

LUARCC Minutes – Friday, March 27, 2009

Flag Salute.

Roll Call was read.

LUARC Commission members present: John H. Fisher, III, Chair; Joseph V. Doria, Jr.; Marvin Reed; Robert F. Casey; Gary Passanante; Joseph Donohue (for the State Treasurer). Absent: Steven M. Cozza.

Certification of Public Notice was read by the Secretary.

Minutes of the March 2, 2009 meeting approved unanimously.

Hannah Shostack gave the Executive Director's Report: Commissioner Jane Kenny resigned from LUARCC. There will be a workshop on Wednesday, April 15, 2009, to discuss the continuing research agenda. Introduced a student intern.

Testimony of Marc Holzer: Dean of the Rutgers School of Public Affairs & Administration: Rutgers SPAA did a review of the literature relevant to measuring municipal service efficiency. Twenty-six bibliographic databases were consulted. Two hundred and fifty articles were reviewed and a five subject report produced. Two problems in measuring efficiency: 1) limited comparability of cost per capita; 2) quality considerations due to different levels of service delivery.

Discussed optimal municipal size: U-shaped curve. Efficiency increases up to 25,000 population. Then efficiency stabilizes up to 250,000 population. After 250,000, efficiency plummets.

Literature does not clearly indicate that economies of scale are achieved through municipal government consolidation. It has to be evaluated on a case-by-case basis. When evaluating consolidation, considerations are: transition costs, timeframe, problems of combining cultures and management styles. Benefits of consolidation: reduced staff, equipment, and facilities; regional services possible; services rise to highest level; and services are more comprehensive or expert.

Five Areas of Service Delivery Arrangements discussed:

1. Shared Services: most popular alternative to direct delivery; cost and quality benefits are documented; sharing encouraged by programs that focus effort; ease of termination is key advantage; case-by-case evaluation of potential.
2. Contracting: contract monitoring critical for privatization; results are mixed; municipalities often bring contracted services back in house; privatization may narrow the scope of services; more difficult to break a contract than a shared services agreement.
3. Special Districts: single service focus; regional districts take advantage of economies of scale; an additional layer of government.

4. Regionalization: shared services – transfers production, not budgeting responsibilities; special districts – transfers all responsibility, difficult to terminate, localities have no ability to determine characteristics of service; county – transfers all responsibility to higher level, localities have no ability to determine characteristics of service.
5. Hybrid Forms: combine local and regional delivery, locus of delivery matched to service need, local control with regional councils, local service representatives on joint boards; no single service delivery mechanism fits all cases.

Robert F. Casey: what is the optimal minimum population to have a police department?

Gary Passanante: a study of consolidating five municipalities is being instituted. Information on efficiency exists, but is being kept secret.

Jack Fisher: is there a model or template for consolidation LUARCC can use?

Marc Holzer: will look for case study.

Testimony of Marc Pfeiffer: Mr. Pfeiffer explained the rules and regulations promulgated by the Local Finance Board (LFB); Efficiency Benchmarks. Looking at a 12 month timeframe. Of the effective date, LFB shall promulgate rules and regulations establishing performance measures to promote cost savings in the delivery of services by municipal governments. Shall also take into account differing size, demographic, and geographic characteristics of municipalities that may have an impact on the demand for, and delivery of, specific services. Will also create training literature. Municipalities would report on efficiency each year. Progress has been limited to date. No American state has studied this; there are some Canadian studies. There are questions about the quality of data – is it reliable or comparable? Has not gotten input of New Jersey municipal officials. NJ municipalities are laying off personnel at same time as efficiency measurements are being imposed. Limited resources limits what can be studied and achieved. By September, 2009, hope to have: identified State information on hand; identified county and municipal efficiency measurements; establish focus groups of municipal officials to assess data and findings and provide input; investigate the Canadian provinces experience on efficiency measurement systems. State Legislature underestimated the complexity of the task and it may take longer than originally thought.

Joseph V. Doria, Jr.: DCA lacks staff and resources to meet goals quickly.

Robert F. Casey: asked where we are at with user friendly budget reporting. Marc Pfeiffer said DCA hopes to implement it after July, 2009.

Public Participation: no member of the public asked to speak.

Marvin Reed: how will LUARCC report be publicized? Hannah Shostack: it will be sent to the Governor and State Legislature, Staff, Press Release, etc.

Adjournment

