway and what models of service delivery exist around the country.

Going into the hearing, members found particularly useful a study published by the State Department of Health and Senior Services (DHSS) issued in April 2008 entitled "*A Study of New Jersey's Local Public Health System.*" A comprehensive study of local health department operations and finances during CY 2006-07, the analysis was based on self-reported data either through the DHSS-required Annual Report or a survey conducted by the National Association of County and City Health Officials in 2005.

DHSS is authorized to promulgate minimum standards for local public health services which are contained in Public Health Practice Standards of Performance for Local Boards of Health in New Jersey (and based on the nationally-accepted Ten Essential Public Health Services). Included are the core services of communicable disease investigation, inspection, and emergency response.

The Practice Standards are not prescriptive as to services to be performed by each health department and require that each local health department "assure," but not necessarily provide these services. The local health department may provide certain services itself, contract with another agency or determine that a particular need is adequately met by other health care providers or agencies.

Outside of the Practice Standards, there are a number of other State statutes and/or rules that delegate to the local health departments the responsibility for addressing particular public health problems. This set of rules, referred to as the State Sanitary Code, includes investigation of communicable diseases, immunization of school-age

children, and oversight over a number of environmental and sanitary public health concerns (for example, restaurants and other retail food establishments, private wells and septic systems, campgrounds, and lead-based paint). Not all local health departments perform these functions because the regulated facilities under the Code do not exist in all communities.

The Commission learned that although municipal governments have the primary responsibility for local public health services, a municipality may meet this requirement by:

- Maintaining a municipal health department;
- Entering into a shared services agreement with another municipality;
- Participating in a regional health commission; or
- Agreeing to come under the jurisdiction of a county health department.

Within this organizational structure, there exist 111 local health departments – 521 (92%) municipalities participate in some form of shared services arrangement within which local public health services are delivered. Forty-five municipalities have stand-alone municipal health departments, only 11 of which would be considered “urban areas.”¹ Twenty of the 21 counties have some form of county health department but in only eight of those counties does the health department cover the entire county. In seven counties, the county health department covers some municipalities, while local health departments cover the remaining municipalities. All county health departments also perform specialized environmental services under the authority of the County Environmental Health Act (CEHA).

Members were advised that according to the Local Health District Act of 1951, which still governs, if a health department is absorbed or consolidated with another local health department, all employees are guaranteed comparable duties and compensation. This provision has been viewed as eliminating any potential savings that might otherwise arise from consolidation given the labor intensive nature of public health service delivery.

The DHSS reported in its study that the cost per capita of providing public health services varies widely among local health departments with differences appearing to be related to the number and complexity of the services provided rather than to the size or the organization structure of the local health department. The department did not find a strong correlation between the size of a local health department and its operating cost per capita. The reported correlation is between the cost and the number of provided services.

The departmental representatives told the Commission that there are significant differences in the services provided depending upon local needs and the preferences of

¹ It is usually assumed that stand-alone health departments are represented by the State’s larger urban areas, but in fact individual health departments exist in municipalities of various sizes and character. The 11 large stand-alone departments are in Atlantic City, Bayonne, Clifton, East Orange, Elizabeth, Jersey City, Newark, Passaic City, Plainfield, Trenton and Vineland.

local elected officials. The ability to pay given the heavy reliance on the property tax base did not come up in this context.

Importantly, local government revenues are the sole or primary funding source for most local health departments, particularly municipal health departments. The State subsidy of local public health service delivery amounts to 50 cents per capita and the remainder of the revenues raised to support the system comes from the local property tax, fees or grants. In the case of smaller municipal health departments, the limited revenues available impact their ability to provide services and the quality of those services. Significantly for LUARCC, the reliance on property tax revenue as the primary source of funding has resulted in a local public health system that is largely determined by the decisions of local government officials.

The department expressed its concern about how to effectively coordinate the activities of this structure so that it functions as a cohesive system in responding to public health challenges that are not local, but regional or statewide in scope.

Interestingly, the study was based mainly on a 2005 survey conducted by NACCHO; although local public health departments submit an annual Local Health Evaluation Report, it is not clear that the DHSS has the staff resources to verify the information reported by the local health departments. Within the current structure at present there is little or no independent verification that the Practice Standards are being assured by the local health departments. Only through complaints does the DHSS become aware of problems.

The DHSS has reported that it is reviewing and revising the Local Health Evaluation Report which local health departments submit to the department so that it is a better measure of local health department structure and performance and provides better data for analysis of public health services in the State. Additionally, the department reported to LUARCC that it has begun making site visits to evaluate local health departments.

The department is implementing the Monitoring and Evaluation Initiative, which will be a comprehensive process of evaluating the structure and performance of local health departments and documenting their compliance with the Practice Standards. The goals of this initiative are to assist local health departments in improving their performance, while taking appropriate actions against those local health departments that are not in compliance with the rule.

The DHSS also indicates that it is reviewing the current State statutes and rules to see where these need to be changed to better reflect current public health practice and to remove barriers to desired structural changes.

The department continues to provide support and technical assistance to those communities that desire to explore changes to their public health services, including shared services and consolidation of health departments.

Whereas the DHSS witness provided the overview of the system from the State's vantage point, the representative of the local health officers asserted that the public

health system provides a model of sharing that should be emulated in other service areas. He extracted spending information from the April 2008 report to suggest that the delivery of public health services on the local level is equally cost-effective to analogous services being delivered at the county level. Further, he voiced his concern and that of his professional group that with the aging of the health officer population, there will be a void in the near future as retirements occur and the importance of having a well-trained, experienced public health workforce cannot be overstated.

The testimony regarding the Massachusetts regionalization study represented an interesting perspective in light of the New Jersey situation. A number of public health organizations in Massachusetts which had come together as the Coalition of Local Public Health had commissioned a public health needs assessment 10 years ago; in part, the initiative emerged in response to a few public health crises that focused attention on the equitability, or lack thereof, of public health service delivery across the State. Like New Jersey, the Massachusetts system was funded mainly from the local property tax base but with little regionalization in service delivery.

The goal in undertaking the study was to augment what service the citizens receive and equitable protection; although it was understood that enhancing the level of care might be more expensive in the short term, over the long term it was envisioned that the system would be more cost-efficient to the extent that people would be healthier and therefore demand less of the public health workforce.

The study found insufficient staffing in over 70 percent of the local health offices with widely divergent budgets and education levels within the State public health workforce. The study recognized that only with increased State funding could it be assured that the State could oversee attainment of performance standards. Like New Jersey, Massachusetts is a “home rule” state and would therefore respect the existing legal authority of the local health agencies in any proposed changes to the system. Interestingly, Massachusetts hired a consultant to determine the optimal population threshold for delivering public health services who came up with a population figure of 50,000, recognizing that this would need to take account of geography.

The testimony offered by ASTHO reiterated the importance of prevention in generating cost-savings and how critical it is for states not to underinvest in public health because of overall budget constraints. Ohio, New Jersey and Massachusetts all deliver public health services on primarily a local level; the county model of service delivery is much more prevalent in the rest of the country. The witness reiterated that over the next five years, the country will lose 25 percent of the local public health workforce and that public health staffing in future years remains a huge challenge.

Questions Raised by the Testimony

Since LUARCC's primary mandate is to examine more cost-effective ways of delivering local services and the value represented by sharing or consolidation, the challenge to the Commission in examining service delivery is to adhere to its mandate without usurping the statutory responsibilities of the agencies in charge. At the same time, the existing pattern of service delivery bears directly on LUARCC's mandate. Issues raised by LUARCC members following upon this testimony can be summarized as follows:

- In the absence of State monitoring, how can it be determined that the Performance Standards are being assured by the local public health officer?
- Is it sufficient that the State judge the quality of the local services being offered through the presence, absence or magnitude of complaints directed to DHSS?
- Given that public health service delivery is almost entirely funded out of the local property tax base and fees, how equitable is service delivery? Does New Jersey experience the inequitable coverage divulged in the Massachusetts assessment undertaken by the Coalition for Local Public Health?
- If the current system of local public health service delivery was determined to reflect a lack of equity, how would a more equitable service delivery system be governed most effectively and efficiently?
- Given that local health departments self-report to DHSS and there is no independent verification of the information provided, it would appear that this data set would be an insufficient basis upon which to conclude that the current system reflects the most efficacious method of delivering local public health services;
- Whereas there are many shared or regionalized elements to the system of local public health delivery, the system appears complicated – with overlapping jurisdictions in some cases involving municipal, regional and county service delivery – and it is not clear whether members of the public would know where to go to receive what service; and
- If the Commission were to recommend removing impediments to consolidation, should the issue of employment protection in the event of consolidation of health agencies be revisited?

Next Steps

LUARCC will work with DHSS staff to follow implementation of these next steps by the department, monitor opportunities for pursuing recommendations to encourage more rational service delivery options, and evaluate any proposals generated by DHSS staff for legislative recommendations that might encourage or facilitate more cost-efficient and equitable delivery of public health services.

Emergency Communications and Dispatch

At its November 17th meeting, LUARCC heard from:

Assemblyman Frederick Scalera, 36th Legislative District (including parts of Bergen, Essex and Passaic Counties)

Shaun Golden, Undersheriff, Monmouth County

J. Thomas Butts, Director, Gloucester County Emergency Response Center

Craig Reiner, Director of the Office of Emergency Telecommunications Services (OETS), New Jersey Office of Information Technology (OIT) and Secretary to the State 911 Commission

Testimony Themes

One of the primary functions of local governments in New Jersey is to provide effective and timely response to local emergencies. This response may call upon police, fire, emergency medical services, homeland security, other emergency management agencies or any combination thereof.

A vital factor in the effective provision of emergency services is the management and operation of emergency communications.

To provide some context for the ensuing discussion, a report prepared by the John J. Heldrich Center for Workforce Development at the Bloustein School summarizes well the current state of emergency communications in New Jersey.

New Jersey has an extensive and decentralized network of public agencies and private medical centers that provide 9-1-1 emergency communication services. There are over 300 Public Safety Answering Points (PSAPs) and Public Safety Dispatch Points (PSDPs) operating throughout the state. New Jersey has a relatively large number of low-volume call centers and, compared with other states, a considerable number of stand-alone dispatch centers. In fact, two-thirds of the 9-1-1 call volume in New Jersey is handled by about 10 percent of its call centers.²

From the research, testimony and discussion, it became clear that there is significant potential for both service improvements and long-term savings from consolidation of emergency communication operations and facilities and better coordination of regional emergency response.

Assemblyman Scalera raised many of the themes that recurred throughout the two hours of testimony on the subject of emergency answering, dispatch and interoperability. Any major initiatives that promote sharing, especially involving telecommunications infrastructure, will have high start-up costs and even though there may be savings to be realized over the long-run, the shortage of up-front funding often precludes regionalization. This is particularly the case with regard to achieving

² "Saving Lives, Increasing Value: Opportunities and Strategies for Consolidating New Jersey's 9-1-1 Emergency Services," prepared for the Office of Emergency Telecommunications Services, October 2006

interoperability, or equipment that allows for communication with, between and among the emergency personnel and agencies responding to an event.

In the absence of regionalized systems, geographic areas of the state outside of the few corners of the State that provide countywide emergency communication (such as Gloucester and Burlington Counties), have experienced various efforts at cooperation on an as-needed basis, to greater or lesser effect. Assemblyman Scalera noted that there is a fire channel for mutual aid in Newark that has been assumed by the county, but that Passaic County, on the other hand, does not have a county fire channel. He suggested that it would be a vast improvement if there were one band for the entire county. There are multiple bands within Essex that can be worked across, however, this is inefficient as it ties up space.

Bergen County worked on a countywide radio system, but the problem was getting municipalities to buy into it. The State has good portable communications equipment, which was used by first responders to help with the response to Hurricane Katrina in New Orleans, however, such equipment is best used for a disaster but not for daily events. Obtaining frequencies in North Jersey is often prohibitively expensive.

A theme that arose during Assemblyman Scalera's presentation was the interplay between management and equipment and how the command structure can foster more effective emergency response. In Camden County, the concern is for obtaining the right frequencies, construction of the necessary towers, and getting the towns appropriately equipped. This is a process that takes years and is expensive, especially if it is necessary to purchase television station frequencies. Apparently, New York State spent \$2 billion on creating interoperability in the State, the system was not successful, and the effort was ultimately abandoned. The Assemblyman offered that the L3 switch, which is produced in Camden, will be critical to achieving interoperability in the future.

During questioning, the Assemblyman suggested that a statewide communications system might be implemented for \$59 million in State costs and another \$30 million in county and municipal government costs.

Testimony by Shaun Golden pointed to the complexity of achieving a rational answering and dispatch operation in Monmouth County which has 53 municipalities, a population of over 600,000, 48 police departments, 26 fire departments, 72 fire stations and 20 EMS operations. LUARCC had invited Undersheriff Golden's testimony, viewing Monmouth County as one in transition from a county in which each municipality handles its own calls to one considering greater centralization in response and dispatch.

Undersheriff Golden pointed to some of the challenges in leading the county through change in order to better meet the needs of the population: Hazlet has abandoned its PSAP and gotten rid of its equipment, in large part because of the burden imposed by the mandatory training of responders; in Asbury Park, fire dispatch is separate from police dispatch; the county has assumed a more active role and now accommodates 12 dispatch desks. Big towns such as Tinton Falls get their own desk while smaller municipalities share. In Monmouth at present, interoperability is "sketchy at best."

Undersheriff Golden is working with the Kimble Group in Pennsylvania to help develop a regional center and he believes it is part of his role to sell participation in the regional center and the benefits of interoperability to municipalities. Among the major concerns expressed by localities is how to accommodate local special procedures at the county level. Notwithstanding technological advances such as GPS, municipalities remain concerned that countywide dispatchers will be insensitive to local geography and not serve the entirety of the municipality with the same detailed attention as local dispatchers. Those with a more regional focus, such as the undersheriff, point to the lack of redundancy at the local level such that municipal dispatchers have a difficult time appropriately handling multiple calls simultaneously.

Another theme that emerged in both the Scalera and Golden testimony and to be repeated throughout the discussion was how the responders are dispatched and whether a regional command dispatches directly to the street or to a lower level of government. In Hudson County, for example, all regional centers dispatch to the local department and so there is, in effect, duplication in both answering and dispatching. This cuts to the heart of the command and control structure and if real savings are to be achieved through consolidation, it is this aspect of the system to which careful attention must be paid.

Director Butts' discussion of the consolidated Gloucester County emergency response center provided an interesting counterpoint to the situations portrayed by the Assemblyman and Undersheriff Golden. An interesting theme throughout this testimony was how the county worked with and overcame many of the obstacles to collaboration which have arisen in other parts of the state, as outlined by the earlier witnesses. The challenges faced by Gloucester, on the other hand, are considerably different than the more northern counties which are much more populous, developed and stable in terms of population growth. According to the 2000 census, Essex has a population of almost 800,000, Monmouth, just over 600,000 and Gloucester, 255,691. According to the State Department of Labor and Workforce Development, Gloucester was the fastest growing county between 2006 and 2007.

The initial demand for a regional dispatch center in Gloucester County originated with the fire chiefs, who conveyed their demand to the freeholders in the late 1970's. The system has evolved from that initial request to the current regional dispatch system which serves as the county's only 9-1-1 PSAP and dispatches every municipal police department in the county, as well as all fire departments and EMS agencies. Beginning in 2007, the county adopted a regional approach to EMS and today, a majority of the county's 24 municipalities is covered by this basic life support service, which provides round the clock paid coverage. The system is funded out of the county tax base, which included the initial investment in dispatching, data management, and radio tracking.

Given the countywide collaboration, Director Butts portrayed a system in which it is easier to plan for and obtain the necessary frequencies as they become available. He works within the Philadelphia UASI region, part of the wireless communications loop that includes five surrounding Pennsylvania and New Jersey counties extending south to Maryland and Delaware.

Gloucester has 140 dispatchers, of whom 33 work at any one time and economies of scale result from this arrangement. In order to convince the bigger towns to join the system, local dispatchers were hired by the county. This not only provided the necessary job security to assure local buy in, but also allayed local concerns regarding the importance of being attuned to local geography.

For the purposes of providing ambulance service, Gloucester has effectively eliminated municipal boundaries and responds on a countywide basis. The county recovers 60 percent of the operating cost of the service from insurance and accepts volunteers. The county employs 130 EMS workers both on a full and part time basis and runs on a \$7 million annual budget. When the EMS system was centralized at the county level, local workers were hired and existing salary and benefit packages were maintained; any harmonization of salaries and benefits would occur over time and into the future. For example, those receiving higher salaries at the outset might not get raises for a few years until others had caught up, allowing for a phasing in of a consistent salary scale.

Half of the departments have opted into the county records management system. No Gloucester County municipality continues to have police dispatch and it was reported that each municipality is satisfied with the dispatch provided by the emergency response center. An initial investment of \$13 million covered the acquisition of equipment. Most significantly, Gloucester reports a countywide response time of six minutes 90 percent of the time, far exceeding the national target of 8 minutes 59 seconds.

Like Gloucester, Craig Reiner reported to the Commission that in counties with the most active county involvement in emergency communications, the impetus for centralization came from the fire service. Examples of such counties include Burlington, Cumberland, Salem and Camden.

In discussing the testimony, members agreed that logic would suggest that the greatest cost efficiencies would arise in a system with consolidated answering and dispatch. The population served is not necessarily a factor; areas of greater population would need to be served by a larger staff. A major inhibitor of the State mandating consolidation would be the "State mandate State pay" provision of the Constitution. The State simply does not have the necessary funding that would allow it to mandate any type of consolidation and absorb the associated costs. Homeland security moneys may be used for interoperable radio communications but not for responding to daily emergencies. It was not clear to members that if the funds were available to municipalities, the perception of the associated benefits would be sufficient to assure their participation in efforts to regionalize.

From Mr. Reiner's testimony, it would appear that paying the replacement costs necessary to install the next generation's technology will drive discussion of further regionalization in the years ahead. With technological advances, the installation of mobile equipment in ambulances, fire trucks, police cars and the need for interoperability will add costs and generate additional pressure to regionalize. Other drivers in the direction of regionalization will include the ongoing pressure for PSAP's to meet operational standards and the ongoing training that entails. The response

standard encouraged by OETS requires two call takers to be available around the clock; when a PSAP has only one employee per shift, it is extremely difficult for the call taker to take breaks or to respond to major events or emergencies.³ OETS oversees compliance with national standards; however, the State does not maintain the staff necessary to assure compliance and OETS is made aware of problems primarily on the basis of complaints – either by members of the public or by staff who believe they are inadequately equipped to perform their function.

On only three or four occasions has the State taken PSAP's out of service and in those cases, the county assumed responsibility, according to Mr. Reiner. Chuck Aughenbaugh, Jr., a retired fire official, who spoke in the public session reinforced the notion of competition between fire and police for appropriate accommodation in combined dispatch centers.

The funding issue was a paramount theme underlying the testimony of all of the witnesses. It was clear from the testimony that the challenge articulated by the Committee on Government Consolidation and Shared Services in its December 1, 2006 Final Report remains:

The technical, administrative, and financial challenges associated with improving this service are substantial. Meeting these challenges will require cooperation and coordination among every level of government. The level of State funding associated with this program provides an opportunity for the State to require that a well-coordinated administrative structure is adhered to. The addition of terrorism as a risk factor that directly impacts first responders not only complicates this task, but also requires additional State involvement. For all these reasons, the State will need to play a large role, as it has historically, in helping local governments provide this service.

Since the issuance of that report, OETS was empowered, through statutory change, to impose as a condition to the receipt of State funding, requirements relative to the merging or sharing of emergency dispatch functions with other municipalities, a county or the State Police, as the plan dictates. Unfortunately, with the growing State fiscal crisis, the status of those 9-1-1 grants in the year ahead is in question.

³ The 9-1-1 consolidation report prepared by the Heldrich Center, referred to above, indicates that the two-person standard is consistent with the direction that national 9-1-1 organizations and other states appear to be taking.

Questions Raised by the Testimony

Issues raised by LUARCC members following upon this testimony can be summarized as follows:

- How can consolidation be achieved without major spending on costly new technology, thereby producing maximum savings?
- In Gloucester County and throughout the State, the 911 consolidation grants were instrumental in facilitating regional dispatch. How will the loss of 9-1-1 consolidation funding in 2009 affect future consolidation efforts?
- Are homeland security issues being appropriately addressed in considering emergency communications at the local level?
- Given concerns regarding the possibility of a regional communications center suffering a failure that would take it out of service, are there cost effective models that provide system backup without losing the benefits of regional communications?

Next steps

LUARCC is reviewing data obtained from over 400 municipalities through a survey administered by OIT in collaboration with DCA in 2007, which had to be completed as a prerequisite for receiving homeland security grants.

Significantly for LUARCC, there are differing models for providing emergency communication around the State. Gloucester is one of the few counties that dispatches on a countywide basis, as described above, representing a paradigm shift which is somewhat unusual in the State. There are a few models of service delivery which mix some regionalization with local dispatch. On the other extreme, some northern counties retain individual municipal dispatch with some double dispatching where regional service exists. It is hoped that the availability of this data base will allow LUARCC to develop some empirical evidence for cost-savings which can be achieved through service realignment.

A more detailed examination of this issue will require the collection of additional data including; staffing, coverage area, responsibilities of emergency communications centers, shared service arrangements covering response agencies, communications center cost information, two-way radio intercommunications issues, potential impact of changing communications technology on emergency response and emergency response coordination.

In order to obtain a better perspective on this issue the Commission plans to visit communications centers in Camden County and Gloucester County, both known to have significant regional answering and dispatch operations.

In search of models, the Commission will research county operations in other states that are held as best practice examples of regional communications. Two of the counties that may be examined are Fairfax County, Virginia and Dade County, Florida.

Municipal Administration of Justice

At its December 22nd meeting, LUARCC heard from:

Daniel Mason, President of Jersey Professional Management and Shared Service Specialist for the New Jersey Conference of Mayors;

Charles J.X. Kahwaty and James J. Gerrow Jr., Co-Chairs, Judicial Administration Committee of the New Jersey State Bar Association;

Bob Smith, Municipal Court Services, New Jersey Administrative Office of the Courts (AOC);

Dan Phillips, Legislative Liaison, AOC

Testimony Themes

Commission members were particularly interested in the correlation between municipal population, size of the local court caseload, and whether smaller jurisdictions or those with lesser caseloads are more inclined to enter shared court arrangements. The AOC provided statistics in advance of the hearing, at the request of the members and this information is available on the LUARCC website.

Additionally, members entered the hearing very concerned about State mandates surrounding courtroom security and the impact of these mandates on municipal willingness to share courts.⁴

Issues that arose repeatedly during the hearing were existing practical impediments to sharing (such as facilities-related issues), how technology has changed the landscape within which sharing occurs (for example, computerization), and how the culture of home rule continues to inhibit greater sharing of court services.

Mr. Mason testified that although shared courts may seem like a “no brainer” and obviously a good idea in many instances, in practice several impediments often arise that inhibit sharing. Three of the most important impediments include: the presence or absence of Civil Service and reluctance of those municipalities without Civil Service to allow their court employees to become Civil Service (which would happen if a non-Civil Service court merges with one subject to Civil Service)⁵; layoff and employment concerns; and convenience issues (such as facilities).

⁴Under N.J.S.2B:12-1, every municipality is required to establish a municipal court, which it may do as a stand-alone or through one of two alternative collaborative arrangements set forth in the same section of law. Two or more municipalities may enter into an agreement establishing a single joint municipal court or they may agree to share facilities and appoint judges and administrators without establishing a joint municipal court.

⁵Until the enactment of A-4 in 2007, if a non-Civil Service municipality wanted to enter into a shared service agreement with a municipality subject to Civil Service, the non-Civil Service municipality would be required to switch to a Civil Service operation in its entirety. With this change in the law, sponsored by Speaker Roberts, a specific service can now be treated discretely so that Civil Service participation arises only with respect to the service being shared and not the entire municipal operation (see N.J.S.A.40A:65-11). This has been widely considered a significant step forward in encouraging service sharing; as this document goes to press, one Civil

Municipal court sharing is facilitated by State oversight and has become easier given technological advances. First, municipal courts are under state control and thereby subject to state oversight and scrutiny. Since municipal courts are controlled by the State under the jurisdiction of the AOC, all municipal courts operate under the same rules which are administered by the local vicinages.

Secondly, Mr. Mason testified that sharing is greatly facilitated by a statewide computer system, which is paid for by a surcharge on violations. This uniform computer system was established 15 years ago and was created to improve efficiency in the court system. Since the municipalities were given the system free of charge, all the municipal courts in the state utilize the system. The computer system facilitates the allocation of revenues among municipalities that share courts. Under State law, there are at least 50 funds that receive some allocation (for example, research in autism and spinal cord injuries). How municipalities that participate in a joint or shared court divide up revenues is determined by the parties to the agreement. The State does not prescribe guidelines for, or monitor, revenue sharing.

Mr. Mason's third and final point also dealt with technological advances in the court system. The advent of video conferencing greatly affected the cost to benefit ratio of certain shared court arrangements. Previously, to the extent that prisoners would have to be moved in order to appear in court, the town would incur the associated costs of the police who would supervise these moves. Over the past 10 years, with the increasing use of video technology, the need for defendants to appear in person for certain court events has been obviated. The basic theme in Mr. Mason's testimony as it related to the advantages of court sharing was that municipalities are better equipped to move information between towns more easily than some of the other services towns deliver. Perhaps more than other services, the practical barriers to sharing are being diminished over time by technological advances.

Mr. Mason noted that there remain several impediments that present challenges for towns considering sharing municipal court services. First, municipalities must be cognizant of the personnel issues involved when courts merge. One major obstacle that Mr. Mason identified was merging a town with Civil Service obligations with another town that is not subject to Civil Service. Mr. Mason stated that he has witnessed this as a "deal breaker" in some instances. Overall, Mr. Mason suggested that local officials should be sensitive to all personnel matters and pay close attention to local concerns and issues. If possible, Mr. Mason recommended that municipalities should avoid layoffs for two years following the inception of a shared or joint court and instead reassign people, if necessary.

Another local concern regarding sharing is the potential loss of revenues municipalities otherwise receive from parking tickets. Some local government officials want to maintain total control over their courts because of funding and so the way in which revenues are handled is a critical aspect of any shared services agreement.

Service and four non-Civil Service municipalities in Morris County are establishing a joint court, representing the first such agreement since the enactment of A-4.

Mr. Mason then named some obstacles sometimes cited by local officials as reasons for not sharing that Mr. Mason considered “silly”, such as the requirement of separate pay windows for each of the municipalities involved in a joint or shared court. Mr. Mason also observed that the Constitutional requirement that the Governor appoint the judge in a joint court remains an obstacle to the creation of this type of court and recommended that this impediment be removed in order to encourage more of these arrangements.

Finally, Mr. Mason testified that recent state mandates (mainly security-related) have motivated some municipalities to consider court sharing because the cost to improve facilities as recommended by the AOC is too much of a burden on the municipality.

In this context, Mr. Mason suggested that often, cost avoidance represents the principal advantage of sharing rather than cost savings. Cost avoidance means municipalities will spend less in the future as a result of sharing than they would have in the absence of entering into a shared services arrangement. Mr. Mason believes cost avoidance is where the true savings are relative to court sharing; a good example of this is spending on facilities and office space, especially given the increased security and accessibility requirements noted above.

Finally, Mr. Mason suggested that LUARCC recommend regionalizing courts with small case loads. He offered a few reasons why this would offer cost savings, including the fact that they often only meet one or two days a week at most and have little back up. It is not uncommon for these small courts to rely on neighboring towns for assistance in what comes to resemble an informal sharing agreement. In a lot of cases, Mr. Mason points out, municipal courts are not serving local residents anyway and therefore there is no need to have a court that sits within the municipality if the majority of violators are from outside of the municipality.

While he serves as the co-chair of the Judicial Administration Committee of the Bar Association, Charles Kahwaty prefaced his testimony by noting that his committee has not taken a stand on many of the issues raised by the Commission and so he would speak based on his many years of experience and involvement on bar association committees and in municipal practice.

Mr. Kahwaty began his testimony by explaining some of the conclusions reached by the Bergen County Municipal Court Regionalization Committee of which he was a member. After a year of research, the Committee concluded that regionalization does not work for a majority of the towns in Bergen County. The reasons behind the Committee’s conclusion were:

- Political Opposition;
- Patronage;
- Inefficiencies associated with regionalization; and
- The need for municipalities to have a relationship with local police officers.

Mr. Kahwaty testified that regionalization works well primarily in areas that receive rural policing. Overall, Mr. Kahwaty believes that municipal courts work “remarkably well.”

He did note some problems that beset municipal courts, however, such as obtaining certification from State police particularly in DWI cases or retrieving suspension notices from the police.

Mr. Kahwaty noted that the court administrator is a key player in the court system and that without plea bargaining, the system could “collapse.” The downside to plea bargaining is that it could create the illusion of “assembly line justice,” since individuals are lined up waiting to talk to the prosecutor. Although individuals may have a hard time getting a trial date from the municipal court administrator, Mr. Kahwaty noted that this is usually attributable to budgetary constraints.

Finally, Mr. Kahwaty mentioned in response to earlier discussions regarding AOC security recommendations that few security-related problems have been encountered in New Jersey courts over the past 50 years and that the increased security requirements are being viewed as a burden and unnecessary by the localities.

In conclusion, Mr. Kahwaty believes that there is a need for local municipal courts because people feel local courts are more responsive to their needs as residents and taxpayers.

The Commission then heard from James Gerrow who provided another perspective on the municipal court system. Throughout his testimony, Mr. Gerrow returned to the strong influence of economics on the municipal courts in South Jersey, where he practices.

Mr. Gerrow mentioned that too often in South Jersey, the courts are looked upon as a revenue stream rather than an arbiter of justice. This may influence court outcomes and, indirectly, judicial appointments. For example given that convictions may generate higher revenues, certain judges are pressured to convict rather than order rehabilitation. Those judges who earn considerable revenues for the courts they serve may be seen as an asset to cash strapped municipalities.

Economics also creates the pressure to hold fewer court dates in the south – staffing the courts is expensive (particularly given the expense associated with police appearances) and lessening the number of court dates is more cost-efficient for municipalities. The disadvantage of holding fewer court dates is that dockets are crowded, negotiations become more public and the operation begins to appear as though justice is for sale. In the future, greater use of teleconferencing could help reconcile these conflicting demands on the system so that additional court dates could be held but police could appear remotely.

He believes that the statute should be changed to remove the requirement of each town having its own municipal court. In South Jersey, in particular, many people who appear in municipal court are not local and it is therefore not necessary that court hearings be held in the municipality in which the infraction occurred.

Another issue Mr. Gerrow mentioned was the professionalism of municipal prosecutors. Too often, prosecutors view themselves as the alter ego of police and feel the pressure to coerce guilty pleas. Instead, prosecutors should play an oversight role. He believes

that the prosecutors have an important educational role in the process, especially in serving as an intermediary between the police and the local judicial system. Police often resent having their decisions overturned by the courts and the prosecutor can play a vital role in explaining these decisions so that the officers do not become demoralized.

Another institutional issue raised by Mr. Gerrow was regarding the use of public defenders, which he believes should only be required in the case of an infraction with serious consequences.

Mr. Gerrow strongly favors regionalization for a host of reasons, though he recognizes the difficulty for municipalities in relinquishing appointment powers. The role of police chiefs in discouraging sharing was noted; where the chief feels there has been a lack of convictions by the local judge, this concern may be expressed formally or informally to local councilpersons. The recourse to council will certainly be less where the municipality has entered into a sharing agreement with one or more of its neighbors.

Mr. Smith and Mr. Phillips were the last speakers and they began their testimony by making it clear that the purpose of municipal courts is to deliver justice and not to collect revenue. Mr. Phillips then informed the Commission about the unique municipal court organizational structure in the state. Municipal courts are financed by municipalities and are subject to the Supreme Court rules, procedures, policies, and directives. Mr. Phillips clarified previous testimony and stated that court administrators work under the jurisdiction of the Supreme Court and therefore the AOC since it is the administrative arm of the court. Mr. Phillips said the AOC guides and assists municipal courts in managing their day-to-day activities. Local decisions (i.e. how many people to hire) are made on the local level, but the judiciary through the assignment judge of each county participates in the decision making process to ensure a proper form of conduct.

Mr. Phillips corrected previous notions of court responsibility stating that the courts do more than traffic and parking violations. The courts are a major part of the overall judicial process by handling temporary restraining orders, initial bail matters, disorderly offenses, county and municipal ordinance violations, enforcement act violations, consumer protection laws, and indictable offenses.

Mr. Phillips also commented on the issue of court security. Mr. Phillips asserted that the Supreme Court takes seriously the responsibility of protecting citizens and does not want to wait until there is a tragedy in the courts to take some type of action. The AOC simply asked municipal courts in their memo to come up with some type of plan that fits their locality.

Mr. Smith then proceeded to give testimony on municipal court organizational structures. Mr. Smith stated that there were 529 municipal courts in the state employing 350 judges and they handle 6.5 million cases a year. Mr. Smith testified on the diversity of the courts by indicating that some courts in the state have less than ten cases a year and others, more than 500,000 cases a year. There are courts that employ one part-time person working two days a week and there are courts that have 120 employees.

Mr. Smith also testified on the distribution of finances with municipal courts statewide. Mr. Smith stated that approximately \$500 million a year goes through the municipal

courts. Over \$245 million goes back to the municipality, \$65 million to the county, and \$177 million to the State and other special funds. The process of distributing funds is done electronically through the computer system. As mentioned earlier, the allocation of revenues among municipalities is not a matter that the State involves itself with, but is worked out by the parties to a sharing or joint court agreement.

Mr. Smith described the sharing arrangement of courts and explained that the law authorizes three different sharing arrangements. According to state statute, two or more municipalities may enter into an agreement establishing a single joint municipal court, a shared court, and a central municipal court. A detailed description of the different arrangements was prepared by staff for Commission members in advance of the hearing and can be found on the LUARCC website.

Mr. Smith concluded his testimony by outlining some of the issues that arise in court sharing and detailing some of the initiatives AOC is currently working on. In joint court systems, Mr. Smith reiterated the issue of the Governor's power of appointment and commented that in shared courts there is an operational inefficiency in that a set of books is maintained by each party to the agreement, separate court calendars and dockets are maintained. Mr. Smith mentioned the following as obstacles that prevent sharing court facilities:

- Law enforcement coverage: Sharing is difficult where the court facility in the adjacent municipality is far from the local court location;
- Seasonal issues: Courts in which most cases are heard during the summer are not conducive to sharing;
- Facility issues: Some courts cannot accommodate sharing with other municipalities because of a shortage of space.

Questions Raised by the Testimony

- How can additional sharing of court services be achieved?
- What positive role can the State play in fostering further sharing?
- Is there a constructive role LUARCC can play in revisiting the Constitutional question which failed in the November 2008 election?

Next Steps

LUARCC will continue to work with the Administrative Office of the Courts to obtain more data and information concerning the feasibility of possible consolidation initiatives. Also, LUARCC staff will follow the efforts of the five municipalities in Morris County which are currently establishing a joint court. The Commission will continue to monitor best practices around the State and publicize savings to be achieved as reported in shared services studies being undertaken.⁶

⁶ At the time this Report is going to press, Buena Vista Township, Buena Borough, Folsom Borough, Weymouth Township and Estell Manor are also studying the formation of a regional court, as are additional municipalities in Morris County.

Data and Mapping Initiative

From the outset, LUARCC members recognized the importance of creating a centralized electronic database given the Commission's far-reaching statutory charge. This effort is aimed at constructing a number of data sets in anticipation of the work to be done by the Commission in the years ahead. During the first eight months, the challenge presented to the Commission was the construction of this database in the absence of an underlying research framework – while awaiting the initial reports from Rutgers, which it was hoped would provide some direction for future efforts.

One inquiry involved the accumulation of data on which municipalities are currently involved in the sharing of services to gain an understanding of what communities of interest might exist. Even though educational services are beyond the scope of LUARCC's attention, it was assumed that the sharing of schools would provide an excellent barometer of where the tolerance might exist for further sharing of services or consolidation. Staff obtained data from the Department of Education on all the shared school districts that exist in the State. Based on the same principle, data was collected with regard to other sharing, for example, the creation of joint libraries, policing, delivery of local health services, sharing of courts or any other cooperation that might exist in providing services. Similarly, staff amassed material on which professionals serve multiple municipalities in a variety of service areas.

In anticipation of comparing municipal service delivery patterns that will be undertaken by LUARCC in the future, files were constructed on municipal population, surface area, density, personal income and property tax data (including tax levies, assessments and tax rates). Given that under current law, LUARCC is limited to recommending consolidations within the same county or legislative district, as appropriate, staff also constructed data sets that would attribute municipalities to the appropriate counties and legislative districts and thereby facilitate such recommendations in the years ahead.

In an attempt to identify divergent spending patterns in specific service areas and identify opportunities for service realignment to achieve cost savings, LUARCC focused considerable attention on expenditure data reported to the Division of Local Government Services by municipalities as required under law. One of the Commission members assisted staff in constructing a data base using paper copies of municipal budgets on file in the division. To simplify its task and in recognition of limited staff resources available to LUARCC, the Commission chose to focus on the 21 municipalities in Somerset County as a first cut in developing a methodology for analyzing spending data. Once staff has developed this methodology, this research effort will be expanded to include municipalities situated in Gloucester County in the south and one of the northern counties.

In future years, it is anticipated that the "User Friendly Budget" will require all municipalities to use a common and comparable budget format; however, those data are not expected to be available until some time in 2009. It is hoped that this database will enable staff to identify cost centers that might benefit from operational improvement or to estimate potential savings to be achieved by a realignment in service delivery.

Promoting a Culture of Intermunicipal Cooperation

Although there is a considerable amount of sharing which already occurs between municipalities, it is clear that multiple opportunities exist for further cooperation. Based on feasibility studies that have been undertaken throughout the State with regard to an array of services, it is also evident that the potential cost savings that may be realized through these cooperative endeavors are considerable. Sharing arrangements that might otherwise be inconvenient or represent an unacceptable sacrifice of local control in flush economic times become more politically expedient in a period of economic constraint.

In the eight months of its existence, LUARCC has heard many hours of testimony and has received written recommendations to promote intermunicipal cooperation building on over thirty years of State efforts in support of this goal. Input has been received from mayors, consultants, those speaking on behalf of think tanks and a variety of issue-oriented nonprofits. In addition, witnesses have offered testimony to other legislative committees on how to achieve efficient and effective local governance during this time.

An integral part of LUARCC's mission is to "...recommend legislative changes which would encourage the more efficient operation of local government. These changes may include the structural and administrative streamlining of county and municipal government functions, including but not limited to, the transfer of functions from one level of government to another, and the use or establishment of regional service delivery entities..." (Paragraph (2) of N.J.S.A.52:27D-505a.).

Not only might this goal of "efficient operation of local government" be achieved through legislative changes, but other institutional mechanisms that may or may not require changes in the law. A number of witnesses have recommended a retargeting of resources and use of incentives to spur cooperative efforts – the State is prohibited from imposing unfunded mandates, but it is widely believed that little sharing will be achieved, nor will such arrangements be successful, if imposed by Trenton. Based on the testimony submitted, resources should be strategically directed toward fostering intermunicipal cooperation with particular attention to:

- gaining the buy in of key segments of the local workforce, and importantly, police and firefighters, from the outset;
- funding transition costs to minimize major disruption, preferably for a few years; and
- minimizing bureaucratic hurdles in designing and administering assistance programs designed to encourage shared services.

Given the current period of economic scarcity, it is also vital that existing programs recognize the cost savings associated with cooperation and, where possible, reward sharing that occurs. LUARCC is ideally suited to help reengineer State programs, where possible, so that a consistent message is conveyed to municipal officials

regarding the importance with which the State views intermunicipal cooperation. Where State programs can be made more user-friendly to encourage sharing, LUARCC should be advancing the necessary recommendations to facilitate this outcome.

Looking Forward to 2009

The Legislature and successive Governors have wrestled for decades with the conundrum of achieving greater cost-efficiency in delivering local government services without sacrificing the quality of life New Jerseyans take for granted and have a right to expect. LUARCC recognizes that crafting solutions to government fragmentation that satisfy this geographically small but highly diverse State with differing local histories, traditions of governance and cultures is a highly challenging task.

The sheer number of municipalities and governing units means that not every local government function is handled in exactly the same way or budgeted for similarly across the State. It is our duty to understand the field we are looking at and not jump to incorrect conclusions based on anecdotal evidence or insufficient data. That is why, in the months ahead, LUARCC will continue to reach out to local officials and seek the input of those with expertise and thoughtful insights regarding local governance in order to deliver well-considered, constructive recommendations for change.

The path may not be straightforward or obvious. Focusing on municipal court sharing and emergency communications in 2008 brought the commission face-to-face with command and control issues within the purview of local police. Direct dispatching of police officers from a regional center, while perhaps more efficient, may represent a serious challenge to chiefs who view this as a fundamental aspect of their job. The Commission was advised that regionalizing courts can be seen as undermining the relationship of the police establishment to the local system of justice. It is only through a more sophisticated understanding of the various components of police operation that the Commission can enter this field in a meaningful way.

Keenly aware of these challenges, LUARCC, in the months ahead, will be reviewing the testimony and other inputs received from local officials and views as an important part of its mission translating these many suggestions into recommendations to achieve more cost efficient local service delivery, whether through legislative change, amendments to administrative rules, programmatic adjustments or consolidation.

In the year ahead, LUARCC will revisit the service areas it has embarked on through this lens and will expand its efforts to include other services, including property tax assessment, police and fire.

Appendix I

Biographies – LUARCC Members and Staff

Jack Fisher, BA (Mantua) serves as the Commission Chairman and is currently Managing Director of Tri-State Strategies NJ, LLC a consulting company. Fisher is also a former Gloucester County Administrator and previously served as the county's first Planning Director.

Robert F. Casey, BA, MPA (Succasunna) is the Executive Director of the New Jersey Municipal Management Association. Casey holds a Masters of Public Administration from the University of Michigan. He also works as a consultant to municipalities on a wide range of issues and has served as a former Borough Administrator/Manager for several New Jersey towns.

Gary Passanante, BA, MBA (Somerdale, Camden) is currently serving his fourth term as the Mayor of Somerdale. He has served as Vice President and President of the Camden county Mayors Association and is currently on the Board of Directors for the New Jersey State League of Municipalities and the New Jersey Conference of Mayors. Mayor Passanante is an active member of various property tax reform committees.

Marvin Reed, BA, MA (Princeton Borough) is retired as Communications Director of the New Jersey Education Association and from his own Princeton Media Associates public relations firm. Reed also served for 13 years as the Mayor of Princeton Borough. Over his career and since his retirement he has remained actively engaged serving with numerous local and statewide civic organizations, including the Board of Directors of the New Jersey State League of Municipalities.

Jane Kenny, BA, MA (Highland Park) is Managing Partner of the Whitman Strategy Group. She is a former Regional Administrator of the U.S. Environmental Protection Agency (EPA), former New Jersey Commissioner of the Department of Community Affairs and for her work as Commissioner received Governing Magazine's "Public Official of the Year" award in 2000.

Steven M. Cozza, BS, MAS (Bound Brook) is currently the Director of Records Management and Archives for Somerset County and serves as that county's Project Manager for the State's PARIS Grant program. Cozza retired with the rank of Lieutenant from the Bound Brook Police Department and is an adjunct professor at the Farleigh Dickinson University School of Administrative Science.

Joseph V. Doria, Jr., BA, MA, EdD (Bayonne) Commissioner, Department of Community Affairs, is a former teacher and college administrator, former Mayor of Bayonne, represented Hudson County in the State Senate and served 12 consecutive terms in the New Jersey General Assembly, including 10 years as Minority Leader and two years as Assembly Speaker.

David Rousseau, BA, MBA (Hamilton) State Treasurer. Prior to becoming State Treasurer, Rousseau served as Senior Advisor to the Governor for Budget and Fiscal Policy and Deputy State Treasurer. Rousseau has spent his career working at high levels on the State budget in the Legislative and Executive branches of New Jersey government.

Hannah Shostack, PhD (Highland Park) serves as the Commission's Executive Director. Shostack previously served as the Assistant State Treasurer, Senior Director of Capital Programs in the Governor's Office of Economic Growth and as Principal Research Analyst at the Office of Legislative Services. In addition to her State service, Shostack has served on the Highland Park Planning Board and Design Review Committee.

Stacy Spera, BS, MBA (Trenton) serves as the Commission's Secretary and is currently serving as Assistant to the Commissioner of the Department of Community Affairs. Spera previously served under the Executive Director of the NJ Housing and Mortgage Finance Agency and has over 20 years of State service.

Appendix II

April 22, 2008

Brian McCord, *Office of Legislative Services*

- McCord gave an overview of the initiatives enacted by the Special Committee on Government Consolidation and Shared Services
- He broke his presentation down into three sections including: structure, outcomes, and lessons learned.
- McCord told LUARCC members that the outcomes of the Legislative Committee were 17 recommendations and 14 were implemented (in part or whole) through legislation.
- As far as lessons learned, Mr. McCord iterated that there was a disconnect between the initial and final recommendations of the Committee, between the recommendations and the legislation, and between the legislation and the implementation.
- McCord believed that a disconnect occurred because certain sectors of the state populous were prepared to take fairly drastic measures to enable consolidation and the sharing of services while others were not as prepared.

June 26, 2008

Bill Dressel, *New Jersey State League of Municipalities*

- Dressel told the Commission that the League is not opposed to consolidation or regionalization; however, the organization believes consolidation should be voluntary and done at the local level.

Richard Knight, *New Jersey Conference of Mayors*

- Knight expressed the organization's willingness to work with LUARCC to achieve economies of scale and lower taxes.
- He also stressed the importance of home rule and emphasizing the need to be sensitive to the financial impact of the Commission's recommendations.

Nick DiRocco, *New Jersey Association of Counties*

- DiRocco told the Commission about NJAC's work in promoting shared services through various workshops and conferences and offered to partner with LUARCC in future tasks.

Roger Potts; Richard Braslow; Jake Genovay; Dr. Harry Carter, *New Jersey Fire District Association*

- Members of the New Jersey Fire District Association gave an overview of the 186 fire districts and 745 fire departments in New Jersey.

Maria Sirimis; Thomas Foley, *New Jersey Shared Services Association (NJSSA)*

- Sirimis and Foley told the members of the Commission that 17 counties are active with the Association and the NJSSA looks to establish long term shared service agreements.

July 24, 2008

Christopher Emigholz, *New Jersey Business and Industry Association*

- Emigholz informed Commission members that the NJBIA supports municipal consolidation and the regionalization of services
- He articulated the need for LUARCC to make bold decisions and his organization's support for benchmarking.

James Leonard, *New Jersey Chamber of Commerce*

- Leonard testified that NJCOC supports government reform and believes that there are too many local governments in New Jersey.
- NJCOC supports financial rewards for local governmental efficiency and disincentives for inefficiency.
- Leonard concluded his testimony with five recommendations for LUARCC to follow in achieving its mission including: offering financial rewards for municipal efficiency; commissioning academic studies to obtain further information; developing municipal performance standards; revising municipal aid formulas based on the achievement of those standards; and creating a "municipal tool kit."

Mary Forsberg, *New Jersey Policy Perspective*

- Forsberg testified that NJPP neither supports nor opposes consolidation but offered the following recommendations for the Commission to consider: publishing all municipal budgets; setting performance standards; moving tax assessments and collections to county level; opposing shared services between municipalities that can't sustain themselves and create a new division of Local Fiscal Oversight in the Treasury Department.

Gregg Edwards, *Center for Policy Research of New Jersey (CPRNJ)*

- Edwards testified that CPRNJ was skeptical of the notion that municipal consolidations could be a source of tax savings and does not believe that the size of a municipality is an indicator of efficiency.
- Edwards recommended that LUARCC develop efficiency and performance standards; create provisions that would reward municipal efficiency and punish inefficiency; and consolidate fire districts in municipalities where there exist large tax rate variations among those fire districts.

Dennis McNerney, *Office of the County Executive (Bergen)*

- McNerney informed the Commission that many municipalities are sharing equipment, however, they are not sharing employees.
- McNerney testified that Bergen County is pursuing shared service initiatives, including regionalizing ambulance services.

William Monk, *Mount Holly Township Board of Education*

- Monk supports consolidating the Mount Holly public school district with four nearby school districts and recommends that LUARCC reach out to municipal officials who support consolidation

August 28, 2008

Dianne Brake, *PlanSmart New Jersey*

- Brake advised the Commission that land use and tax reform are critical to the success of LUARCC
- Brake testified on the need for regional planning

Martin Bierbaum, *Municipal Land Use Center at the College of New Jersey*

- Bierbaum provided examples of productive intergovernmental relationships which include: Administrative Office of the Courts, County Environmental Health Act, and the Uniform Construction Code.

Peter Kasabach, *New Jersey Future*

- Kasabach criticized the State Plan and suggested the Commission examine public school districts as a good place to start since they represent the biggest share of the property tax.

Carlos Rodrigues, *Regional Plan Association (RPA)*

- Rodrigues testified that the RPA was interested in this issue because there was a connection between consolidation and shared services with property taxes. Rodrigues reiterated that the RPA is interested in property taxes because heavy reliance on the property tax distorts land use decisions

September 26, 2008

Reagan Burkholder, *Summit Collaborative Advisors, LLC (SCA)*

- Burkholder discussed inter-municipal benchmarking.
- Burkholder testified that the SCA has had a performance measurement study underway since 2004 and currently has 14 municipalities participating. The study focuses on direct service departments and also looks at financial functions and municipal courts.
- Burkholder concluded that there is a need for municipal consolidation and realignment.

Appendix III

Interest Groups That Testified before LUARCC in 2008

- The New Jersey State League of Municipalities
- The New Jersey Conference of Mayors
- The New Jersey Association of Counties
- The New Jersey Fire District Association
- The New Jersey Shared Services Association
- The New Jersey Business and Industry Association
- The New Jersey Chamber of Commerce
- New Jersey Policy Perspective
- The Center for Policy Research of New Jersey
- New Jersey Future
- The Regional Plan Association
- PlanSmart New Jersey
- Municipal Land Use Center at the College of New Jersey
- New Jersey Planning Officials
- Housing and Community Development Network of New Jersey
- New Jersey Builders Association
- Summit Collaborative Advisors, LLC (Specialists in Benchmarking)