

April 22, 2010, LUARCC Meeting Notes

The meeting was called to order at 9:30AM. The following Commission members were present: John H. Fisher, III, Chair; Harlyne Lack, Marvin Reed, Robert F. Casey, Gary Passanante, Steven M. Cozza, Regina Egea.

The minutes of the April 13, 2010, meeting were approved unanimously. Regina Egea abstained.

Executive Director's Report: Wants to finish obtaining information on police and fire districts so report can be written. Discussed LUARCC budget in that there is carry forward money, enough to carry us through the next fiscal year. Also discussed Shared Services dollars and that there is no new money, only the money that has been committed; what is in the pipeline.

Commission members would like a breakdown of what is actually in the budget and what is earmarked for salary. The Commission should also discuss plans over the next year. The Commission should also have a couple more work sessions on the Operational Tax Index before brought to public.

Presentation on Police Services: James Lavender, Deputy Mayor of Woolwich Township and Thomas Fromm, Mayor of Swedesboro.

Woolwich and Swedesboro have a long history of shared services: public schools, parks, construction code services, and municipal court. Two years ago began discussing shared police services. There was a political will to move to contracted police services: Swedesboro contracting with Woolwich. Rejected using a consultant and relied on in-house expertise. The intention was to not dilute police services and achieve significant financial savings.

Police required either upgrading or contracting with Woolwich. Costs dictated contracting. Swedesboro saved \$290,000 by contracting and reduced the property tax rate. Mayor Fromm described the quality of police service received as "extraordinary."

The following issues were raised during discussion:

Regarding the financial arrangement between the two towns. Swedesboro is contracting with Woolwich for police services. The costs were negotiated based on a pro rata share. There is a five year agreement with a cost escalator. The escalator is also expected to accommodate an anticipated 40% population growth in Swedesboro. Op-outs allow the contract to be reopened if unusual circumstances arise. Renewal talks begin during the third year or earlier if the two towns so choose. Each town has a liaison to maintain communication on the service

On benefits from the agreement it was noted that all Woolwich police patrols intersected in Swedesboro prior to the agreement as a result the new arrangement allowed for good coverage. Further, the Woolwich police department under the agreement went from 26 patrol officers between the two towns to 21. There were

fewer command officers. Chief reports weekly and monthly to both governing bodies, with a separate report for each.

A question was also posed if there was any police union opposition.

The response was that there was some, but it settled down after it became clear no one would be left unemployed. In the end, there was no opposition from the police union.

The county prosecutor opposed the merger because of perceived public safety aspect and questions of the safety of the police officer.

The Commission wanted to know how the municipal identity issue was handled.

The financial facts were just presented, they spoke for themselves. Many people were concerned for their friends on the Borough police force.

A Commission Member requested for a copy of the police contract and opt-out clauses for the "best practices" manual.

The police chief in Swedesboro took early retirement.

Woolwich now provides Swedesboro a level of police services it never had before.

One of the Commission Members wanted to know about the financial implications of the timing of the merger. It was noted that there was \$107,000 in State Aid was lost due to the timing of the merger. If that was known then perhaps it would have been timed it differently.

The issue of a potential disincentive to shared services caused by the levy cap was discussed. This discussion covered two primary issues. The negative impact of using savings for property tax relief and the differing effect of the cap depending on the portion of the budget supported by property taxes.

If a municipality uses savings from shared services to provide tax relief in a given year, the base for the following year is lower resulting in a more restricted levy in real dollars. This discourages municipalities from using shared services as a potential cost reducer due to the reduction in future tax levy cap revenues. If any savings in the first year are applied as tax relief, these savings will not be available in future years and the revenue available from the levy will be reduced possibly causing bigger future problems.

Further, since the levy represents a differing portion of total revenues in each municipality, the relative impact on total budget also varies. For example, in a municipality where property taxes generate 80% of the total revenues, a levy cap of 2.5%, will generate a 2% growth in revenues whereas in a municipality where the property taxes equal 40% of the total budget, a 2.5% levy cap will generate a 1% growth in revenues. If both municipalities have an expenditure budget increasing at

the same rate, the one with the higher amount of property taxes will be able to tax their residents at a greater rate to offset the expenditure increases.

The two towns also share a single court. All municipal court revenue goes to Woolwich. Mayor Fromm said that Swedesboro never made money from the Borough municipal court but usually broke even. He said if Woolwich makes money and makes Swedesboro safe that is fine.

The police handle zoning issues.

Some remarks from the Commission were that each municipality exploring consolidation needs to go through full investigatory process. The Operational Tax Index and Best Practices Manual will point to where to look for savings.

The Commission members agreed that the experience of Swedesboro and Woolwich should be used as a model for others to follow.

Presentation on Police Services: Jon Rheinhart, Borough Administrator, and Anthony Fernandez, Police Chief, Wharton Borough.

Jon Rheinhart: 22 per cent of the municipal budget is a shared service. Wharton has the second lowest property tax per capita in Morris County.

Anthony Fernandez: Mine Hill and Wharton discussed police merger for 25 years. They moved forward with Mine Hill contracting with Wharton for police services. Used Cape May City police contract as a model. The police contract service began on May 1, 2002. Wharton added Mine Hill name to police cars. Wharton hired four out of eight Mine Hill police officers. The other four found jobs elsewhere. The police contract has worked out fine and has been in effect since 2002. The Morris County prosecutor was not interested or involved. The police chief answers only to Wharton, but meets twice a year with the Mine Hill township council.

There were savings of between \$200,000 and \$250,000 for each municipality.

Presentation by Thomas Banker (Attached): Worked in New Jersey government for 35 years. For the last 10 years he has worked as a consultant. Discussed "economies of scale:" eliminate redundancy, improve supervisory ratios, reduce capital equipment duplication, increase standardization and interchangeability. Downside to these economies of scale: increased bureaucratization and depersonalized service. Large organizations "homogenize" service to "one size fits all." There can be an urban vs. suburban culture clash. Shared services are more acceptable to people than consolidation. Consolidation is permanent, but shared services allow a continued sense of place and flexible pricing. Decision making is more difficult with shared services than with consolidation. Has done literature reviews and interviews for the Somerset County Managers Association. A county-wide police department has been discussed. Sees 22 per cent to 24 per cent cost savings if a regionalized police department is created.

Adjournment.