

LUARC Meeting – Thursday, July 24, 2008

Flag salute.

Roll Call was read.

Members present: John H. Fisher, III (Chair), Joseph V. Doria, Robert F. Casey, Gary Passanante, Steven M. Cozza, Elizabeth Cervenak (for Treasurer David Rousseau). Members absent: Marvin Reed, Jane Kenny

Sunshine Notice was read by the Secretary.

Minutes of last meeting approved unanimously.

Presentation by Christopher Emigholz, Director of Education Policy, New Jersey Business and Industry Association

- NJBIA supports municipal consolidation and regionalization of services.
- Business in New Jersey pays a quarter of all property taxes, but gets no rebates.
- NJBIA wants LUARC Commission to “push the envelope” and make “bold recommendations.”
- NJBIA wants more State mandates and for the State to stop subsidizing municipal inefficiency through State Aid.
- NJBIA supports legislation to strengthen LUARC.
- NJBIA supports “benchmarking:” the creation of State standards for efficient municipal service performance, and supports the gathering of more information to make the creation of these benchmark standards possible.
- NJBIA has found:
 - that higher population density leads to higher property taxes;
 - smallest municipalities have the highest tax rates;
 - urban areas have larger tax levies and higher tax rates.
- NJBIA believes that municipal consolidation does indeed matter and makes service provisions more efficient.
- NJBIA is ready to assist LUARC and State to obtain more information in study of consolidation/regionalization.
- Recent study by NJBIA has found that New Jersey has too many layers of government and too much “red tape.”

Presentation by James Leonard, Senior Vice President, New Jersey Chamber of Commerce

- NJCoC annual poll of its membership showed a significant majority support government reform.
- New Jersey businesses annually pay \$9 billion in property taxes.
- NJCoC believes there are too many local governments in New Jersey.
- NJCoC’s response to those who believe that the number of local governments “doesn’t matter:” In business fields with many participants there is competition and market discipline which weeds out the smaller, weaker businesses; there

is no competition and no market discipline in local government – both the weak and the strong units survive.

- NJCoC believes there should be financial rewards for local governmental efficiency and disincentives for inefficiency.
- NJCoC hopes LUARC Commission will be willing to take on municipal “home rule” and the issue of duplicative local services.
- NJCoC recommendations:
 - LUARC Commission should propose “carrot and stick” legislation which will offer financial rewards for municipal efficiency and penalties for inefficiency;
 - There should be academic studies of issue to gain information and a better understanding;
 - Municipal aid formulas should be revised to reward efficiency and stop subsidizing inefficiency;
 - LUARC Commission should develop municipal performance standards;
 - LUARC Commission should create a “municipal tool kit” of available information that would be helpful in studying consolidation/regionalization.

Presentation by Mary Forsberg, Research Director, New Jersey Policy Perspective

- NJPP neither supports nor opposes consolidation.
- NJPP has five recommendations to LUARC Commission:
 1. Division of Local Government Services needs to publish online all 566 municipal budgets;
 2. State needs to set performance standards for local government and localities should be made to shoulder the costs for not meeting the standards;
 3. NJPP does not support “shared services” as municipalities that share services prove that they are too small to sustain themselves;
 4. Tax assessment and tax collection should be moved to counties or State level;
 5. New Jersey should create a new Division of Local Fiscal Oversight in the State Treasury.

Presentation by Gregg Edwards, President, Center for Policy Research of New Jersey

- LUARC Commission must seek answer to question: “Will municipal consolidation positively impact property taxes?”
- CPRNJ is skeptical of municipal consolidation as a source of tax savings.
- CPRNJ views “home rule” as bogeyman and scapegoat for cost of local government.
- CPRNJ believes public employee unions are prime opponents of municipal consolidation.

- CPRNJ does not believe that size alone is an indicator of efficiency; if there is an “optimal” municipal size, then some municipalities are too small and should be consolidated, but others are too big and should be broken up.
- LUARC Commission should develop efficiency and performance standards.
- State should reward municipal efficiency and punish inefficiency.
- Widely disparate fire district tax rates in a municipality should automatically trigger a consolidation of fire districts.

Presentation by Dennis McNerney, County Executive, County of Bergen

- Many municipalities are sharing equipment, but not employees.
- Bergen County has an AAA bond rating and the municipalities of Bergen County should do more borrowing through the county.
- Two county initiatives:
 - Nonbinding referendums at municipal level on should municipalities share services or consolidate;
 - Municipal boundary changes for more efficient service delivery.
- Bergen County is looking into regionalizing ambulance services.
- Bergen County operates 911 dispatch for 23 municipalities.

Presentation by William Monk, Member, Mount Holly Township Board of Education

- Supports consolidation of Mount Holly public school district with four nearby school districts.
- Wants LUARC Commission to bring together municipal officials who support consolidation.

Motion to go into closed session 12:30 p.m. Passed unanimously.

Open session resumed at 1:40 p.m.

- Commission unanimously recommended offering the position of Executive Director to Hannah Shostack.

Motion to adjourn: 1:45 p.m.