

**GOVERNMENT THAT WORKS!  
NEW JERSEY DEPARTMENT OF THE TREASURY  
LOCAL GOVERNMENT BUDGET REVIEW  
TOWNSHIP OF LAKEWOOD**

**CHRISTINE TODD WHITMAN**  
*Governor*

**BRIAN W. CLYMER**  
*Treasurer*

**HARRIET DERMAN**  
*Commissioner*  
*Department of Community Affairs*

**FEBRUARY, 1995**

**COMPARISON OF BUDGET APPROPRIATIONS, STATE AID, AND  
LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE  
TOWNSHIP OF LAKEWOOD COST OF GOVERNMENT**

<b>A.</b>	<b>Health Insurance</b>		<b>\$116,800</b>
	Retiree Benefits	\$ 40,000	
	Non-employee Coverage	\$ 76,800	
<b>B.</b>	<b>Compensation</b>		<b>\$ 69,062</b>
	Senior Officer Differential	\$ 69,062	
<b>C.</b>	<b>Workers' Compensation Supplement and Sick Leave</b>		<b>\$ 40,000</b>
	Salary Supplement	\$ 40,000	
<b>D.</b>	<b>Financial</b>		<b>\$ 72,928</b>
	Investment Income	\$72,928	
<b>E.</b>	<b>Inspections Department</b>		<b>\$213,549</b>
	Transfer Operations to County	\$213,549	
<b>F.</b>	<b>Legal</b>		<b>\$ 78,629</b>
	Close Foreclosure Office	\$ 38,629	
	Eliminate Asst. Attorney Position	\$ 50,000	
	Upgrade Secretarial Position	(\$10,000)	
<b>G.</b>	<b>Emergency Medical Services</b>		<b>\$200,480</b>
	Billings	\$100,000	
	Medicare Billings	\$ 4,300	
	Ambulance Subscription Plan	\$ 96,180	
<b>H.</b>	<b>Police Department</b>		<b>\$100,000</b>
	Departmental Re-Organization	\$100,000	
<b>I.</b>	<b>Public Works Department</b>		<b>\$452,219</b>
	Competitive Contracting	\$372,219	
	Departmental Re-Organization	\$ 80,000	
<b>J.</b>	<b>Court</b>		<b>\$142,500</b>
	Visiting Judges	\$ 2,000	
	Time Payments	\$140,500	
<b>K.</b>	<b>Library</b>		<b>\$ 83,445</b>
	Revenues	\$ 10,000	
	County Collaboration	\$ 62,645	
	Security Guard	\$ 22,000	
	Sunday Hours	(\$11,200)	
<b>L.</b>	<b>Engineering</b>		<b>\$ 42,000</b>
	Contracts	\$ 30,000	
	Planning & Zoning Bd. Payments	\$ 12,000	
<b>M.</b>	<b>Condominium Services Act</b>		<b>\$200,000</b>

Consistency of Services            \$200,000

<b>TOTAL OPERATING BUDGET SAVINGS</b>	<b>\$1,811,612.00</b>	
<b>Total amount raised for Municipal Tax (FY94)</b>	<b>\$16,426,400.00</b>	
<b>Savings as a % of Municipal Tax</b>		<b>11.03%</b>
<b>Total Budget (FY94)</b>	<b>\$26,838,991.83</b>	
<b>Savings as % of Budget</b>		<b>6.75%</b>
<b>Total State Aid (unrestricted FY94)</b>	<b>\$ 6,501,873.00</b>	
<b>Savings as a % of State Aid</b>		<b>27.86%</b>

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
LAKEWOOD TOWNSHIP**

**A. Health Insurance**

The township should stop payments to seven retirees not eligible for full coverage under N.J.S.A. 40A:10-23. The immediate savings will be approximately \$40,000. The Township should also eliminate the provision of health benefit coverage to a number of outside professionals including the Judge, Public Defender, Prosecutors, Foreclosure Attorney and Township Committee, saving at a minimum another \$76,800 dollars.

**B. Compensation**

The township should eliminate this new policy for a savings of \$69,062 based on the first year alone.

**C. Workers' Compensation Supplement and Sick Leave**

The township's policy of supplementing Workers' Compensation payments should be discontinued. A strict policy regarding sick time abuse should be implemented and enforced. Total savings from the elimination of supplemental Workers' Compensation payments will be at least \$40,000.

**D. Financial**

Daily cash flow records of all accounts should be maintained and aggressive investment practices instituted in order to realize greater investment income of \$72,928.

**E. Inspections Department**

Transfer the Uniform Construction Code function to Ocean County for a savings of \$213,549.

**F. Legal**

Eliminate the Foreclosure Attorney position and transfer the Administrative Clerk/Typist to an open position in the Clerk's Office. Positive budgetary impact is at least \$38,629.

Eliminate the Assistant Attorney's position for a savings of \$50,000. Savings net of cost of upgrading a secretarial position would be \$78,629.

**G. Emergency Medical Services**

Enforce collection to a greater extent and bill for cervical collars and reimbursable non-hospital transportation costs. The Township should consider using an ambulance subscription plan. A 20% participation rate is estimated. The budgetary impact is estimated at \$200,480.

**H. Police Department**

Re-organize the department by function and appropriate level of supervision/ management required. The budgetary impact will be a savings of approximately \$100,000 from re-organization.

**I. Public Works Department**

The township should competitively contract its solid waste and recycling functions. This will result in a conservatively estimated savings of \$372,219 in labor costs alone.

As a follow up to the hiring of a new Director of Public Works and the suggestion made to competitively contract its solid waste and recycling functions, the township should re-organize the department, focusing on function and supervision for an additional savings of \$80,000.

**J. Court**

Reciprocal agreements should be sought with neighboring communities for court coverage in the absence of the Judge. The Township Committee should meet with the Judge to determine the reason(s) for the

current incidence of fine waivers and a review should be done on a variety of methods of handling delinquent payors. The budgetary impact will be a savings of approximately \$2,000 in visiting judge payments and increased revenue brought in by the courts of at least \$140,500 from time payments.

**K. Library**

Daily fines for overdue books should be increased, resulting in an estimated revenue increase of \$10,000. The library should collaborate on a variety of functions with the County Library system at a savings of at least \$62,645. The security guard position should be eliminated for a savings of \$22,000. Adding Sunday hours would cost approximately \$11,200. Net savings would total to \$83,445.

**L. Engineering**

Monthly reports of departmental activity should be prepared, which should lead to a decrease in the reliance on consulting engineering firms for less complex projects for an approximate savings of \$30,000. Additional payments to the Township Engineer for Planning and Zoning Board work should be eliminated for a savings of \$12,000.

**M. Condominium Services Act**

The review team supports the draft policy that has been created by the township to address this Act and encourages the township to provide the particular services to condominiums at the same level at which they are provided to other households. The township stands to realize approximately \$200,000 in savings.



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Lakewood Township Budget Review Team***

New Jerseyans deserve the best government that their tax dollars can buy. Governor Christie Whitman is committed to making State government leaner, smarter, and more responsive, by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board.

Government on all levels must stop thinking that more money is the solution to their problems, and start examining how they spend the money they have now. The State's taxpayers cannot afford to keep sending money to their government. It is time for government to do something different.

There is no doubt that local government costs -- and the property taxes that pay for them-- have been rising steadily over the last decade. Until now, the State has never worked with towns to examine what is behind those rising costs. That is why the Local Government Budget Review Program was created by Governor Whitman and State Treasurer Brian W. Clymer. Its mission is simple: to help local governments find savings, without compromising the delivery of services to the public.

The Local Government Budget Review Program fulfills a promise Governor Whitman made in her first budget address, when she offered the State's help to local governments looking to cut costs. This innovative approach combines the expertise of professionals from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a management review and consulting service provided to them at no cost by the state.

To find those "cost drivers" in local government, the teams will review all aspects of the local government operation, looking for ways to improve efficiency and reduce costs. The teams will also document those State regulations or legislative mandates which place an unnecessary burden on local governments, and suggest which ones should be modified or eliminated. Finally, the teams will note where local governments are utilizing "Best Practices" -- innovative ideas that deserve recognition and that other municipalities may want to emulate.

This intensive review and dialogue between local officials and the review team is designed to produce significant insight into what factors are driving the costs of local governments, and provide the necessary tools to bring meaningful property tax relief to the State.

## **LAKWOOD TOWNSHIP SUMMARY**

Lakewood Township is located in central New Jersey, 15 miles west of the Jersey shore. It is near the Garden State Parkway and other major transportation arteries and is the most urbanized area in Ocean County. Existing as a township for 102 years, Lakewood has a diverse history -- from resort town of the wealthy to poultry and egg farming to urban center. The twenty-five square mile township now supports many businesses from manufacturers to research laboratories. Lakewood's Median household income as of 1989 was \$29,211.

Development in Lakewood is fairly recent: almost 90% of its more than 16,000 housing units were built after 1950. The population has nearly doubled since 1970, with nearly one in four residents being over sixty-five. A new, expanded community library will open in 1995 to serve the varied population. Two colleges, Georgian Court and Beth Medrah Govoha, have been part of the community for many decades. Ocean County College is nearby.

The State Development plan has designated Lakewood an existing regional center which can help strengthen in the long run the tax ratables of the community . An industrial park has become the economic base of both the township and Ocean County. Some other features attractive to business include the Lakewood Airport, rail links, Kimball Medical Center, and a new cogeneration plant. Over 27% of the Township area has been designated an Urban Enterprise Zone, which will offer State financial incentives to further enhance Lakewood's economic development.

Lakewood is the only urban aid community in Ocean County. It has the highest unemployment in the region and the largest public assistance population in the county. Though Lakewood has 10% of the county's housing, 91% of the county's Section 8 housing and public housing units are located here.

## **BEST PRACTICES**

### **1. Industrial Development**

The establishment of the Industrial Commission and Industrial Parks, the aggressive foreclosure of property to return it to the tax base, the potential purchase and redevelopment of the airport, and the establishment of the Urban Enterprise Zone in Lakewood can all be combined and seen as an example of a best practice of assessing the local conditions and taking appropriate and effective steps to protect and develop resources to mitigate the need for property tax increases due to changing circumstances.

### **2. Creation of Task Specific Committees**

Lakewood Township has enjoyed the benefit of detailed reviews of specific issues through the establishment of task-specific committees, including: The Revenue Enhancement Review Committee, developed to investigate methods of increasing revenue; the Condominium Reimbursement Act Panel, developed to determine the most effective way to provide for the services mandated by the Condominium Services Act; and the Office Automation Task Force, developed to provide direction for the implementation of the new computer network.

### **3. Re-use of Township Facilities No Longer Needed for Municipal Operations**

The township is to be commended for its active planning and forethought in developing a use for the current Carnegie Library building once it is vacated. A Community Health Clinic will be housed in a portion of the building, thereby generating a revenue source for payment of building utilities and developing a community resource, while the remainder of the building will serve library and other governmental office archive needs.

### **4. Professional Management**

Lakewood Township has employed a Township Manager for many years. This has allowed for the professional administration of the daily affairs of local government and has allowed the elected officials to focus primarily on policy decisions. The recent delegation of appointment powers to the Manager by the Township Committee has served to strengthen this professional authority.

### **5. Cooperation with School District**

The township and school district have worked together to provide services to the community, such as the programs offered through the Community School and Community Center and the Operation School House program soon to be offered in the Martin Luther King Drive neighborhood community.

### **6. Union Contract Savings**

Longevity Pay Elimination: The township is to be commended for having begun the process of eliminating longevity pay from most contracts and is encouraged to remove it from the police contracts as well. Longevity costs approximately \$170,000 for the P.B.A.

and \$135,000 for the S.O.A. in 1994. This equates to 1.66 tax points for police officers alone.

Rank Differential: There was previously a 15% salary differential between ranks in the S.O.A. contract. The township is to be commended for removing it from the '93-'94 contract and is encouraged to eliminate it permanently.

## FINDINGS AND RECOMMENDATIONS

### INTRODUCTION

Lakewood Township is a generally well managed and efficiently operated municipality. The governing body and Township Manager, whether past or present, have generally utilized a forward thinking approach to running government that has served the people of Lakewood well. An example of such forward thinking is the planning and implementation of the development of the Industrial Park in the 1970's as the tourism base eroded. In the past few years, difficult decisions have been made to change prior policies and practices, especially in the areas of personnel and departmental organization to achieve efficiency in Township operations. Understanding that change is often hard to implement, the Township is encouraged to continue its previous efforts and successes in bringing sound, efficient government to the people of Lakewood. These findings and recommendations contained in this report reflect opportunities for continued improvement including some areas already under close review and/or revision by the Township.

### HEALTH INSURANCE

#### HIF

The township joined the Ocean/Monmouth Regional Employee Benefits Fund in September of 1992. As of 1994, the annual increase in the cost of health insurance had not leveled off as a result of the township's entry into the Health Insurance Fund (HIF). However, the HIF reduced premiums by 7.7% for 1995.

**Recommendation:** The design of a HIF provides a number of benefits not found in traditional insurance arrangements. The HIF should prove to be the better vehicle for delivery of health insurance based on design benefits and the 7.7% reduction in health premiums for 1995. It is recommended that the township remain in the HIF, but it should review the benefits of membership on a regular basis in order to ensure that it is the best alternative. The township is encouraged to expand its recent successes in securing higher co-pays and deductibles from all groups of employees.

The township should continue to charge health insurance costs to the library and court .

#### Retiree Benefits

The 1994 direct cost to the township for retiree health benefits is \$136,782.84 or 74% of one tax point for 1994. However, seven of the twenty eight retirees currently receiving retiree health benefits from the township do not appear to meet the criteria of N.J.S.A. 40A:10-23, specifically that which requires twenty five years of service with the employer. This results in a cost of approximately \$40,000 that legally should not be borne by the taxpayers.

**Recommendation :** It is suggested that the township immediately stop payments to those retirees not eligible for coverage under N.J.S.A. 40A:10-23 (i.e. those with less than 25 years of service in Lakewood Township).

**Cost Reduction: Approximately \$40,000**

### **Non-Employee Health Benefit Coverage**

Lakewood Township currently provides health benefit coverage to a number of outside professionals, such as the Judge, Public Defender, Prosecutors, Foreclosure Attorney and Township Committee. The 1994 cost for this coverage is in the range of \$76,800 - \$104,060 depending on plan choice and coverage.

**Recommendation:** It is strongly recommended that the practice of providing health benefits to "non-employees" be eliminated. The provision of health benefit coverage should be preserved for those part-time (20 hours or more per week) and full-time employees whose main employer is the Township of Lakewood.

**Cost Reduction: At least \$76,800 in 1994.**

## **PAYROLL**

### **Frequency**

The township currently processes payroll on a weekly basis.

**Recommendation:** It is recommended that the township process payroll on a bi-weekly basis, thereby reducing staff time needed for payroll activities and allowing for the use of that time for other activities within the Finance Department.

## **COMPENSATION**

### **Salary Ordinance**

A review of the 1994 salary ordinance revealed inconsistencies in salary ranges, such as positions with the same minimum salaries had different maximum salaries, positions with the same maximum salaries had different minimum salaries, and positions requiring similar levels of skills and responsibilities had different minimum and maximum salaries.

**Recommendation:** It is recommended that the salary ordinance be re-organized into consistent ranges based on similar knowledge, skill and ability required. In addition, it would be beneficial to complete a salary survey of neighboring and comparable communities to ensure that compensation levels are appropriate and equitable. Key to the appropriateness of the survey is the comparison of positions based on actual duties performed and skills required rather than position titles.

### **Senior Officer Differential**

Effective January 1, 1995, police officers completing 22 years of service receive an additional 7.5% salary increase. This is in addition to longevity payments. In 1995, alone, this will cost the township \$69,062.

**Recommendation:** This policy is very costly to the township and it is strongly recommended that this be eliminated.

**Cost Reduction: \$69,062 in 1995.**

### **SICK LEAVE**

#### **Payout For Accrued Leave**

As is common practice throughout the state, the township pays for accrued, but unused sick leave at the rate of 50% per day upon leaving the employ of the township. This results in a tremendous liability for the township in payment for accrued, but unused leave, with no certainty of what the annual cost might be due to mid-year retirements, resignations and terminations.

**Recommendation:** It is strongly recommended that the maximum payments for accrued, but unused sick leave be capped at the State's limit of \$15,000.

**Cost Control: Reduction of liability due to sick leave payout.**

#### **Abuse**

Sick leave abuse appears to exist in several departments, particularly in the Police Department and the Department of Public Works. The sick leave benefit is accumulated at the rate of fifteen days per year, as per State statute. There are certain employees who seem to use excessive amounts of sick leave, and/or use leave on particular days, thus taking advantage of a benefit designed to provide salary continuance during a period of illness, rather than simply providing additional days off. This usage rate suggests that the sick leave payout policy is not an effective policy.

During fifty-one weeks in 1994, Lakewood police officers took an average of more than nine sick days per employee. The day shift, which includes the more experienced staff with more accumulated sick leave, averaged over eleven days, while the evening and night shifts averaged over eight days each. Warning letters are issued occasionally, but their effect is uneven and appears ineffective.

After a review of sick leave records in the Department of Public Works, many instances of possible sick leave abuse were noted:

- The department averages approximately 16 - 18 absent employees per day, or approximately 19% of the department.
- As of December 1st, 25 of the 65 (39%) employees in Public Works (excluding Parks staff) had taken more than ten sick days in 1994.
- Many of the sick days were taken on days adjoining weekends, holidays or vacations.

- The twenty most frequent users of sick time have been employed by the municipality for a combined total of 236 years and 2 months. Over the years, these employees have used all but 254 of more than 3500 earned sick days. These employees have averaged 12 years of service but only have an average 12.7 unused sick days .

At this time, no consistent controls are in place to curb abuse of sick leave. Departmental policy states that doctor's notes are required after five sick days are used. This policy, however, is not fully enforced. Only if a person is deemed to take an excessive number of sick days will he/she be required to provide a doctor's note verifying the illness.

**Recommendation:** It is recommended that a sick leave policy be created to control sick leave abuse. The policy should be non-discriminatory and equally administered to all employees within the organization. Disciplinary action in cases of abuse is best pursued promptly and aggressively by all appropriate levels of management.

## **WORKERS' COMPENSATION SUPPLEMENT**

Lakewood has improved its Workers' Compensation record with a 20 % reduction in the number of employees out of work due to work related injuries between 1993 and 1994. This has largely been attributed to a change in the medical referral process. In July 1993 the municipality began using the Corporate Care Center at Kimball Hospital instead of a single local physician on contract with the municipality. It is believed that the use of a neutral entity using several doctors has led to the improvement in the municipality's number of work days lost due to work related injuries.

It is Lakewood's policy to provide 100% compensation for work-related injuries for a period of up to one year. (Worker's Compensation payments are used to reimburse the township for 70% of this cost). This costs the municipality 100% of the salary cost for absences of seven days or less and 30% of the salary cost for absences longer than seven days, plus the substantial cost related to Workers' Compensation premiums. In 1993 the cost of this policy was more than \$40,000. The dollar value of lost productivity of employees on leave due to work related injuries is an additional \$122,112.

The salary supplement for work related injuries removes the incentive to return to work by removing the negative economic impact of the 70% salary rate paid by Workers' Compensation. By ending the supplemental pay policy, the municipality can expect further reduction in total days absent.

During 1993, the Police Department experienced 17 instances of absences due to work-related injuries totaling 359 days. The cost was \$60,682.38 in lost productivity and \$23,027.04 in municipal payments to supplement the Workers' Compensation.

During 1993, the Public Works Department experienced twenty instances of absences due to work-related injuries totaling 693 days valued at \$61,429.75 in lost productivity and

\$19,736.91 in municipal payments to supplement Worker's Compensation. At the time of this review, six employees were out on leaves of absence.

**Recommendation:** The township is to be commended for its efforts at reducing Workers' Compensation expenses by changing the medical referral process. It is suggested, however, that the policy of providing the salary supplement for employees on leave due to work related injuries or illness be eliminated. This would save approximately \$40,000 and would increase the possibility of earlier returns to work.

**Cost Reduction: At least \$40,000.**

## **ACCRUED VACATION LEAVE**

The township has a policy of permitting employees hired prior to 1991 to carry over two years of accrued vacation time, and employees hired after 1991 to carry over one year of time. Until recently, the policy had not been monitored and many employees had carried over more time than permitted under the township's ordinance.

**Recommendation:** A policy was put in place in 1994 that requires employees with more accrued vacation time than is permitted by ordinance to spend down the additional time during the year. This effort to bring employee vacation leave into compliance with the ordinance should be enforced for all employees.

## **CAR ALLOWANCES**

It is Lakewood's policy to give certain township personnel, such as inspectors, department heads, and the Township Manager a car allowance to cover the costs of personal vehicle usage for township business. The township has long had a policy of not purchasing township vehicles for other than Public Works and Police, except in rare circumstances.

In 1994, 34 employees received car allowances ranging from \$62.50 to \$200 per month for a total disbursement of \$53,650. Allowances for bargaining unit employees are determined through contract negotiations; other allowances are based on historical practice. There were no formulas presented for determination of appropriate allowances.

The present practice lends itself to inequity, as employees receive a set amount of money each month no matter what the level of personal vehicle use. It is very possible that the township is paying some employees for services not rendered and paying some employees for less than is applicable and appropriate. It is difficult to accurately determine the extent of the inequity since reports of mileage incurred due to township business are not required for receipt of reimbursement. Mileage records were found for only 4 out of the 34 employees receiving a car allowance, but even these records were incomplete. They did, however, indicate inequity.

**Recommendation:** If the township intends to continue its policy of not purchasing township vehicles (a policy which this review team suggests be reviewed), it is recommended that the maintenance of mileage records be required immediately. The positions currently receiving reimbursement should be reviewed for equity and appropriateness. A study should be completed to ascertain whether it is more cost effective to continue the car allowance policy, to utilize a mileage reimbursement policy or to purchase township vehicles. Because of the lack of mileage records, this review was unable to be completed at this time.

**Cost Control: Justification for car allowances. Future study may provide cost savings.**

## **UNIFORM PURCHASE/MAINTENANCE/TOOL ALLOWANCE**

The township currently reimburses applicable employees for purchase of their uniforms at a cost of \$126,970 per year. Police officers each receive an annual contractual allowance of \$900 for purchase and maintenance and are not required to produce receipts or return the worn article of clothing for replacement in order to receive reimbursement. Employees in Public Works, Emergency Medical Services, Inspections and the custodial staff are required to provide verification for purchases. The \$1,000 allotted for each EMS employee is provided for on a draw-down basis. The township also pays four employees \$300 and five employees \$400 annually for tool allowance based upon these employees using their own tools for work.

**Recommendation:** It is recommended that the township bid the purchase and maintenance of uniforms for all applicable employees to ascertain whether or not the total cost to the township would be less than the \$126,970 currently paid in the form of reimbursements. It is suggested that receipts be required from *all* applicable employees for reimbursement, rather than issuing a check for purchase and maintenance. It is also recommended that the township review the policy of providing certain employees with tool allowances that amount to \$3,200 annually. Perhaps this money would be better spent purchasing a supply of tools that could be used by all of the appropriate employees.

## **FINANCIAL**

### **Cash Flow**

An analysis was completed of all bank statements and account analyses from December 1993 to November 1994.

**Recommendation:** We recommend that daily cash flow records for each account be kept in order to track the success of investments. Such records should reflect real expectations of receipts and disbursements and not simply averages, and should compare actual receipts and disbursements to those which were anticipated.

The review team is extremely supportive of the Finance Officer/Treasurer's current actions to aggressively pursue bank services through the bidding process in order to maximize the result of investments. Comparisons of gain between financial institutions should be based on the difference between paying fees outright for bank services and being required to maintain certain balances in each account to compensate for those services. These comparisons should include review of the benefits offered through the New Jersey Cash Management Fund. Investment schedules which show the account type, amount and date of each contribution, as well as the interest rate and interest earnings should be adopted.

The number of financial institutions utilized should be minimized whenever possible to create the greatest extent of efficiency in recordkeeping and bank reconciliation functions.

**Revenue Enhancement: A conservative estimate of the revenues to be gained is \$72,928, assuming an aggressive investment approach that utilizes the highest yield investment vehicles available during the course of the year.**

## **TAX ASSESSOR'S OFFICE**

### **Tax Appeals**

The number of County tax appeals has decreased significantly over the past three years, from 645 in 1992 to 153 in 1994. The total value of the contested assessments has decreased over the same period from \$157,649,500 to \$59,280,400. The high numbers in 1992 undoubtedly reflect the revaluation of properties completed that year.

**Recommendation:** While the total number and cost of County tax appeals has decreased significantly over the past three years, it is appropriate for the township to continue its practice of budgeting for loss of tax revenue due to successful appeals in order to ensure that adequate funds will be available to fund such losses. It is important that the Tax Assessor, Township Attorney and Township Manager confer regularly on the possible cost of tax appeals and provide the Township Committee with such information, so that they may have the most accurate information on which to base their decisions regarding tax appeals.

### **Staffing**

The Tax Assessor has established the goal of completing field inspections on 20% of the individual properties per year. The percentage completed in 1994 was approximately 8.2%. As stated earlier, the number of tax appeals has decreased considerably from 1992 to 1994.

**Recommendation:** Even with the employment of an independent contractor, additional assistance with field inspections would appear to be necessary if the office is to meet its goal of field inspections for every property once every five years. The administrative and clerical work involved in tax appeals and updating property records on fewer properties should have decreased over the past three years. We recommend that the township review

the responsibilities of the current office staff in an effort to upgrade at least one of these positions to handle field inspections and eliminate the independent contractor.

### **Tax Abatements**

The township has a fairly substantial tax abatement phase-in program as permitted under N.J.S.A. 54:4-3.95. The total value of properties under abatement was: \$5,057,200 in 1992; \$7,693,600 in 1993; and \$8,997,000 in 1994. The resulting unrealized tax revenue for these years grew from \$36,513, to \$79,893.

**Recommendation:** We recognize that a tax abatement program has a strong ability to attract businesses. However, it is suggested that the township periodically review this program to determine whether or not the benefits of the assistance outweigh the loss of tax revenues. As part of this review, the township could determine whether the use of either of the two other types of tax abatement agreements (cost basis or gross revenue basis) would have less of an effect on tax revenues.

## **TAX COLLECTOR'S OFFICE**

### **Collection Rate**

The collection rate for 1992, 1993 and 1994 was 91.92, 92.73, and 94.53, respectively. The delinquent tax collection rate for the same period was 50.64, 47.30, and 47.28, respectively. It should be noted that the 1993 delinquent tax collections were 86% greater than the actual 1989 collections, an increase of almost 1.3 million dollars.

**Recommendation:** Current staff is to be congratulated for their efforts over the last three years in increasing the tax collection rate approximately 2% and should continue to be mobilized to provide greater tax collection efforts in the future.

### **PILOT Payments From Housing Authority**

The Housing Authority makes annual payments "in-lieu of taxes." Revenues from this source have decreased from 1990 to 1993 as follows:

1990 - \$16,394.74

1991 - \$15,309.23

1992 - \$14,384.09

1993 - \$10,589.76

**Recommendation:** It seems unlikely that PILOT payments should be decreasing. It is suggested that this situation be reviewed to ascertain what can be done to mitigate the pattern of substantial decreases in revenue from this source.

## AIRPORT

The Lakewood Airport is a small general aviation airport located less than one mile west of the Garden State Parkway and is accessible from Route 70 or Cedar Bridge Avenue. The parcel is located in the heart of the Lakewood Industrial Park and is currently owned by The Old Bricksburg Airport Corporation. The current Fixed Base Operator on the site, by lease and acting as airport manager, is O'Brien Aviation. A second lease on the airport is with Lakewood Aircraft Service, Inc. for aircraft maintenance. A variety of improvements are necessary, including the replacement of outdated lighting fixtures, repaving of the runway and taxiway system, hangar renovations, and the installation of modern visual aids and an electrical system.

Lakewood Township has the opportunity to purchase a total of 192+ acres, including those that make up the current airport site. Of the 192 acres of property, about 162 acres are needed for aviation purposes. The additional 30 acres could be leased for other types of development as a revenue source. The comprehensive study completed by TriState Aviation, Inc. in April of 1994 provides the decision makers in Lakewood Township with purchase options and fairly conservative revenue, expense and cash flow estimates.

As outlined in that report, a combination of federal and state funds amounting to 95% of the purchase cost, and a contribution from the current owner amounting to 5% of the purchase cost would eliminate a contribution from the Lakewood Township taxpayers. Federal and state funding and private investment monies will provide for the bulk of the capital improvements required over the identified twenty year capital improvement period. Lakewood Township could be responsible for a total of \$716,850 in capital improvement costs over that twenty year period.

**Recommendation:** *Assuming the accuracy and validity of the TriState report, it is recommended that Lakewood Township proceed with the purchase of the airport. The potential benefits to be derived, particularly those of revenue production and service, appear to exceed the potential risk. The risk equals the lost tax revenues under public ownership if the airport should prove to generate less income than the current level of tax revenue. We acknowledge that there is no guarantee that grant monies will remain available over the course of the capital improvement period.*

The suggested operational arrangement is that of contract management whereby the township would contract with an outside agency to manage and operate the airport. This allows for the operations and management to be handled by those with the greatest expertise in the field. Capital improvements should be pursued as aggressively as possible, in order to give the airport the best chance at success. Efforts should be made to negotiate with the current owner for the greatest possible contribution.

## **INSPECTIONS DEPARTMENT**

### **Current Operations**

Current departmental operations include services related to public health, local ordinance enforcement, planning and zoning functions, elevator and housing inspections, and Uniform Construction Code functions. Based on the reports provided, there appears to be a net loss of \$135,675 to the municipality in 1993 and a net loss of \$163,891 to the municipality in 1994 when comparing income from the U.C.C. function to the cost of staffing the function. This loss does not reflect operational costs of the department.

Ocean County has the ability to provide Uniform Construction Code services through Interlocal Services Agreements and, in fact, does so in 15 of its municipalities. Construction Code Official, plumbing, building, fire, and electrical subcode and inspection services are available. Generally, the agreement with the County would: define the services to be provided, require the municipality to provide adequate secretarial/clerical staff support, and provide for the use of office space within the municipality. The County collects all fees and would rebate 30% of these fees back to the township.

**Recommendation:** We assume that two secretarial/clerical staff persons would be retained by the township and other duties of the current Inspections Department would be absorbed by staff in the proposed Community and Economic Development Department if a transfer of U.C.C. functions to the County is implemented. Assuming the validity of the reports provided, it is recommended that the township seriously consider a transfer of the U.C.C. function to the County of Ocean.

**Revenue Enhancement/Cost Control: \$213,549 based on 1994 figures (includes reduction in staff costs and revenue from county fee rebates).**

## **LEGAL**

### **Foreclosure**

A review of the properties currently handled by the Foreclosure office indicates that in 1995 there will be approximately 25 properties under various stages of foreclosure and 10 properties under various stages of negotiation or condemnation. Much of the routine administrative tasks are currently being handled by an Administrative Clerk/Typist. The Foreclosure Office was quite busy at one time consolidating many land parcels for sale, particularly in the Industrial Park. During the 1920's, a New York newspaper gave subscribers a small parcel of land in Lakewood as an inducement to subscribe to the paper, giving rise to the creation of these small unusable parcels and the need to acquire and consolidate them.

**Recommendation:** This review team believes it is no longer appropriate to staff a separate office and concurs with the decision to transfer the Administrative Clerk/Typist to an open position in the Clerk's Office to perform limited foreclosure related duties while assuming Clerk's Office duties. The services of the separate Foreclosure Attorney should

be eliminated and the legal work should be assumed by the Township Attorney's Office with the understanding that more complex foreclosure or condemnation cases may require the assistance of a consulting attorney.

**Cost Reduction: \$38,629 in salary (based on 1994 salary).**

### **Township Attorney's Office**

The Township currently employs two in-house staff attorneys. The positive results of employing an in-house attorney include a more immediate response to needs and the exclusion of additional pay for additional hours worked in excess of what would be covered by a contract.

Several concerns are also apparent in an in-house attorney arrangement. The in-house arrangement tends to lend itself to a number of drop-ins both by staff and residents that would not otherwise occur but for the convenient, accessible nature of the Attorney's Office. The attorneys may be handling routine matters that could more appropriately be handled by other lower paid staff. The in-house attorneys, as employees of the township, are entitled to all benefits including health insurance, longevity, paid leave, and statutory benefits. Consulting attorneys not on staff should not be considered "employees" and should therefore not be eligible for such benefits.

**Recommendation:** We recommend that the township review this matter regularly to determine whether it is more cost effective to have 2 in-house attorneys or to hire an attorney on a contract basis. Based on our review, we believe the Township should retain one in-house Township Attorney with one secretarial position and eliminate the Assistant Township Attorney position. The second secretarial position could be upgraded to paralegal status to provide greater technical assistance to the Attorney.

**Cost Reduction: Approximately \$50,000.**

**Value Added Expense: Approximately \$10,000.**

## **EMERGENCY MEDICAL SERVICES**

The department appears to be well managed, organized, flexible, and responsive. Cooperative working relationships with the volunteer First Aid Squad and Emergency Squad are evident, and have proved to be beneficial to the community.

### **Billings**

The department has been in existence since 1979. It had offered basic life support ambulance service, free of user charges, to Lakewood citizens until June 7, 1994 when a billing policy was instituted through a positive, creative initiative. The billing for service is enforced through a three letter follow-up, after which the township has made the decision that no further effort be expended on collections.

Current annualized billings are estimated at \$626,800. The Township currently collects approximately 33% of billable accounts which can be estimated at \$206,844 for the year.

It is not possible to achieve full collection because: certain third party payors pay less than what is billed; clients cannot always afford co-payment amounts; and the New Jersey Department of Insurance has set a monetary limit on ambulance base rate collection from private payors related to auto accidents. With increasing public familiarity and acceptance of the program over the next few years, it can be expected that the current collection rate will improve.

**Recommendation:** It is recommended that, early in 1995, residents be notified that beginning in June, collection will be enforced to a greater extent. Each invoice should clearly state the expectation of payment. If a third letter is required, it might best be sent by the Township Attorney suggesting the possibility of involving a collection agency in continuing non-payment situations. With greater emphasis on the collection process, an increase in revenues can be expected.

**Revenue Enhancement:** **A conservative estimate of \$100,000 in increased fee collections based on 1994 collections.**

#### **Additional Medicare Billings**

The department is not currently billing Medicare for cervical collars and reimbursable non-hospital transportation costs.

**Recommendation:** The above billing should begin as soon as possible.

**Revenue Enhancement:** **Approximately \$1,800 from the collars and \$2,500 from non-hospital transportation for a total of \$4,300 in additional revenue per year.**

#### **Ambulance Subscription Plan**

This is a concept in use in various states, including Arizona and Florida. The Medical Transportation Association of New Jersey in Toms River reports that an estimated ten New Jersey municipalities have adopted this type of plan, including Bayonne, Old Bridge and part of Trenton.

Under this plan, households are invited, with municipality sponsorship, to subscribe to a basic life support ambulance service for \$35 per year, while making their insurance available for EMS billing. In return, the beneficiary household will not be billed for usage of ambulance service. Medicare and Medicaid have made exception for subscription policies for co-pays, saving a provider from having to handle a secondary bill and the associated accounts receivable.

**Recommendation:** It is strongly recommended that the township explore this program further. It would provide a pool of money up front that could be invested to offset the currently unreimbursed costs. The value would depend on the level of subscription, but at a relatively modest 20% participation rate, 2,748 household subscriptions would provide a revenue source of \$96,180 per year.

**Revenue Enhancement:** **\$96,180 plus interest.**

**POLICE DEPARTMENT**

The Police Department has established a number of positive practices. The department provides escort services for businesses for a modest cost of \$24 per trip. A well-received bike patrol has been instituted. A sub-station in the Martin Luther King Drive area apartment complex has been established, with an accompanying substantial reduction in serious crime and a 15% drop in service calls to the area. A regular system of cross-training is in place which allows each patrol officer to serve a 30-day temporary shift in each area of the department, such as the detective bureau and records. This practice also provides the potential for upward mobility. Shared services include Mutual Aid Agreements with neighboring communities and the assignment of two officers per year to the County Strike Force which focuses on drug enforcement. While major development work on the computer data base and programs is proceeding, management has been aggressive in seeking input from the officers on how to improve reporting. The Chief holds regular monthly meetings with the P.B.A. and with the S.O.A. to discuss concerns and ideas.

### **Telecommunications Equipment**

The dispatch equipment is twenty years old and apparently needs constant maintenance. The downtime is reported to be affecting public safety.

The telephone system is only six years old, however, the police report unclear interconnections, ineffective transfers and call holds, and an unacceptable rate of wrong numbers.

The 911 emergency system is due to come on line this spring and the Police Department's expectation is that it may exacerbate these problems.

**Recommendation:** It is suggested that the Township proceed with plans to purchase new equipment within two years in order to provide equipment that allows clearer communication, secures communication to maintain confidentiality, has smaller portable components for easier use and can support the new 911 system.

**Value Added Expenditure: Cost of dispatch and telephone upgrades deemed necessary.**

### **Departmental Re-Organization**

A brief review of the departmental organizational chart indicates a high percentage of supervisory personnel (approximately 26%). In a number of instances, high ranking officers head up operations that could appropriately be handled by civilians or by officers of lower rank. In some cases, high ranking officers manage single operations or manage only a few subordinates.

**Recommendation:** It is strongly recommended that the department be re-organized by function and appropriate level of supervision/management required. Certain functions may be combined to maximize organizational flexibility or may be administered by civilian personnel. One function that could be handled by a civilian is the computer operation and

reporting function. In fact, cross training of several civilian personnel in the operation of the computer system would ensure adequate backup for the system manager. This re-organization could reduce the current ratio of supervisory personnel to patrol officers now found in the department and also allow for an increase in patrol officers without the need to hire new employees. No actual cut in the total number of officers is suggested.

The appropriate chain of command must be strictly adhered to in order to ensure the most effective operation of the department. Workable spans of control should be designed so that reporting relationships are clear and supervisory functions of superior officers are maximized. There may also be opportunities to enhance between-shift communications either through staff overlap or through computerized shift activity reports.

**Cost Reduction: Estimated to be at least \$100,000**

## **CLERK'S OFFICE**

Overall, the department appears to operate in an efficient manner, despite the transfer of one employee from the department. The Clerk, however, had actually been taking on some of the duties normally assigned to a staff member. The Administrative Clerk/Typing from the Foreclosure Office has recently been transferred into the Clerk's Office to assist with the workload. Since there are a number of employees who may receive departmental payments, the department may want to purchase separate cash boxes for each employee to ensure accountability.

### **Switchboard Coverage**

The Clerk's Office has been solely responsible for switchboard coverage during the absence of the Switchboard Operator, including lunch and break times.

**Recommendation:** It is suggested that a policy of utilizing a revolving list of staff from all departments for coverage be developed and implemented.

### **Licenses**

License fees were last reviewed in February 1994. This review led to an increase in towing and bingo/raffle license fees. Further investigation revealed that a variety of the current fees are still fairly low, as compared to other municipalities:

#### **Dog Licenses**

A comparison of five surrounding towns has shown that Lakewood is \$.50 lower for dog fees than the township with the next lowest fees and about \$1 lower than the average of other municipal dog license fees. Lakewood also does not charge late fees for dog license renewals after January 31. In 1994, the Clerk's Office received \$10,419 in dog license fees.

**Recommendation:** It is suggested that dog license fees be raised and that late fees be assessed on all renewals received after January 31.

**Revenue Enhancement: Increase in revenues from license fees and late fees.**

### **Alcoholic Licenses**

A comparison of 10 surrounding municipalities revealed that Lakewood charges, by far, the lowest fees for alcoholic license fees. The state allows a maximum of \$2,000 for consumption licenses, \$2,000 for distribution licenses and \$150 for club licenses. Lakewood's fees are set at \$600, \$438 and \$120, respectively. The state allows for an increase of 20% per year to these fees up to the maximums. In 1994, the Clerk's Office collected \$16,980 for alcoholic license fees for 20 consumption, 10 distribution and 6 club licenses.

**Recommendation:** It is recommended that fees for alcoholic licenses be increased.

**Revenue Enhancement: Increase in revenues from fees.**

**Mercantile Licenses:** The vast majority of mercantile license fees have not been updated since 1971, though some updates were made in the mid-1980's. Many of the licenses no longer exist (i.e. ice peddling wagons, \$.01 gumball machines, etc.)

**Recommendation:** A review and update of the mercantile license section is suggested. An increase in fees is suggested.

**Revenue Enhancement: Increase in revenues from fees.**

### **RECREATION PROGRAM**

Lakewood's summer recreation program is very extensive and very well attended by the residents. It is funded by the township, but run by the Community School Director, as per the joint resolution between the township and the Lakewood Board of Education which created the Community School Program. Most of the recreational programming for the town is administered through the Community School Program which will be reviewed during the course of the school district review, or through some outside source such as the Little League.

The summer recreation program consists of three major programs and several smaller ones. The three major programs consist of a playground program, waterfront program and summer concert series. Of all the programs provided by recreation, only the tennis, music, swimming instruction, and gymnastics programs are fee based (\$10 per participant for tennis and swimming, \$25 per participant for music, \$15 per participant for gymnastics). The summer recreation labor cost was approximately \$171,500. The program brought in approximately \$4,480 in revenue. In other words, revenues covered only an estimated 2.6% of the total labor cost of the program.

The playground program provides supervised care in the form of recreational activities for the registered children (approximately 1200) for six hours per day for six weeks during the summer. Program supervision, alone, costs \$101,500. A similar program is provided through the Community School for 3-6 year olds for three hours per day for six weeks.

Unlike the township funded program, which does not charge any fee, the Community School program charges \$50 per registrant.

The waterfront and summer concert series, called Carousel of Music, are provided free of charge to all residents, regardless of age. The tee ball league, wrestling programs and girls' softball league do not charge fees. There are approximately 91 softball participants, 137 tee ball participants and 25 wrestling participants.

**Recommendation:** Understanding the philosophical differences surrounding fee based and non-fee based programs, it is recommended that the township develop a policy regarding the amount of tax subsidy that the township deems appropriate for recreation activities. Fees, when appropriate, should be reviewed and updated on a periodic basis based on the cost of service. Programs that reach a broader, less defined audience, such as Carousel of Music, the waterfront program and special activities, might remain free of charge since they are open to and of potential interest to *all* residents, not just a specific subgroup of users.

## **DEPARTMENT OF PUBLIC WORKS**

This review team acknowledges the recent change in the department head, but provides the following information based on what was found during the period of review.

### **Sanitation And Recycling**

Trash and recycling are picked up once per week at approximately 7,500 residential stops. There are separate sanitation and recycling divisions within Public Works, but due to daily absences, both departments basically work together in order to cover the work. Including two supervisors, there is a total of 33 employees involved in both operations. In an average week, recycling is collected on Monday and Tuesday and trash is collected on Thursday and Friday. Wednesday is the day for bulk pick up.

The recycling operation is currently running at capacity. The sanitation operation is running beyond its capacity, averaging 23.25 hours of overtime each week. As of December 1, 1994, sanitation accounted for 25% of the department's total overtime for 1994, at a cost of \$23,000.

A review of labor costs (including overtime and a 30% benefit estimate) for solid waste and recycling collection based on estimates from the Superintendent of Public Works of total tonnage and number of recycling stops in 1994 yielded a total labor cost of \$1,017,521. Using a 1994 bid proposal from another municipality for collection costs, the estimated cost of collection from a private vendor is \$645,302, or a savings of \$372,219.

The township is currently considering a plan recommending a change in sanitation and recycling routes, which would increase both recycling and sanitation to four times per

week, while at the same time decreasing the stops per day required for both operations. Inherent in this plan is the availability of back-up trucks in case of breakdown.

Review of the personnel needed to staff the proposed plan indicates that three laborer positions could be eliminated while still allowing for five backup laborers to cover during absences. The operation would still be able to operate effectively with three less staff, particularly if the recommendations made to control sick leave abuse and eliminate the additional 30% compensation in Workers' Compensation cases were implemented.

**Recommendation:** It is strongly recommended that the township review the savings and benefits of competitively contracting the collection of solid waste and recyclables. However, if the township chooses not to seek out this alternative, then it is recommended that the township's proposed plan be instituted with emphasis on improving efficiency to eliminate the sanitation overtime and allow for the possibility of increased recycling services and enforcement without unduly burdening residents. If the township chooses not to privatize, there may be an opportunity to seek private hauler assistance in determining a more efficient system of collection under the township's proposed plan.

**Cost Reduction: At least \$372,219 savings if competitively contracted.**

**Based on the proposed township plan, at least \$84,000 savings in salaries and health benefits will be realized if three laborer positions from the solid waste function are eliminated, as well as \$23,000 savings in overtime payments.**

#### **Buildings And Grounds Maintenance**

There are currently nine laborers and one supervisor responsible for this operation at a cost of \$282,500, using 1994 salaries and health benefit costs.

**Recommendation:** It is recommended that the township explore the value of competitively contracting this operation.

#### **Departmental Re-Organization**

The township has completed a major change in departmental leadership by employing a former Township Committeeman as Director of Public Works over the Superintendent of Public Works. There have been a number of problems identified in this department, not the least of which was the inappropriate use of township personnel and equipment.

**Recommendation:** It is strongly recommended that the department undergo a complete re-organization. The suggested re-organization should focus on departmental functions, including span of control, which would look at the ratio of supervisory personnel to staff personnel for necessity and appropriateness.

**Cost Reduction: At least \$80,000 in salary and health benefits through the elimination of three laborer positions in other areas of Public Works due to a reduction in the number of supervisory positions (current supervisors would become laborers).**

## **COURT**

### **Payment Of Visiting Judges**

Lakewood currently pays visiting judges that cover court sessions when the Lakewood Judge is unable to do so. On the average, visiting judges are used for about eight sessions per year at a cost of approximately \$250 per session. Although the amount being paid does not seem particularly unreasonable, approximately \$2,000 could be saved if a reciprocal agreement was reached with one or more neighboring municipal judges for session coverage.

**Recommendation:** Whenever practical and feasible, reciprocal agreement(s) should be sought with neighboring municipal judges for court session coverage. This would eliminate what is in effect double payment for those sessions covered by a substitute judge, since the regular judge receives a salary meant to cover all sessions.

**Cost Reduction: \$2,000 in pay for visiting judges.**

### **Staffing**

Many court functions appear to be handled by numerous personnel, rather than assigning particular staff to each function. For example, six employees are responsible for covering the counter for drop-ins. Other examples include the issuing of court dates, ticket entry and filing. If these functions were each assigned to one or two employees, the others would be free to concentrate on their duties without this distraction.

**Recommendation:** While cross-training is certainly appropriate and beneficial to an organization, it is recommended that job responsibilities be reviewed and revised to reflect more specific main duties for each position.

### **Fines**

During 1994, there were 942 guilty pleas/findings of disorderly persons and local ordinance violations in Lakewood. Of those 942, fines were waived 181 times (19.2%).

**Recommendation:** Since local ordinances are created by the Township Committee, the Township Committee should meet with the Judge to determine the reason(s) for the waivers in those cases involving local ordinance violations. If the Judge considers the schedule of fines to be too high, it is recommended that the fine schedule be reviewed for appropriateness. If the fine schedule is not inappropriate, the Township Committee and the Judge should discuss the other factors that could be contributing to the incidence of waivers to determine what actions could be taken to lessen the apparent need for such waivers. Without interfering in matters of judicial discretion, the Township Committee and Judge may be able to work together to make any improvements deemed necessary.

### **Time Payments**

As of December 4, 1994, there were 406 time payment accounts that fell into a variety of categories requiring action. These include accounts that are delinquent, bad checks that

have been issued as payment, individuals whose licenses are eligible for suspension, and those whose licenses have already been suspended. These accounts represent approximately \$140,500 in revenue due the court. As of this date, there appears to be no practice of issuing warrants to expedite resolution of these cases.

**Recommendation:** It is strongly recommended that a variety of methods of handling delinquent payors be reviewed, in addition to the granting of time payments. If someone is found to be a delinquent payor, the judge could commit the individual to serve jail time and/or have him/her pay off the amount due in jail time or community service. A more aggressive approach to collecting delinquent payments could include issuing warrants for the arrest of the individual. In this case, the delinquent payor could still be required to pay the account or work the amount off in jail time or community service. A review should be conducted and a consistent policy should be determined and followed.

**Revenue Enhancement: Up to \$140,500.**

## **LIBRARY**

Lakewood has made a deliberate decision to maintain a municipal library instead of joining the Ocean County System. The 1994 tax revenue used for the library's operating budget was \$849,742. At the same time, Lakewood has made a significant commitment to its library by providing a new 18,000 square foot building and by preparing to automate library services in conjunction with the opening of the new building. These expenditures are made in addition to the municipal tax revenue support which exceeds state mandated tax support by \$247,462.

The Municipality is to be commended for its active planning and forethought in developing a use for the current library building when it is vacated. The plan is to use the newer portion of the building for a Community Health Clinic sponsored by Kimball Medical Center and to use the remainder for municipal archives and library storage. The Clinic will pay the building utilities, thus the municipality is cutting costs and combining resources with another community organization to meet a particular need of the community.

With the intention of supporting the policy decision of maintaining a strong library that is responsive to the specific needs of the people of Lakewood, and which stands as a symbol of its economic strength and opportunity, the following recommendations have been developed.

### **Revenues**

Fees are appropriate to the extent that a service is tax supported and used by a portion of the taxed population. Lakewood has made a financial commitment to constructing a new automated library. The benefits of this commitment accrue to those who use the library, therefore, it is appropriate to increase fees at the same time significant improvements are made. Automation of the library will enable the library staff to manage and track overdue materials and fines. This in turn will allow staff to be more consistent in the assessment

and collection of fines and will result in a significant improvement in the fine collection rate.

**Recommendation:** It is recommended that the daily fine for overdue books be raised from 5 cents per day. In addition, the maximum fees charged for overdue materials should be increased for adult books and children's books. Additional revenues generated through the increase in the daily fines and the improved collection to be gained from library automation is conservatively estimated at at least \$10,000 in the first full year.

**Revenue Enhancement: \$10,000.**

### **Future Service Enhancements**

New library services can be investigated and evaluated in terms of the appropriateness of a fee to subsidize at least a portion of the cost -- most notably the variable portion. Two examples of possible new services are faxing information directly to homes or businesses and providing online searching. Both are services that would enhance the library's ability to quickly respond to a user's needs. The variable, relatively costly, and less common nature of these services would make them appropriate for user fees to cover the costs. Additional future service possibilities should be considered in light of their value to the residential and commercial segments of the Lakewood population. These may include the establishment of a literacy program and a variety of programs that could provide economic development and educational benefits.

The expansion of library hours is another potential service enhancement. The demographics of Lakewood combined with the experience of other libraries suggests that more of the Lakewood population would be served by the addition of Sunday operating hours. Staff required for these extended hours are most likely two reference and two circulation employees for an additional 800 staff hours per year (4 hours per week for 4 employees for 50 weeks per year).

**Recommendation:** It is suggested that a variety of new library services be investigated as service enhancements and evaluated in terms of the appropriateness of a fee to subsidize at least a portion of the cost. It is possible that all or a substantial portion of these future enhancements could be financed through the recommended increase in fees.

**Value Added Expenditure: \$11,200 per year based on 1994 salaries for extension of hours.**

### **Reciprocity**

Reciprocity would allow Lakewood Public Library cardholders to borrow materials directly from Ocean County Public Libraries and Ocean County Library Cardholders to borrow from Lakewood Public. Some Lakewood residents currently purchase Ocean County Library Cards. In addition, there is a moderate and equal flow of about 60 InterLibrary Loans each way between the two libraries. It is reasonable to expect that there would be a significant reduction in InterLibrary Loans between the two libraries with

the implementation of reciprocity. InterLibrary Loans are estimated to cost anywhere from \$30 - 100 per transaction, depending on the costs attributed to the transaction in the calculation. Most significantly, reciprocity would also improve the quality of the service provided to all patrons by increasing the resources readily available.

**Recommendation:** It is recommended that the library seek to implement reciprocity with the Ocean County Library.

**Cost Reduction: \$5,000 in InterLibrary Loan savings.**

### **Library Material Purchasing/Processing**

The library can explore and develop a gradual process of turning the purchasing and processing (includes staff, supplies, services) of library materials over to the County Library System if automated in concert with the County system. The fiscal advantage would be twofold: 1) Access to a higher discount which could generate savings of at least \$15,000 and 2) The cost efficiency of materials ordering and processing due to increases in volume -- Lakewood Library's per item processing cost is more than \$15. Ocean County's per item processing cost is \$10. The cost differential for the 8,529 items purchased and processed in 1994 is an approximate savings of \$42,645.

**Recommendation:** It is strongly recommended that the Lakewood Library implement a cooperative materials purchasing/ processing agreement with the County Library.

**Cost Reduction : Approximately \$57,645.**

### **Automation**

Several advantages for automation in conjunction with the Ocean County Library include: better automation services for the same price over time; experienced automation system support immediately; access to the Ocean County Library's catalog; and a greater capacity for expansion of automated resources at Lakewood Public Library in the future.

**Recommendation:** It is strongly recommended that the Lakewood Municipal Library automation efforts be considered in conjunction with the Ocean County Library in order to provide the highest level of service possible to Lakewood residents. We recognize that the timing of this decision is critical since the township has received a bid for a separate automation system. We recommend that the township review the system's compatibility with the County Library system to ensure the ability to implement the suggested cooperative efforts. If the system cannot provide the maximum amount of flexibility in working with the County automation system, it is recommended that the Township reconsider the bid specifications and/or request that the County automation system be placed in the Lakewood Township Library.

### **Security Guard**

The somewhat isolated current location of the library and its two floor design made it appropriate to have a security guard present during the evening hours. With the opening of the new library, its proximity to the police station and the more open design, the guard

will no longer be needed. Police officers will continue to patrol the library on a regular basis and escort staff to their cars at closing time. The installation of a panic alarm at the circulation desk should be investigated to provide an appropriate degree of security at all times that the library is open.

**Recommendation:** It is suggested that the security guard position be eliminated due to the new location, the current safety measures in place and the possibility of installing a panic button in the library for emergencies.

**Cost Reduction: \$22,000 (includes health benefit costs) based on 1994 salaries.**

### **Library Maintenance**

The library currently employs 1.5 employees in maintenance positions.

**Recommendation:** It is suggested that the 1.5 maintenance positions be transferred to the Buildings and Grounds division of Public Works. Required library maintenance can then be scheduled as it is for any department using any of the maintenance crew. All related costs for maintenance should be charged back to the library.

## **ENGINEERING**

The engineering office is a three person operation consisting of an engineer, draftsman/inspector and clerical employee. The engineer is responsible for providing engineering oversight and direction for projects and for review of planning and zoning board applications.

### **Monthly Reports**

Currently, there are no statistical reports maintained by the engineering office to identify and quantify the level of service provided by the department.

**Recommendation:** It is recommended that a monthly report be maintained enumerating the volume and types of services provided, specifically related to the following:

- Public improvements
- Lot grading (drainage)
- Public utilities
- Streets
- Lighting
- Surveying, monuments

### **Engineering Contracts**

There appear to be a substantial number of projects, both for design and construction management, contracted out to consulting engineering firms. This is presumably work that could be handled by the staff engineer if he wasn't so involved in fieldwork, such as sidewalk assessment, roadway overlay, roadway construction and drainage, and general engineering for Community Development Block Grant projects. The conservative

estimate of the amount spent on work that could conceivably be handled by the in-house engineering office, but is currently contracted out, is approximately \$30,000 in 1994.

**Recommendation:** It is recommended that new design and construction management projects be actively reviewed to assess the ability of the engineering department to handle the project inhouse before it is contracted to a private engineering firm. After some valid period of time, the statistical reports recommended earlier could provide adequate information as to the nature and volume of work in the Engineering Office. This review would presumably provide a clearer indication of the appropriate disbursement of work, including that which might necessitate completion by consulting engineering firms.

**Cost Reduction: At least \$30,000.**

#### **Escrow Fees For Engineering Inspections**

Lakewood has recently enacted an ordinance establishing escrow for various developments and establishing fees levied in relation to planning and zoning board review. Engineering inspection costs, however, have not been included in these escrow fees.

**Recommendation:** It is recommended that an escrow requirement be established and fees be charged for all engineering inspections relating to new developments. A fee per engineering inspection visit, as permitted under the Municipal Land Use Law, is recommended to attempt to cover engineering inspection costs and to discourage multiple trips to the same site before work is actually ready for inspection.

#### **Payment For Planning & Zoning Board Work**

The Township Engineer currently receives an additional \$6,000 per year for Planning and Zoning Board work for each Board.

**Recommendation:** It is normally assumed that salaried professionals are appropriately compensated for all hours worked, including those required for board related functions. It is suggested that this practice of providing additional compensation be reviewed for possible elimination.

**Cost Reduction: \$12,000 per year.**

## **PURCHASING**

The purchasing department is to be commended for balancing control considerations against efficiency considerations within the context of state purchasing regulations in an effective manner. Some of the positive practices identified include:

- Updating the computerized purchasing system to allow departments to directly input purchase requisitions to the computer and allow simultaneous review and approval by

the Purchasing Agent, Finance Officer and Manager. Encumbrances occur with finance approval and a PO cannot be generated without the three approvals.

- Participation in a countywide purchasing cooperative, which in 1994 included bulk purchase of diesel, oil and salt. A joint auction held by the cooperative generated at least \$25,000 more (net expenses) than previous independent municipal auctions.
- Centralization of office supplies, competitive bidding of the office supplies contract and use of the State Distribution Center has allowed the municipality to reduce supplies expenditures by 17% during 1994.
- Thorough review of bids and state contract pricing enables the purchasing department to assure identification of the best price. A recent bid on police vehicles was \$2,000 higher than the State contract price, so the five vehicles are being purchased off state contract.
- Periodic audits of the phone bills by a consultant nets a savings over time.

## **COMMUNITY AND ECONOMIC DEVELOPMENT DEPARTMENT**

By developing an industrial park in an innovative way -- using a vast amount of blighted land -- Lakewood has been effective in maintaining a relatively healthy tax base as it lost tourism, its former economic base. A substantial level of effort is still required in order to encourage and support the desired economic development, but the potential for success is great.

### **Industrial Commission**

The Industrial Commission and the Industrial Development Office's mission is to consolidate and package land in the industrial zones for sale to companies. Land sales in the industrial park have recently slowed, due to the market and the availability in the first park of only the less desirable properties. The development of the Light Industrial park which consists of 400 acres adjacent to the current park has been delayed by restrictions placed on development by the CAFRA permit they received. An Administrative Law hearing on the subject is scheduled for early 1995.

### **Lakewood Airport/Cogeneration Plant**

Rebuilding and revitalizing the airport is an action that is expected to contribute to the marketability and attractiveness of the industrial development zones. The Cogeneration plant also has a potential of providing a stable source of power to the area and directly providing steam for heat and power at a low rate to businesses in the industrial park.

### **Urban Enterprise Zone**

The Urban Enterprise Zone offers a significant opportunity to the municipality to support its economic base. The Zone includes the major business areas in Lakewood as well as the three industrial park zones. To date, more than 60 applications have been approved and several new ones arrive on a weekly basis. The three percent sales tax paid within the zone is returned to the municipality -- 90% is for projects which can include a variety of infrastructure improvements as well as public safety related improvements, 10% is

available for administrative costs. UEZ staff has estimated township revenues to be at least two million dollars for 1995. This would produce approximately \$200,000 in the first year for administrative costs and \$1,800,000 for projects. Such projects that might be explored include employment and/or mentoring programs for Lakewood students of various ages and support for library services that would enhance and assist in future economic development.

### **Planning And Zoning**

The planning and zoning functions are currently administered by the Construction Official. In concert with an earlier recommendation to consider transferring the Uniform Construction Code function to Ocean County, an appropriate relocation of the planning and zoning functions, as well as other functions currently handled by the Inspections Department should be made.

**Recommendation:** We recommend that the Industrial Commission, UEZ and planning and zoning functions be combined into a single self supporting entity known as the Community and Economic Development Office administered by a Community and Economic Development Director. Proactive, aggressive marketing efforts are critical to the future development of the industrial zones as well as the other areas included in the UEZ. In 1994, it is estimated that the three functions cost the municipality more than \$200,000 net of revenues. We believe that with some reorganization and the appointment of a Community and Economic Development Director to supervise all functions, the Department would be largely, if not completely, self-supporting.

**Cost Reduction: Salary and health benefits of staff eliminated due to staff re-organization (does not include savings from Uniform Construction Code transfer).**

## **CONDOMINIUM SERVICES**

Implementation of the Condominium Services Act is particularly complex for Lakewood Township due to the large number of Condominium developments in the municipality. Lakewood is in a better position than similar communities because it has been reimbursing for sanitation and some recycling and has been paying for a significant proportion of the street lighting in condominium complexes. Key individuals in Lakewood Township government have been meeting to develop a policy that would comply with the Condominium Services Act, while mitigating the fiscal impact on the municipality. The draft policy statement addresses several issues in a manner the review team feels is both legal and appropriate.

### **Solid Waste**

Lakewood Township currently reimburses condominium associations for solid waste disposal at a rate of \$17.20 per household, or the rate actually paid by the association for the service, whichever is lower. The \$17.20 rate was established as an upper limit as the estimated current cost for the Public Works Department to provide the service to other households. By contracting with private vendors directly, many condominium

associations have provided a higher level of service to their residents than that provided to other households.

### **Street Lighting**

It is estimated that the municipality currently pays at least \$200,000 in reimbursements and in direct payment for condominium street lights. It is evident from a review of the Street Lighting bills that the level of service provided within the condominium complexes is higher than that provided throughout the rest of the community. The Township is currently paying for a higher quality of light, lights in parking areas, and lights which are placed more frequently inside the complexes than they are on public streets.

### **Snow Removal**

It was determined by Lakewood's Condominium Reimbursement Act Panel that only specific roadways in approximately six complexes were appropriate for or able to accommodate snow removal equipment. The additional cost of this for an estimated 8 days of snowplowing (4 snow storms of 2 days each) is very roughly estimated at \$3,000.

### **Leaf Collection**

There is presently no leaf collection service provided to condominiums. Leaf collection is, however, required under the Condominium Services Act. To use Public Works for this service would cost more than \$60,000, based on current costs for the provision of the service to the rest of the community.

### **Recommendation**

It is recommended that the policy drafted by the Condominium Reimbursement Act Panel be implemented. Specifically, it is recommended that:

- Solid waste disposal, recycling and leaf collection for all of the eligible complexes be packaged and bid competitively, and
- In general, the levels of service provided for solid waste, leaf collection, snow removal, and street lighting should be equivalent to that provided to the rest of the community.

If condominium associations negotiate a total package of services of equivalent or lesser value, than the contract amount should be reimbursed even though it is less than the amount needed to provide the service to the rest of the community. Cost savings can presumably be realized by this reorganization of services by taking into account that the

elimination of the "excess" in current services in some areas should more than make up for the cost of providing additional services in other areas.

**Cost Savings: At least \$200,000 if all services are provided in the manner delineated above and are provided at the same service level as the rest of the community.**

## **WELFARE**

Pending the development of statewide changes in the administration of public assistance, it is necessary for local public assistance agencies to improve the delivery of these vital services. Lakewood Township, the only urban community in Ocean County, has the largest welfare caseload in the county, averaging an estimated 550 cases per month in 1994. There is a sizable minority population in this caseload; approximately 35% are Spanish speaking and there is a sizable contingent in need of Russian translation. There are many boarding homes in Lakewood where the deinstitutionalized mentally ill, who are mostly public assistance recipients, reside. Additionally, many people making up the caseload have problems with substance abuse, HIV/AIDS, illiteracy, and homelessness.

### **Reporting**

There have been auditor's comments in the past regarding late reporting in the Municipal Welfare Department. In fact, there is currently over \$100,000 of State reimbursement money in dispute. The Welfare Director has stated that she submitted a report and the State has no record of having received it. Lakewood Township is in the process of trying to recover these reimbursement funds.

**Recommendation:** We recognize that an individual was hired to assist in the record keeping function to enable more timely reporting. The reporting record of the department should continue to be monitored closely to ensure the timely submittal of reports. This should avoid any State reimbursement disputes based on reporting in the future.

### **Opportunity To Work With Other Programs**

There are a number of other programs available that offer assistance in one form or another to lower income individuals. One such program is the Section 8 program which offers housing assistance to those in need.

**Recommendation:** It is recommended that the Municipal Welfare Director seek out other means of providing assistance to those in need, other than through municipal welfare payments alone. At the very least, the Municipal Welfare Director could provide information to clients on other programs available to them and could assist where appropriate and practical.

### **Overpayments**

Some General Assistance (G.A.) recipients seek employment without notifying the Municipal Welfare Department (M.W.D.), avoiding adjustments in their assistance payments or assistance eligibility. The N.J. Division of Family Development, which administers the G.A. welfare program at the state level, has a system in place to match employment income against public assistance payments. The Division identifies these

clients receiving overpayments for the M.W.D. which then refers them to the Ocean County Prosecutor. Unfortunately, these cases cannot receive priority in the Prosecutor's Office due to the current workload and the relatively small amount of money involved (\$500-\$600 per case).

**Recommendation:** We suggest that the M.W.D., in concert with the Municipal Prosecutor, develop a clear, workable process to regularly move small overpayment cases into the Municipal Court to recoup these state funds, and more importantly, provide a client deterrent to repeating the fraudulent behavior.

**Cost Reduction: \$10,000 - \$40,000 per year in State monies.**

### **Operations**

One of the Clerk/Typists in the department functions mainly as a messenger.

**Recommendation:** It is suggested that the M.W.D. purchase a fax machine to enhance timely communications and improve employee productivity by freeing up approximately 25% of the Clerk/Typist's time.

**Value Added Expense: Cost of fax machine (approximately \$1,500 - \$2,000)**

### **Receptionist**

The Director maintains a need for a bilingual receptionist to meet the incoming public, perform primary eligibility screening, provide information and referral services, and process emergency Food Bank requests. There is an average of three people waiting for service at any one time, with a high of fifteen at the beginning of each month. The bilingual aspect is important in order to service approximately 35% of the clients who are Hispanic.

**Recommendation:** It is recommended that the Bilingual Receptionist position be filled and one Clerk Typist position be eliminated. This recommendation envisions that the Bilingual Receptionist would be able to perform some clerical duties during less busy times and that the fax machine recommended previously would be purchased. Task restructuring of the remaining four clerical staff may also be necessary in order to implement this cost saving measure.

**Cost Reduction: Difference between salaries of the clerk typist position to be eliminated and the new receptionist position to be filled.**

## **SCHOOL DISTRICT SHARED SERVICES**

The Township report was completed prior to the School District report. Shared service possibilities between the Township and School District are being explored and will be identified in the School District report.

## **STATUTORY AND REGULATORY REFORM**

It is common of local officials to blame tax increases on “state mandates.” Each local budget review team is charged with the responsibility of identifying regulatory or statutory mandates that have an adverse impact on the cost of local government. The findings summarized below will be reviewed by the appropriate state agency for the purpose of initiating constructive change at the state level.

### **CAFRA(Coastal Area Facilities Review Act)**

#### **Local Implications**

Concern over the economic impact of complying with N.J.D.E.P. interpretations of CAFRA was expressed by both municipal staff and enterprises doing business in Lakewood. The primary concerns expressed were:

- The perception that CAFRA review staff do not balance the regulatory enforcement decisions with consideration of the economic implications of their decisions.
- The broadness of the CAFRA review staff's ability to call in additional regulatory agencies and the inconsistency of that additional regulatory review.
- The inclusion of areas that do not experience tidal effects.

Municipal and business officials believe this has led to increased development costs in Lakewood's industrial park and limited development in Lakewood's newest industrial park.

**Recommendation:** We recommend that the application of CAFRA policies be reviewed to ensure their appropriateness in particular communities and regions. To the extent that Lakewood Township is not properly classified, a more appropriate delineation should be established.

## **CIVIL SERVICE**

### **Certification Process**

Concerns have been voiced over the certification process in Civil Service communities such as Lakewood. The following recommendations could be applied to a myriad of titles that are used by all civil service municipalities, but are most easily explained in terms of Library titles. All Libraries that are governed by Civil Service use the same titles: Librarian, Senior Librarian, Principal Librarian, Supervising Librarian, Assistant Director and Director and a parallel series of paraprofessional titles beginning with Library Assistant and ending with Supervising Library Assistant. Tests for each of the titles are currently announced by jurisdiction. If an employee is qualified, experienced and certified in the same title in one jurisdiction, the title and its permanent status may not be transferred to another jurisdiction. Instead, a qualified individual must go through a duplication of testing and certification. An argument for lists developed by jurisdiction could be the existence of residency requirements in local governments, however, appointing authorities can interpret and apply that rule in the use of a broader list.

Additionally, tests for each title are only triggered by appointments and thus are given on a sporadic and irregular basis.

**Recommendation:** It is recommended that tests be given for each title on a non-jurisdictional, regularly scheduled basis. By combining testing for each title across jurisdictions and establishing a regular annual schedule, a supervisor can more easily plan hiring in a manner that works with the certification process rather than hiring an uncertified person because there is no list and simply hoping that the test is announced in a timely fashion and that the individual can be hired from the resulting list.

### **Educational Requirements For Entry Level Police Officers**

The trend in law enforcement personnel administration has been to reward, if not require, a higher level of education than a High School Diploma or its equivalent. For example, Lakewood provides a differential of \$500 to officers completing an Associate's or \$1,000 to officers completing a Bachelor's degree. The educational requirement for entry level police officers was last reviewed by the state in 1979.

**Recommendation:** The increasingly complex environment in which police officers operate may, at this time, make it appropriate to raise the level of education required for entry level police officers to either an Associates or Bachelors Degree. It is, therefore, recommended that the educational requirement for Civil Service certification of entry level police officers be reevaluated and that townships which require degrees should not then provide additional compensation for such degrees.

### **Probationary Period**

Once an individual is appointed to a state or local government permanent civil service position, there is a three month probation period. Extension of the probationary period for state positions is permitted for individuals who show promise but have not completely mastered the responsibilities. Extension of the probationary period is not permitted for local governments under civil service.

**Recommendation:** It is suggested that municipal and county appointing authorities be permitted to extend probationary periods on the same basis used for State level civil service employees. This would be especially useful in positions that are automatically permanent.

### **Sick Leave**

Civil Service regulations require the provision of fifteen sick days per year for each employee.

**Recommendation:** It is recommended that the provision of sick leave be left to the discretion of the individual municipality, not to exceed the State policy.

### **Unclassification Of Titles**

Certain titles may reasonably lend themselves to unclassification, examples of which are Library Director, Public Works Superintendent, Purchasing Agent and Welfare Director. These titles are subject to competitive exams and do not ordinarily fit the unclassified criteria of being policy controlling, however, they have significant political and management impact because they control large budgets and their offices impact the public in the way in which services are delivered. The fact that individuals responsible for these services are well removed from the chain of accountability and are protected by civil service, limits the ability of elected officials and their appointees to assure that the services are delivered in a manner consistent with the policies and priorities for which they were elected. Additionally, a State mandated certification and licensing system exists to certify the expertise of individuals in these titles and thus assure a degree of professionalism in public service.

**Recommendation:** It is recommended that certain appropriate titles be deemed unclassified based on the existence of some other type of professional certification process. This policy could be implemented by grandfathering those that already hold certified titles and setting a specific effective date after which civil service certification of the titles will no longer be required.

## **STATE LIBRARY**

### **Support To Regional Networks**

The New Jersey State Library operates a state funded regional network which delivers training and support services to libraries on a regional basis. State Library Regions tend to provide most of their services to special libraries, school libraries and small municipal libraries. Existing regional libraries, such as County libraries, have an interest in providing services complementary to existing smaller libraries because the regional library is inevitably the next stop for reference or inter-library loan borrowing.

**Recommendation:** It is recommended that the funds currently being used to support state regional networks be used to strengthen regional library systems to make it attractive for the regional libraries to cooperate with and support smaller library entities.

## **WELFARE**

### **Interim Assistance Payments**

In New Jersey, General Assistance recipients are being allowed to keep certain state funds, through an agreement between the Social Security Administration and the New Jersey Division of Family Development, that in New York and Pennsylvania are being retained by the state welfare agencies. These funds are termed "interim assistance" and are provided for a retroactive period for which clients have already received full assistance from the municipal welfare department while SSI payment processing occurs. New Jersey clients, therefore, are retaining interim SSI payments as well as municipal General Assistance

payments for that initial period, and in some cases, are also receiving emergency medical payments prior to the SSI payments being granted..

**Recommendation:** The New Jersey Division of Family Development is encouraged to maximize the available federal reimbursement to the state, in the form of Supplemental Security Income, and consider a policy that would allow municipal welfare departments to retain, and then return to the state, any financial assistance granted to General Assistance recipients who later become eligible for Supplemental Security Income. This would avoid the duplicative payment of welfare benefits. It is estimated that the value of this revised policy may save \$2 to \$3 million dollars of state money annually. The potential savings, to the state, is estimated to be at least \$35,000 annually in Lakewood Township.

### **Pharmaceutical Payments**

UNISYS is the state contract vendor responsible for payment of pharmaceutical costs for General Assistance and other welfare eligible clients. Apparently, UNISYS is reporting significant numbers of pharmaceutical payments made on behalf of people who are not G.A. eligible. For the Lakewood Township Welfare Department, 15% of these pharmaceutical payments are estimated to be in this category. Annually, the Lakewood Welfare Director has identified approximately \$20,000 of ineligible payments that have been paid with State funds.

There is a delay in the printout of pharmaceutical payments from UNISYS. After the Welfare Director checks the UNISYS payment printout against G.A. eligibles, she begins the process of recouping the state money that has incorrectly been paid out. This problem may be significant on a statewide basis. The pharmaceutical printout delay also frequently results in a problem of late and inaccurate reporting of departmental activities by the municipal welfare department. Departments tend to underestimate the amount the state is paying in pharmaceutical costs because of the extent of ineligible payments made. Many of these agencies then have ensuing difficulties reconciling their balances with state records.

The State of New Jersey's corrective action plan to solve this problem involves the institution of a data base operational system in 1995 that will speed the transmittal of pharmaceutical payment reports to municipal welfare departments. This should also assist in the prevention of pharmaceutical payments made to ineligible clients.

**Recommendation:** Changes in the overall State system would assist in eliminating duplication of efforts and it is, therefore, recommended that the State's plan be implemented as soon as possible.

## **LOCAL GOVERNMENT BUDGET REVIEW**

Brian W. Clymer, State Treasurer  
James A. Archibald, Deputy State Treasurer  
Louis C. Goetting, Director  
Harriet Derman, Commissioner, Department of Community Affairs  
Beth Gates, Director, Division of Local Government Services

### **REVIEW TEAM**

Meredith Stengel, Team Leader  
Department of the Treasury  
Local Government Budget Review

Jennifer Petrino  
Department of the Treasury  
Local Government Budget Review

Matthew DeKok  
Department of the Treasury  
Local Government Budget Review

Nancy Scott, Analyst  
Department of the Treasury  
Office of Management and Budget

Vince Mastracola, Analyst  
Department of the Treasury  
Office of Management and Budget

Donald Hubschman, Financial Analyst  
Department of Community Affairs  
Division of Local Government Services