
Committee Meeting

of

JOINT LEGISLATIVE COMMITTEE ON GOVERNMENT CONSOLIDATION AND SHARED SERVICES

ASSEMBLY BILL NO. 51

(Uniform Shared Services and Consolidation Act)

LOCATION: Committee Room 11
State House Annex
Trenton, New Jersey

DATE: September 27, 2006
10:00 a.m.

MEMBERS OF JOINT COMMITTEE PRESENT:

Senator Bob Smith, Co-Chair
Assemblyman John S. Wisniewski, Co-Chair
Senator Ellen Karcher
Senator Joseph M. Kyrillos Jr.
Assemblyman Robert M. Gordon
Assemblyman Joseph R. Malone III



ALSO PRESENT:

Brian J. McCord
*Office of Legislative Services
Committee Aide*

Patrick Gillespie
Julius Bailey
Senate Majority
Hannah Shostack
Kate McDonnell
*Assembly Majority
Committee Aides*

Rosemary Pramuk
Nicole DeCostello
Senate Republican
Thea M. Sheridan
Marianne L. Ingrao
*Assembly Republican
Committee Aides*

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SENATOR BOB SMITH (Co-Chair): Good morning, everyone, and welcome to the Joint Committee on Government Consolidation and Shared Services.

Today we have several focuses. The first one is police and fire merger/regionalization. And the second being municipal consolidation. And we're doing it in the context of Speaker Roberts' proposed A-51, Uniform Shared Services and Consolidation Act -- which is proposed legislation.

I ask that the three witnesses for our fire service experiences come forward. They are Mr. Robert Giorgio, the Fire Chief of Cherry Hill; Mr. David Fried, the Mayor of Washington Township -- that's in Mercer County; and Jeff Welz, the Co-Director of the North Hudson Regional Fire and Rescue.

Gentlemen, if you'd pull up a chair we'd appreciate it.

Now, I think, gentlemen, you've had several different experiences that we'd like to hear about. I think in the case of Cherry Hill, as I understand it, you had six fire districts that you consolidated into one. In the case of Washington Township, a fire district was abolished. And in our last instance, we had the merger of paid departments.

So why don't we, if we can -- why don't we start with Mr. Giorgio, from Cherry Hill, to tell us how you did the consolidation of six districts into one and what your experience was.

ROBERT GIORGIO: Certainly.

Honorable Committee members and guests, on behalf of the Cherry Hill Board of Fire Commissioners, and our men and women--

SENATOR SMITH: I think you need to hit the red button.
(referring to PA microphone)

CHIEF GIORGIO: How is that?

ASSEMBLYMAN WISNIEWSKI: Now you're on.

CHIEF GIORGIO: All right.

Honorable Committee members and guests, on behalf of the Cherry Hill Board of Fire Commissioners, and our men and women, we applaud your efforts to examine the best method to provide essential services to the residents of our state.

The story we bring before you today is the consolidation of six independent fire districts into one organized fire and emergency medical force in Cherry Hill, New Jersey. Copies of the testimony is included in Section 4 of the booklets we provided. I'm going to briefly summarize as I walk through those notes.

We'll provide testimony that plainly explains the challenges we faced, the mistakes we realized later, and the benefit our residents achieved the first day of our consolidation, and each and every day afterwards. We stand with you to recognize that, as service providers in the public arena, we share a responsibility to adapt our form to best serve the community, regardless of boundaries.

As we are challenged to think beyond our current structure, we hope to provoke your thinking as to the obstacles and opportunities that face the New Jersey fire service.

Starting in 1957, independent fire districts were formed in Cherry Hill, New Jersey. And as the town moved forward and worked under the Charter Study Commission, the members of that committee

realized that the fire protection services could be provided much better if they were organized under one group. There was continued dialogue about this subject, even up into 1989, when the Joint Board of Fire Commissioners recognized the same thing. But they had difficulty in getting it accomplished under their own speed.

In 1979, the Joint Board hired Dr. John Bryan, from the University of Maryland, to write a comprehensive study of fire protection in Cherry Hill. That also recommended a consolidation of the fire departments, which did not occur.

The 1980s significantly challenged the Cherry Hill fire service, as demands, limitations on volunteers continued. And the effects of the Garcia act were felt by fire services throughout the country. Service demand continued to increase. And it wasn't until, in fact, 1993 that we had enough momentum to bring together an initiative to consolidate all the fire districts into one, unified fire department.

Council President Art Simmons, and, at the time, Mayor Susan Levin, assisted in that initiative and set an election date whereby five new fire commissioners were selected from a slate. They had 120 days to form a new fire department, organize its deployment, and begin to set forth an operational plan for January 1, 1994.

We were fortunate in the fact that they hired a 33-year fire service veteran, the retired Fire Commissioner of the Philadelphia Fire Department, Roger Ulshafer, to lead the department. And I think that you'll see, later on in some of our notes, that it was his leadership and his depth of experience that helped us through some of these difficult challenges.

When we talk about the benefits of our consolidation, I've arranged them into themes. And the first theme is service, because this is where we talk about the services that we deliver to the residents who are paying our freight.

Consistent service delivery levels that perform in concert with accepted standards are no longer a big mystery in fire and EMS services. Previously, we viewed fire and EMS system analysis with a cautious eye, because there was a lack of understanding and a lack of documentation. We questioned the inability to quantify the resource and funding needs of these fire services. And there was always a tendency to invoke the "people will die" if we don't do X mandate.

A 2005 *Boston Globe* study reports that only one-third of all fire calls, nationwide, meet national standards for response time. There's an article in the supporting documents for you. This series provoked a question in a lot of communities: What is our response time, and what is our fire force's capabilities?

Today, accredited standards such as the Commission on Fire Accreditation and the National Fire Protection Association provide sound guidance for our service. And I'll read an excerpt from Dr. John Granito, that I think fits our mutual responsibilities when we talk about fire protection in the community. And he said, "Fire protection officers and municipal officials need to communicate, objectively, the level of service being provided and how changes in the department resources will affect that level of service. That is, the type and level of risk should be expressed in terms understandable to the fire protection nonexpert, and neither overstated nor understated."

In Cherry Hill, we initiated immediate changes to ensure that all 911 calls for service were met, where previously they were not. All aspects of the community received an equal share of the services. The Board of Fire Commissioners contracted with MMA Consulting to provide a developmental plan, which we used in every operating division of the department. In addition to that, they helped assist us in laying out the best location for fire stations to support our service level in the community.

Today, our GIS analysis tells us that we have an average travel time of four minutes and four seconds to structure-related fires, and a total fractile response time of five minutes and 11 seconds to those incidents. Approximately 4 percent of our calls for service are structure-related serious fires. And we've experienced roughly 25 fire deaths since 1977 in our community. We deploy four engines, two ladders, a battalion chief, and two additional specialized units in our department: a hazardous materials squad company and a rescue company trained to the FEMA collapse standard.

There was also a misconception that we discharged all viable volunteers in order to hire more career personnel. The research proves different. When we consolidated the volunteer companies, they presented their current rosters. It was viewed as a sign of disrespect to take a long-serving member off the fire company roster. So they often contained the names of people that are not active members at the time. We recorded 225 names of the various fire committee rosters on the day we consolidated. At the first department-wide proficiency session, we refined the list to approximately 90 active volunteers. As the department implemented mandatory training requirements -- the same as the prior volunteer fire

companies -- that list dropped to 75 volunteers. And between 1994 and 2000, we began to hire firefighters through a competitive testing process. And volunteers from the community were given first preference.

Today, we maintain an active core of volunteers, some with over 40 years of service. They operate in one of our volunteer fire companies, our rehab unit, and our fire police unit. And there's over 65 of those individuals serving in those key roles.

Our ISO rating in the prior districts was a combination of 4s and 5s. We worked aggressively to move that to an ISO classification 2, and are now working with ISO staff to move to a Class 1. In addition, we are one of seven communities selected to participate in the resurveying of our entire community with ISO. They are now using the model developed, along with our fire marshal's office, to perform that service throughout the nation.

What we really want to talk about: efficiency, cost, and procurement. The consolidated department enjoyed a number of benefits, centralizing the purchasing and contracting of services. The obvious benefit is that in the prior districts, one person was supposed to be the jack-of-all-trades. They handled building problems, they had to handle purchasing, they wore many hats. And in the consolidated department, we have a dedicated finance officer and a State-certified purchasing official who handles all those functions.

Lower per-site costs for contracted maintenance and repair services can be achieved when multiple facilities are grouped together to create a more lucrative contract for the service providers. When these services are managed centrally, there is the ability to provide properly

trained and accredited individuals to coordinate the services through an established guideline in accordance with the Local Public Contracts Law. We saw a savings of over 36 percent in the same purchases made after consolidation than we did before, through our efforts.

A reduction in the fleet was something that we knew would happen over time. We went from 24 engine companies, on our fleet list, and reduced it to 10 as of this year. We had five ladder companies in the community; we've reduced that to three. Five rescue companies were in the community; we reduced that to three. And when we see the savings achieved through less maintenance provided for those vehicles and, also, the capital outlay required to purchase a fleet of that size, we know that there were savings there.

There's a number of other smaller items that are done within the department, where our members step up and take care of repairing turnout gear, repairing and maintaining our self-contained breathing apparatus, repairing small equipment. These are all small shops that have been set up in the fire stations, where the firefighters, when they're not responding to calls, perform these services for us.

Planning has been an important part of what we've done. The Board of Fire Commissioners has set out to prepare a facility and fleet plan for the entire department. In doing that, they've initiated what we call Project 2016, a long-range look at the needs of the Cherry Hill fire service.

In addition to that, they've hired public financial management to help develop a budget model that takes into consideration future contractual, health benefit, and pension requirements, along with inflationary costs and their impact on future tax rates. This model is

proving effective in their planning for future capital expenditures and other costs that are coming in the future. And we're using it to look at the current renovation and construction at the Garden State Racetrack site to determine where those new ratables will help us in the future.

I've included 22 lessons from our consolidation in the document for you, summarized by Chief Ulshafer and myself, and our thoughts on the regionalization process, and where we think that help is needed, and what we need to be aware of.

One concept that is at the front of every Cherry Hill firefighter and emergency medical technician is that we perform this work for the benefit of the citizens and with the benefit of their funds. It's been instilled in our culture. It started with Chief Ulshafer and the Board of Fire Commissioners. Everyone throughout our ranks knows that.

Along with that concept is a parallel responsibility that says we have to provide adequate fire and life safety protection to the community. At times, citizens will make requests that are either over or under what is required. And it's important for the fire service professionals to make sure that they understand the benefits or limitations of those choices.

When we talk about gateways and barriers to regionalization of public services, I think that leadership plays a significant role in the ability of these efforts to gain traction and succeed in the long run. They are labor-intensive and require a sophisticated understanding of the bureaucratic system that you're working within.

Gateways to some of our success in the consolidation of these multiple districts: One -- I stated before -- was the hiring of an outside fire chief with a detailed and an in-depth understanding of fire protection

services from outside. He was able to be objective. He took the time, even in his retirement years, to work closely with us and help develop a framework and a foundation that succeeded even today.

The citizens: Their request for equal taxes, equal service, accountability, elimination of wasteful duplication, and their demand that we have effective planning-- It was the response from them, in the community, that gained the upswell that brought this about.

The fire commissioners: There's two different groups here. Those willing to serve in the new organization have to accept an increased workload. We are talking about 40-plus hours a week that these people had to put in, in the inception of the consolidation. And then we had roughly 30 commissioners at the time. So a whole group of fire commissioners had to agree to step down in the effort of bringing about a better fire department. And they did that.

Our labor leaders stepped up with trendsetting behavior. The Cherry Hill Professional Firefighters and Fire Officers gained a valid understanding of the fiscal constraints that the department was under, and helped partner with the Board of Fire Commissioners to build a more safe and functional operating system within our community. And that extends itself to their council and the State association.

Counsel, consultants, anyone you reach out to has to have a developed background and a proven track record in advising and assisting in these startups. We were fortunate to have the services of Richard Braslow, who is a well-respected person in Title 40 and the consolidation efforts. And he's been able to guide us through the process as we've moved along.

If you look over my shoulder, a number of representatives from our department are here. And these are the gateways that I'm speaking about in my remarks today.

Barriers to the regionalization of public services: These are the tough sells that are out there. They wind up delaying processes and improvements to the citizens that we serve. It starts with fire chiefs or senior staff who want to coast in the final years of their career. They're not going to support and actively work on regionalizing services.

Business administrators or elected officials who want to avoid the perceived controversy -- or maybe they're saddled with so many other delicate and heavy issues -- heavy lifting -- that they can't even fathom to have to focus on regionalization of another service.

Senior staff or key staff who already have their nameplate ready for future promotions or advancement: That whole sea of promotions and advancement changes when you consolidate organizations. The people from within have to accept that and embrace it. It also creates a lot of opportunities that don't readily appear when that process begins.

Decision makers who let their term formulate decisions that impact the community -- and that really goes for anyone. When your decisions are stopping short the improved efficiency of an organization-- If you're going to pay for a service, you're going to pay for a service. Why not get something more out of it when you can?

And other local officials who do not want the same efforts forced on their unit: There may be an effort to regionalize fire protection services, but the police officials in those communities may be intimidated by that and don't want to see it commence.

So there are a lot of barriers that are at play. It doesn't mean that they can't be worked through.

The important question is: What level of service is required, and how do we value the existing and required service? You have to put a value to the service that is being provided right now, and a value to the service that you look to achieve.

When we look at fire and life safety protection, we see three categories. There's volunteer, combination, and career. There are very effective volunteer systems that exist in the State of New Jersey and should be supported. They should identify the value of the service -- the wage -- that they provide for that service, so that the community has an effective understanding of what the actual true cost is. At a point in time, it could transition to a combination of career service. And this way, they avoid the shock value of having to begin to implement those services in that community.

When we transition for those services, it's important that we understand what the public expectation is. And the public has to have a more developed understanding of how fire protection services are provided, what the benefits and limitations are to those systems.

We've put in the packet, here, an economic model that we've developed. It's not in the true sense, but-- The broken model depicts a system where the fire protection force cannot meet service demand. There's increasing losses due to individual fires, which expose the community to greater risk and wind up exposing the people that fight those fires to a greater risk. And the fulfilled model depicts a system where the service

meets the demand, and minimizes the cost of each fire, and reduces the chance of injury to the individuals providing that service.

The method to evaluate the required fire and life safety protection are used effectively around the country to serve communities like ours. Coupled with the relative models and GIS mapping, we have the ability to build standards of coverage that meet service needs based on beneficial regions. Where you have an effective response force, maybe they can help contribute to the perimeter communities around them.

When we layer the appropriate command, administrative, and support systems with the developed deployment plan, we have an opportunity to build an efficient public service model. If we link these regional systems together, we now have the ability to build capacity beyond what the routine emergencies would be.

We see potential and opportunity to improve the level of service we provide to our citizens. Only with the right incentive can we accomplish the level of change required, such as improving statutes to regulate fire and life safety services to meet our current challenges. The Title 40 statutes, the statutes that exist now for us, are not in tune with what we're doing today. We need more guidance and more help there.

Improved civil service regulations to guide regional integrations, and provide both the incentive and the disincentive -- the carrot and the stick -- to drive action at the local level, with an eye on building fire and life safety services that meet the demand.

In closing, I want you to know even a fire chief with the best intentions will not support change that places his personnel at greater risk when called to harm's way. The ability to measure and design an effective

fire and life safety response force is key to achieving this type of change. The background information is there. We no longer have to be fearful of the unknown when we're looking at fire protection.

Blending more effective response forces with those of lighter standing is not a solution. A wise man once told me that putting the same patch on a firefighter's shoulder or same logo on a firefighter's door does not make a capable response force. Remember, the work we perform must be for the benefit of the citizens, as we do so with the benefit of their funds.

Thank you.

SENATOR SMITH: Chief, a couple of questions for you.

CHIEF GIORGIO: Yes.

SENATOR SMITH: Your consolidation-- And this-- By the way, your materials are terrific that you turned in. It's very, very helpful.

You pointed out that the number of engine companies, as a result of your consolidation, went from 24 to 10, and that also your fleet greatly reduced in size. Is it your opinion that as a result of these consolidations, that Cherry Hill is now better served than when you had the multiple and overlapping responsibilities?

CHIEF GIORGIO: Certainly. There were fires we'd respond to, back, prior to consolidation, where the time sequence of response was carried over an extended period of time. At the end of the firefighting operation, we would have maybe a hundred people on the scene, 15 pieces of apparatus, and we didn't stop the fire in its original room of origin. So the level of protection that we provide today is built around four engine companies, two ladder companies. The response force can get onto the scene quickly and contain the fire to the room of origin.

SENATOR SMITH: Right. Isn't one of the advantages of a "consolidated district" that you end up eliminating the inequalities of ratables base between the different districts? I know towns where Fire District No. 1 is the richest district in town, and Fire District No. 4 is poverty stricken. And as a result, District 1 is very lavish in its expenditures for equipment, and District 4 doesn't quite get what it needs to do the job. Is that another advantage to consolidating districts?

CHIEF GIORGIO: It certainly is an advantage. And the unfortunate part about a situation like that, which we did have in Cherry Hill, is that some firefighters and some organizations are better protected, better equipped, better trained than firefighters in their perimeter department right next to them. And that winds up impacting the level of service that they're able to provide within the same community or same region.

SENATOR SMITH: Right. Now, when you did this-- You mentioned that the number of fire commissioners was dramatically reduced. Did that result in a morale problem, or did people ultimately accept that it was for the best interest of the community and, ultimately, people worked it out?

CHIEF GIORGIO: I've identified that as one of the gateways. Those individual commissioners agreeing to put themselves out of a position for the betterment of the community, the betterment of the fire department was a major hurdle in us bringing about that consolidation of services. Altruistic -- they're serving the community, doing what's best.

And all those other limitations that existed, the individuals looking for the positions that may or may not be there in the future--

When those barriers were removed, we were able to move forward. And I can confidently say that we have a much safer level of fire protection in Cherry Hill, our firefighters work safely; their trained, coordinated efforts-- They can do great work. And not only from the firefighting aspect, but also from the community service aspect.

SENATOR SMITH: Great.

Chairman Wisniewski, any questions?

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

Chief Giorgio, thank you for your presentation. It was very informative.

I want to try to further get clarity on an issue that Senator Smith addressed with you, which is the perception -- that I'm sure all of us here have heard or felt -- that having more, in terms of apparatus, more in terms of fire stations, is better.

There's a community in my district that I represent where I can stand in the garage bay of one firehouse and look down the street at the garage bay of another firehouse. And I'm sure that that happened probably because of historical artifacts. Maybe a hundred years ago it was necessary.

Explain to me why having less is more, because it seems to me that's part of what your testimony is.

CHIEF GIORGIO: That's correct. There's a base requirement for every community and what the needs are. And you would first start with looking at the existing facilities, which ones are best located for the deployment of resources.

In the situation you described, where you have two stations that are in close proximity to one another, you would then decide which

station would best facilitate the deployment of your personnel, the other uses that they have, and so forth -- which one is in the best condition -- and start to begin to eliminate the redundancy and the overlapping concerns that you have between those agencies.

Within our package, you'll see a modeling program that we did identifying the base need for a location of one of our engine companies. And it shows the road travel deployment time for that unit. And that's basically how you work those decisions. Those resources can cover a certain road mileage in a certain matter of minutes. The community decides what is acceptable. And that's how you build your base response plan from there.

So within the community now -- stepping away from the fire protection role -- the citizens in that area are going to feel that their services are being impacted in some way. I was at a community meeting in one of our neighborhoods with Assistant Chief Kolbe. And I explained, to my best ability, why we were going to close the fire station that we were sitting in, in the future. And they weren't buying it. They weren't happy with it. It wasn't until we took a break, and Chief Kolbe brought some of the residents up to the mapping board and showed them, in detail, the road travel, the road network, and how they would be equally covered by the other station, did they finally accept what we were trying to explain to them.

So you need to be honest, and upfront, and step away from the fear component of closing fire stations, reducing services, and explain -- just like I had mentioned, from Mr. Granito's words -- you have to explain them to the fire protection nonexpert -- what the level of service is going to be. So certainly less facilities, less apparatus is all within a deployment scheme that is acceptable and will meet service needs in any community.

ASSEMBLYMAN WISNIEWSKI: Along that line, the fire service in 2006 is vastly different than the fire service that you were in, in June of 2001. There are a lot of new responsibilities that are placed on the fire service, in terms of homeland security responsibilities. My understanding is that the fire service is now receiving additional training for a variety of homeland security response issues that did not exist before.

Speak to the Committee about how what you're talking about, in terms of consolidation, will help or hurt the fire service's ability to take on those additional responsibilities.

CHIEF GIORGIO: I can speak from experience in Cherry Hill, as we are a member of the Camden County Hazardous Materials Task Force, and respond not only in our county, but in Burlington and Gloucester.

We have been the recipient of hundreds of thousands of dollars of Federal Homeland Security funds, and have had to equip, train, store materials relative to that new responsibility. We've done so with the existing personnel in a existing building. It's cramped. There's storage requirements that they have that we're looking at in our Project 2016, for the future. But they're all things that are able to be done within the existing framework. We've purchased new vehicles for them, some with funded -- Homeland Security funds and some with our own internal funds, to meet that level of service. We've done it in an economical way. But that did not require the construction of new buildings or any change in that deployment plan.

The homeland security response is much different than the firefighting, neighborhood fire station deployment scheme that we talk

about. They're two different modes of response. When they muster to respond to any type of hazardous materials event, or WMD event, they gather together at one location, they then meet up with law enforcement parties, and then respond to the scene in a controlled sense. The neighborhood fire station provides that immediate, rapid response to get resources onto those scenes quickly in the community that they're serving. So it hasn't added any additional demand on our facilities to speak of, even though we've taken in probably as much as any department has, as far as equipment, and materials, and supplies are concerned.

ASSEMBLYMAN WISNIEWSKI: Thank you.

And then finally, just one last question. It's probably about two years ago the Deployment Act became the law in the State. And the goal of it was to try and coordinate the response among our 566 municipalities and, within some municipalities, multiple fire districts so that there was an organized response, as opposed to Chief *A* making a decision to respond in a certain fashion, and Chief *B* making a different decision.

Could you address to the Committee how that -- the goal of the Deployment Act would be enhanced by doing, for instance, what happened in Cherry Hill?

CHIEF GIORGIO: The Deployment Act provides a framework for response of fire and EMS resources to major emergencies. And it tries to couple those resources and lay out a structured plan of what is available to respond and can be called upon. And that's actually a work that continues in progress. And we've seen a benefit in Camden County.

But it still is limited by the ability of those individual fire agencies to respond from the start. If they're challenged by the ability to

turn out for automatic alarms, incidental calls, and structure fires in their own response area, then they're really not going to have a place in that deployment scheme that's being developed by each county and each region.

An example of that would be two communities -- two one- or two-square-mile communities abut one another. One community has a very effective volunteer fire company, the next community over does not. The one community with the effective response force continues to be taxed to cover the area of the other fire-fighting company. So there's really nothing -- no value added if those resources are not able to respond, even in their own sense, with the Deployment Act.

It does coordinate the resources better, and it's gotten chiefs to move past those relationship issues that have bound some of our ability to coordinate responses in the past. But more needs to be done. There needs to be more emphasis on that, and maybe some requirements that speak back to our reporting, funding that comes forward to local fire services. There needs to be more teeth in forcing that to happen. There are still many communities where one town does not respond to the next town. And that is not in the best interest of the citizens, nor is it in the best interest of the people that ride the apparatus, and have to converge on a scene and put themselves in harm's way.

ASSEMBLYMAN WISNIEWSKI: I'm sorry, just one additional thought that's been provoked by your response.

In terms of coordination -- better coordination, better efficiency -- is the greater good a reduction in cost, the savings of money? Is the greater good better response? Or is it really both?

CHIEF GIORGIO: I think we have to be careful. And you'll notice in my -- in the notes here, that we guard against saying that this is all about saving money. I think people jump on that bandwagon. If we're building new developments, we're going to build new and improved sewer capacity, not less. And there's a certain call demand that exists within every community. Whether we're meeting it or not is the question that needs to be asked. And then, how can we better meet it, synchronizing those resources in that region that are like one another? If we have a solid, viable volunteer fire-fighting outfit in one town, how can they help the towns around them? And the same thing with the career fire-fighting outlet -- unit, and a combination fire-fighting unit -- how can they best help the communities around them, and how can we encourage that to happen?

CHIEF GIORGIO: Thank you.

Thank you, Senator.

SENATOR SMITH: Thank you, Chief.

Other members who want--

Senator Kyrillos.

SENATOR KYRILLOS: Quick question, because I know we have other panelists, and we need to move on.

Thanks for your excellent testimony. And I just heard you say that it wasn't all about saving money, and there was a broader mission.

But the amount of employees now, versus 1996, when this effort started -- what's the difference?

CHIEF GIORGIO: In 1994, we had--

SENATOR KYRILLOS: 1994, excuse me.

CHIEF GIORGIO: --roughly 50 full-time employees. Currently, we have 117. And the department embarked on a plan, in concert with the MMA report, to build out the department staffing, based on the inability of our volunteer resources to respond in different sections of a town. Once a company would go dormant, we would then move, in the following year, to plan for a 24-hour fire-fighting company in that location. And that's how we've built to our response plan of four engines and two ladders.

SENATOR KYRILLOS: Heretofore, there were volunteer sections of the town, now there are not.

CHIEF GIORGIO: Correct.

SENATOR KYRILLOS: Hence the large additions.

CHIEF GIORGIO: And from the cost perspective-- Interestingly enough, when we looked back at the prior budgets, they were increasing about 8.2 percent a year. And if we run that out, we're pretty close to where we are now. And they didn't-- That's not adding the personnel. We brought EMS in -- full-time EMS service into the town. That's not adding in the double-digit health benefit increases, and so forth.

So when those independent districts were following suit with -- "You're going to buy a ladder truck, we're going to buy a ladder truck; you're going to put on an additional career guy, we're going to put on an additional guy"-- And that momentum continued to the point just prior to our consolidation.

SENATOR KYRILLOS: Thank you.

SENATOR SMITH: Assemblyman Gordon.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

Chief, thank you for your excellent testimony.

I would be interested in your suggestions for how we might be able to improve the process for purchasing fire vehicles and equipment. The last time I checked, a plain vanilla engine cost something like \$600,000; a ladder truck, maybe more than \$750,000. These are often the largest capital items in municipal budgets.

And in North Jersey, where I'm from, we don't have many fire districts. We don't have many career departments. We're primarily volunteer departments. And my impression has been, the process of purchasing a truck works like this: The firefighters might go to the Wildwood Convention and see a particular vehicle that they like. And the item gets into the capital budget. The specifications are written, and they can, as you know, be a couple inches thick -- are written specifically for the vehicle that the firefighters want. It gets dropped on the desk of the municipal council, which has no technical ability to assess this and are inclined to give the volunteers what they want. And that vehicle is purchased, notwithstanding the fact that the old vehicle may not be ready for replacement.

And, secondly, another problem I see is that -- in Bergen County, where there's 70 municipalities, for example -- probably not 70 individual fire departments -- but each municipality is making these capital budgeting decisions independently. So you'll find the biggest and best ladder truck in one town, and a similar truck in the town right next door, even though they may not actually need such a vehicle.

There doesn't seem to be any entity at a higher level looking at the bigger picture. "If Town A has this truck, do we really need to buy one

in Town B?” And secondly, wouldn’t performance-based specifications save us some money and promote some competitive bidding?

The general question I have for you is, can you recommend ways for improving this process? Would it make sense to do it at a higher level, or involving a group of fire departments working together? Any thoughts on this?

CHIEF GIORGIO: Sure. It does put a strain on the municipal system, because the town fathers are then in a position to want to support their local volunteer firefighters and provide them with the resources they believe they need. But there’s no defined benchmarks for what that should or should not be, whether we’re talking about fire apparatus or facilities.

We recently constructed a new firehouse in Cherry Hill. It’s 8,100 square feet. It’s just what we need. There are other fire stations being constructed that are 40,000 square feet in other areas. It’s a tough trade-off. I mean, we’re talking about an active core of volunteer firefighters. These are things that, you know, the company wishes to participate actively in the planning of, rather than defer to a standard or a regional authority. There may be local concerns that they have or conditions that they want to see fulfilled in those vehicles. But there are benchmarks for the replacement schedule itself and the maintenance of those fleets. It’s something that we have developed in our planning of when to plan to purchase, when to go out to bid, when to take delivery.

Some states do provide a centralized specification for different types of vehicles that other agencies can add on to if they so choose. I don’t know how successful they are. There’s approximately 5,000 pieces of fire apparatus sold in the country each year. And it is a unique process where

individuals are courted, and there's brand recognition that comes into play, and serviceability. It is a tough issue out there for -- in our communities. And, again, if it was looked at in a regional perspective, how would we go about doing it? Would we authorize the purchase of that additional ladder truck when maybe an engine company would suffice? What you're stepping into though is the realm of the authority of the local fire company, and the chief, and his officers -- is where you're going to see the most significant challenge. And these are all assets.

The one area that I think we can have an impact on, and we may want to look more closely at is: How are those assets titled? We had a number of challenges in Cherry Hill, due to the fact that a lot of these assets were purchased with taxpayers' funds but, somehow, had the final title assigned to the volunteer fire organization. So when the new board of fire commissioners took hold -- or any authority, if there was a regional authority -- they would then face the challenge of either buying those vehicles or those facilities during their service life. That is something I think we could make more headway with.

But the challenge you present is a difficult one. And other than good relations between the community leaders and the fire officials in that area, and making sure that that purchase supports what the other companies have -- is a tough issue. It's a tough issue.

ASSEMBLYMAN GORDON: Thank you.

SENATOR SMITH: Assemblyman.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

Chief, thank you very much. That was a very, very good presentation.

When you started this process-- Were you in the beginning stages of this process?

CHIEF GIORGIO: I was a captain in the fire department at the time.

ASSEMBLYMAN MALONE: Okay. They didn't push you down the steps when you started this?

CHIEF GIORGIO: It was like getting pushed down the steps.
(laughter)

ASSEMBLYMAN MALONE: How many square miles do you have in Cherry Hill?

CHIEF GIORGIO: Twenty-four square miles, 70,000 people.

ASSEMBLYMAN MALONE: And the number of personnel-- You had talked about the volunteers. You had 200-plus volunteers when you started the process.

CHIEF GIORGIO: On the roster, yes.

ASSEMBLYMAN MALONE: And how many do you have now? Do you have any?

CHIEF GIORGIO: Sixty-five.

ASSEMBLYMAN MALONE: You have about 65.

CHIEF GIORGIO: Yes.

ASSEMBLYMAN MALONE: And these are active.

CHIEF GIORGIO: There's active volunteers at three locations, providing three different functions. One is an active fire-fighting company, the second is a fire police unit, and the third is a rehabilitation unit.

ASSEMBLYMAN MALONE: The total number of pieces of equipment that you had before you merged and now-- Is it-- What's that difference?

CHIEF GIORGIO: In heavy apparatus, it's less. There were 26-some-odd heavy pieces of equipment -- ladders, engines, and the rescues. And we're down to 15 now.

ASSEMBLYMAN MALONE: And that basically is -- that will grow or -- to the extent that you have development in Cherry Hill, to some degree?

CHIEF GIORGIO: No, it's where it's going to be. The only thing that will happen in the future will be the replacement of vehicles as their service life comes up and meets the standard that we've set. We'll rotate them to reserve status and/or sell them for surplus.

ASSEMBLYMAN MALONE: Do you have the opportunity to go out and talk to other communities about your experience, and what you've done, and the success of what you've done?

CHIEF GIORGIO: We've hosted most of the large municipalities in the State. We've hosted individuals in from Louisville, Kentucky, from the "super-government" consolidation there. And I've been out around in other places, consulting and advising on fire-protection measures. So you get to see the same set of circumstances in other jurisdictions.

ASSEMBLYMAN MALONE: I want to thank you sincerely. I think the efforts that you undertook probably took a lot of courage and determination to do it. And I want to congratulate you and your fellow firefighters for all the work you did. And I think we've finally found a

model inside of New Jersey that we can maybe transport to other areas. And I think we've found some people that had the courage to stand up and tell us exactly what's involved.

Again, thank you very much, Chief.

CHIEF GIORGIO: I appreciate that.

And I'll just follow up by saying that we view it as a responsibility. There were some tough lessons learned there. There were some difficult paths we had to transcend. We have a good fire-fighting service there. And there's a lot of good, behind-the-scenes things going on that have caused that all to come together. It's a story that needs to be told. But we're willing to share our lessons learned, frankly, to help other people not make the same mistakes.

ASSEMBLYMAN MALONE: I think you need-- Mayor Fried sitting next to you is going to need some of your encouragement and help. He's taken on quite a responsibility. And I guess he will tell us about it. But maybe you and he ought to talk, after this is over, about some of the ways you've developed some strategies to convince people about the way to go.

So, again, thank you very much.

SENATOR SMITH: Thank you, Assemblyman.

One final question. Do you still have elected fire commissioners?

CHIEF GIORGIO: Excuse me?

SENATOR SMITH: Do you still have elected fire commissioners in your consolidated district?

CHIEF GIORGIO: We have five fire commissioners -- Board of Fire Commissioners. Yes.

SENATOR SMITH: Okay. And they're elected in that February election?

CHIEF GIORGIO: Yes, sir.

SENATOR SMITH: One of the items of controversy I've received a couple of letters on is the date of the fire district election.

CHIEF GIORGIO: Correct.

SENATOR SMITH: The thought being that it's the lowest turnout election in New Jersey, and perhaps it should be combined with some other election dates. Do you have a suggestion on that?

CHIEF GIORGIO: We actually like the fire district election, because it gives us a chance to put our plan forward, to talk about it, to get feedback on it from the community, and to achieve their vote. There are always questions about the turnout. We send out -- a copy of it is in your package -- 31,000 mailers. Every house and business gets mailed, letting them know about the election, about what the increases are, and what we're seeking. So we do like the process.

Again, it falls back to where I said I think we need more help and guidance in modernizing the Title 40 statute to help us. Do we want it coupled with another election where we feel that there may be other impacts on us? No, we're definitely not in favor of that if it's going to have a negative impact.

I had a reporter ask me, "Do you mind more oversight?" No, we don't mind more oversight. We'd like more guidance. But don't couple us with an election that's not going to have a favorable impact; and allow us

to really explain to the voters exactly what we're trying to accomplish, independent of other issues that may be going on that could have an overflow effect on us. I think that's how we would say it. We would make the best out of it if we had to.

SENATOR SMITH: Thank you, Chief.

And we do appreciate your assistance today.

Our next panelist is Mayor David Fried, from Washington Township, in Mercer County.

Mayor, as I understand it, you're currently working to create a municipal fire district and absorbing existing fire districts. Maybe you could tell us how that is going along.

MAYOR DAVID FRIED: That's correct.

Thank you for having me here this morning. I'd like to thank the Chairmen.

My name is Dave Fried. I'm the Mayor of Washington Township, Mercer County, which is also part of Assemblyman Malone's district.

We will, by the way, be meeting with the Chief by the end of the day. He did an excellent job. I thought his testimony was fabulous.

I have submitted extensive testimony for the record, which details the struggle Washington Township faced when we moved to dissolve our fire district. In short, a process that looks simple on paper is actually extremely difficult for purely political reasons. And yet, if we are going to control property taxes, we must find ways to set politics aside. Nothing can be off-limits.

Our fire district -- and by that I mean the management, certainly not the firefighters -- had serious problems. Costs were rising faster than our overall tax rate, which has been hit hard by the failures of the school funding formulas.

The change of government that led to my election in May was triggered, in no small part, by the rising property taxes. Our pain is real. It is chasing away our seniors, our farmers. It is threatening the success of our town center, which has been recognized for a decade as the State's premier example of Smart Growth.

While many things about our fire district was troubling, I focused on two things. First, in 10 years, we had gone from two firefighters to 25 -- and I say *career* firefighters -- even though we had fewer than 12,000 residents. Our fire district's budget grew about 400 percent in six years.

Second, we were spending \$2.9 million a year -- more than every town in Mercer County, save for Trenton and Hamilton. And we had more spending in our fire district than our surrounding neighbors of West Windsor, East Windsor, Allentown, Hightstown, and Upper Freehold combined.

My chief recommendation today is that you bring the spending to a halt. When paid firefighters start to tip the volunteers, or when hiring outstrips the averages, it should trigger a review by the municipal government.

When we look at fire districts, they were essentially created by volunteers to manage volunteers. It was not necessarily a system that was meant to have friends managing friends. Most of the fire commissioners are, typically, volunteers. It's a very dangerous business. These are

typically people who go into burning buildings with one another, and then they have to come out of that situation and be in a position where they then have to manage one another.

In our situation, we had two people who were best men in each others weddings, actually negotiating a union contract with one another, one as the commissioner -- chairman of the commissioners -- and the other as a career staff member.

It shouldn't take a citizens' petition or a political showdown to reign in fire district spending. The State should set benchmarks that require the township council or committees to ask whether a fire district still makes sense after a certain point.

And if mayors and school districts are subject to cap law, fire districts should be as well. Fire districts, again, were designed to let volunteers manage the affairs of other volunteers. And where fire districts make sense, they should remain.

We all know that it's easy, on shared services, buying office supplies and sharing health officers, and generating some savings. But they don't represent the real dollars. If we are going to be serious about saving money through shared services, mayors and governing bodies must be given the tools and the marching orders to examine fire districts.

If you think this is not a problem, consider this: When we asked the local finance board for a model of how to take over a fire district that wants to be -- that needs to be absorbed by the town, we could not find one single case. That's because most mayors who are, frankly, smarter than I, realize that this could be considered political suicide. And, again, we knew that this was the right thing to do, because we knew it was the right

thing for our town. And our town is facing a significant amount of challenges, and it had to be done. But the process is difficult, and I think it really needs to be able to be made easier and, also, has to be analyzed from a region-to-region standpoint of when it makes sense and where it doesn't make sense.

I'd certainly be happy to answer any questions that anyone may have.

SENATOR SMITH: Thank you for your courage. (laughter)

Questions for the Mayor?

ASSEMBLYMAN MALONE: I've known Dave -- Mayor Fried for a number of years. And having gone through some consolidation efforts myself, I fully understand the impact that this had on his life. I do get some residents calling from Washington Township. And it does take courage and determination.

And just look past this year, and maybe next, to look back on this. And hopefully whatever pain you're going through right now will be rewarded with the same kinds of benefits that the Chief sitting next to you has outlined. But do the best you can, Dave. And just keep going in a way that you think is best for the community.

MAYOR FRIED: I resonated with the "being pushed down the steps" comment. (laughter)

SENATOR SMITH: Thank you, Mayor.

Any other questions for the Mayor? (no response)

If not, our -- the next--

Oh, I'm sorry, Senator.

SENATOR KYRILLOS: Senator, thank you.

Quickly, what savings do you anticipate from the takeover, Mayor?

MAYOR FRIED: In the first year, we anticipate--

SENATOR KYRILLOS: And thank you for your excellent testimony.

MAYOR FRIED: Oh, no problem.

In the first year, we anticipate that we will save somewhere in the neighborhood of a million dollars in savings. We'll have about \$500,000 just from the takeover, and about a million dollars when we're totally through. Interestingly, on that, that will represent about \$.10 on our tax rate. So it will actually be a very significant move.

SENATOR KYRILLOS: That's outstanding. Congratulations.

MAYOR FRIED: Thank you, sir.

ASSEMBLYMAN WISNIEWSKI: I'm just curious, where does the million come from? How do you get there?

MAYOR FRIED: Well, we're actually going to do a number of things. The first is, we're going to consolidate shared services in, actually, vehicle maintenance. We have our own vehicle maintenance in the township. And instead of sending our vehicles out, which we do currently, we're actually going to bring it in-house.

The second is, we're going to do some shift changes from -- in our scheduling. Right now, we do a shift of 72 hours off. We're going to 48.

And the third is, we're going to reach out to some of the other neighboring towns and start doing shared services. Right now, in the neighboring towns, it is our township that is responding to the bulk of the

calls, especially during the day. It's very challenging for volunteer organizations to be able to get their vehicles out during the day when everyone's working. So, for the most part, Washington Township has been responding. We are going to be reaching out to other townships to be asking them to help us. And, very often, it's Washington Township that has been responding to other towns. So we are going to be reaching out to other municipalities to start talking about a regional approach. And I think I would strongly suggest that we start looking at things more on a countywide basis. Because when you look at where firehouses are located, there's typically no countywide rhyme or reason. A lot of times it's historical. And that creates challenges.

In the southern side of my town, we have five districts, essentially, that cover the southern, sort of, portion of our town. But yet, in the northern portion of our town, it is essentially uncovered. Fire safety is really predicated upon speed, how fast you can respond to a fire, how fast our firefighters can get there, how fast they can get in the building. And it needs to be looked at on a regional basis for how quickly we can get our apparatus to the scene. That will really be the difference between success and failure.

ASSEMBLYMAN WISNIEWSKI: So your savings comes in a couple different formats. You're going to consolidate internal functions -- maintenance is one in particular -- but also interlocal agreements with other municipalities who will help pay part of the cost of the service you're providing.

MAYOR FRIED: Absolutely. And we're also going to engage in a fair contract this year. We have a tremendous amount of almost silly

spending, which will also be eliminated. And we're going to start maintaining our own vehicles and really working hard to make sure that our citizens are being accountable.

Very often, in fire districts, citizens are given two choices: "Do you or don't you want to be safe?" And they're really not given the information, or the con. When you look at the alternate side to an election, you have one side who is very motivated to get their message out. But there's no con on the other side. I've yet to meet a resident who has asked -- who said, "Oh, yes, I would like my family to be unsafe." If those are the only two choices you're given, obviously you're going to go for A. But there's really always two sides to every story. And, very often, when you have a low-turnout election, or there is no other side talking, it's very challenging for things to be examined. Very often, fire district meetings are not attended by the press or even by the residents. So it's challenging to get people out there.

So you really do need the oversight, as a district grows, for the municipal government to take a look at and make sure that it's being run as efficiently as it can be.

ASSEMBLYMAN WISNIEWSKI: And just one final point. How do you feel about moving the fire district election from February, say, to November?

MAYOR FRIED: I think it's absolutely the right thing to do. Ultimately, the mayor is typically the head of public safety. And the citizens come to the mayor to ask, "What's going on? Why did this happen?"

And it's challenging, when you have so few people turn out to an election, and you try to explain to them it's not your fault, it's -- you're passing the buck to someone else. It's never what the resident wants to hear. They want to hear the mayor be accountable, take responsibility, and explain what happened.

And when you look at a fire scene, the same thing happens. The chief of police reports to the mayor. The chief of the fire department reports to the fire commissioners. It's very challenging for a mayor, when you have two different stories, to try and discern what really did happen. So by having it in November, I think you'll end up having more people involved. And the people will understand that there is a fire election, there is an opportunity to vote. And they will take part in the process and, hopefully, educate themselves on what they should do.

So I think it's the right thing to do.

SENATOR SMITH: Mayor, you just stimulated another thought. And this one is for you and the Chief, and maybe the Director as well.

On this issue of the voters having appropriate input into fire district budgets, and having some control, but yet having them responsible, and not being lost in other issues that may be related to other elections-- What about this as an idea? Keep your fire district elections in February, but have the budget adopted by a joint board of *fire district* estimates.

It's kind of like the model that's used in the vocational school system. We have vocational schools in New Jersey -- county vocational schools. Members of the freeholder boards, members of the school boards get together, they adopt a budget for the school district.

Why couldn't the mayor, members of the council, and the fire commissioners -- who are dually elected in the February election -- get together and adopt the budget? And the theory there is that -- at least for the mayor and council -- people who are on the board of estimate -- they are subject to the election of -- where (indiscernible) 50, or 60, or 70 percent of the people participate, and, theoretically, would be very knowledgeable about fire issues, but yet they're also responsible to the larger percentage of the people who vote in the municipal elections.

Do you think that that, in any way, would result in a less responsible budget?

CHIEF GIORGIO: No, I don't. I think it falls back to the same methodology I spoke to before. You determine what the service demand is for that area. And you prepare a well-written budget based on that service demand, in conjunction with your long-range planning.

The way that we addressed it -- the difficulties that the Mayor is explaining -- is that we treat our Mayor as the chief executive of the town, which he is. And our commissioners mandate that I brief him and the council so that they are fully aware, because they are going to get hit with questions. And it does them no good to defer. We make sure that they're briefed on everything that we're doing.

SENATOR SMITH: In the volunteer towns, where you have fire districts and not necessarily a paid force, unless the fire district budget goes down, the mayor and council have nothing to say about it.

So if you established a process where there had to be, in effect, consensus between the dually elected municipal officials and the dually elected fire commissioners, that might result in a system where the

taxpayers would feel that they have a little bit more control over what's going on. And there would be the kind of review that people might want to see.

But, anyway, we appreciate your thoughts. We've had some great ideas.

I'm sorry, Senator Karcher.

SENATOR KARCHER: Thank you.

Thank you, Chief, Mayor. I just want to say, it seems-- An overarching theme seems to be about sacrifice, and courage, and leadership. And I want to thank you for displaying both of those as you move forward to do something that is very difficult. I appreciate your testimony here this morning, as well.

Mayor, your first recommendation-- In your written testimony, you have four recommendations. And the first is to place fire districts under the State's cap law. Could you speak to that a little bit, please?

MAYOR FRIED: Sure. I'm a venture capitalist by training. That's what I do. And it's interesting. Anytime I look at any entity, the first thing I do is try and find every other entity like that entity, to try and compare it to each other. And it was extremely difficult to get any information about different fire districts, especially when you look at things our size. The information is very hard-- In fact, the only towns I was invited to were those run by other mayors.

So when you look at spending, it's very difficult, because there's such a vast dichotomy of spending. When we look-- We have a school district growing rapidly, but paled in comparison to the growth -- which was 400 percent over six years. Having a cap law, I think, makes a lot of sense.

And if they have to break cap, they should have to go to the municipal government, or go to some other entity, to explain why. There may be a compelling reason, but oftentimes there's not. Just more for the sake of more is not a good idea.

It's very challenging being a mayor in a -- we're one of the fastest growing towns in Mercer County -- having to live with cap. I get how hard it is. I'm not always thrilled about the idea every day. But it also makes us work harder, and it makes us be more challenged. And we know that we have to go to the voters if we're going to break cap.

So I do think it makes a lot of sense. And I think it also protects the voters. Because, again, when you have a town of 14,000 people, and 300 people show up to vote, they're not being represented. And they wake up the following morning, and they find out that they had a massive tax increase. The first person they call? The mayor.

SENATOR KARCHER: Chief, would you be able to just comment on that, as well? Is it something that you would see as useful and productive -- to be able to use -- to put you under caps?

CHIEF GIORGIO: We looked at the initial document that came through. My staff reviewed it. The Board of Commissioners reviewed it. And when they looked at the cap exceptions, it talked about refuse collection. Now, I can get our firefighters to do a lot of things. I don't know if I'm going to get them to start picking up trash. (laughter) But, seriously, we don't see that, in its current form -- that it's been written to address the fire district situation. And we are working to try and have that addressed. If those elements are built into it -- much like the municipalities have -- we'd have to find a way to work within it.

SENATOR KARCHER: Thank you.

SENATOR SMITH: Thank you, Senator.
Assemblyman.

ASSEMBLYMAN MALONE: Mayor, I don't know-- When we went into having some paid EMT and paid firemen, we had individuals, in the beginning, who were basically dual employees -- municipal employees and also were (indiscernible). I don't know if that's something you've talked about. And I don't know if the Chief, maybe, has been involved in that situation.

Have either of you had dual employees in the beginning of your process?

MAYOR FRIED: We have dual EMS and firefighters. We have looked at the dual approach, from the municipal side. The Garcia law makes it very challenging. You have different people with different interpretations of that ruling. So that portion of it does make it very challenging, I think.

ASSEMBLYMAN MALONE: In Bordentown, we did start out with some individuals who were actually municipal employees, who were actually were responding to fires and to EMT calls. That got the process going. And it was a cost savings in the beginning. It's something you may want to take a look at, if there's no--

MAYOR FRIED: It's a great idea. In fact, we were looking at, "Can we combine public works to actually be able to respond to fire calls, on an as-needed basis." But it's a great idea.

ASSEMBLYMAN MALONE: Thank you very much.

SENATOR SMITH: Thank you, Assemblyman.

Thank you for your testimony today, Mayor. It's very, very helpful.

Our third member of our emergency services panel is Jeff Welz, the Co-Director of the North Hudson Regional Fire and Rescue Service.

First, Mr. Welz, let us express our sympathy to your group for their recent loss of a very fine gentleman. I didn't know much about him, but he seemed like a very, very fine man. And I know it's a terrible loss to your service.

Would you -- if you would -- describe the-- You have the merger of two paid departments, correct?

J E F F W E L Z: Five.

SENATOR SMITH: Five paid departments.

Could you tell us what kinds of challenges and hurdles you've run into as a result of that merger?

MR. WELZ: Thank you, Chair.

On behalf of myself; my Co-Director, Mike DeOrio, who couldn't be here today due to health reasons -- and with me is Chief of the Department, Brion McEldowney -- I want to thank the Committee for inviting us and letting us talk about what we did up in North Hudson, as far as regionalizing. I'm going to try to keep my written comments brief. The esteemed Chief from Cherry Hill covered a lot of the topics that are germane to the fire service. And we've had a relationship with them over the years on some apparatus purchases. So I don't want to repeat, in the ends of brevity, so we can move-- I think a lot of you have questions.

The North Hudson Regional was the largest regionalization in New Jersey. It encompasses the five North Hudson communities of North

Bergen, West New York, Union City, Weehawken, and Guttenberg. Together, those towns, with approximately 200,000 people crammed into about 12 square miles, forms the most densely populated community in the entire country. Houses are literally attached to each other for block upon block. The fire danger is quite severe. And the potential loss of life is very evident.

Our communities fit very closely together, however, with continuous boundary lines -- some of them running for miles -- which makes regionalization a very real possibility. It's been discussed for over 25 years. There's been various studies. But each town, up until 1998, had their own career, independent fire company with their own rules, their own operating procedures, administrative repairs. It was duplication times five.

But even before we regionalized the fire department, North Hudson -- before regionalization was a buzz word-- We regionalized our fire communications way back in 1981, which took the dispatching of those five communities' fire departments and replaced uniformed firefighters -- and put them back in the fire suppression forces -- and replaced them with civilian dispatchers; and had a regional dispatching center to dispatch the five independent career fire departments. It saved money, it saved time, it was a great advantage in mutual aid situations; and it set the framework for what we did in 1998, and actually regionalized the entire five fire departments.

Before regionalization, each department had their own chief, their own maintenance, formal training procedures, operating system, purchasing -- which was mentioned before here, especially when it comes to apparatus. And the career departments are not immune from the high price

of fire apparatus -- that you can be sure. Five sets of administrative personnel and seven different union labor contracts-- And I'll get into that a little more.

There were many drawbacks: new equipment, fire (indiscernible) required, house repairs. Purchases were done individually by each town. You didn't get the benefit of cooperative purchasing or the value of buying in large amounts and getting a better price from the vendors.

For example, each town would purchase an apparatus. It would be a different brand -- something that was discussed -- based on what that chief thought was appropriate for his department. So there was no standardization of equipment. So if you had a serious fire of mutual aid, the equipment was different, the operation was different. And again, as you pointed out earlier, this is an expensive proposition.

The second deficiency, which was very dramatic, was the fire response route. Considering North Hudson is only 12 square miles, and boundary lines are very common, you literally had firehouses across the street from each other in different towns. And the response had to be that that town would be the first responder. The neighboring town could only come if it was a mutual aid situation. And by then, the fire had become from a one-room fire to a fire that may have consumed the building or -- considering the makeup of our community -- several buildings.

I'll give you a perfect example. In Weehawken, where I live-- Before regionalization, there was a firehouse -- a Weehawken firehouse two blocks from my house. The next two Weehawken firehouses, which would come if my house was on fire, were a mile away. Yet, within three blocks of

my house -- two in Union City and one in West New York -- were right there, three blocks away, yet they couldn't respond until after the remaining Weehawken apparatus arrived and declared the fire serious enough to institute mutual aid. This is one of the glaring deficiencies.

As the Cherry Hill Chief said, our job is to protect lives and property. And we're doing it very inefficiently. However, after a decade of many, many studies -- as I said earlier -- the mayors of the five towns authorized a study -- which was partially funded by the State of New Jersey, through the Division of Local Government -- through the Carroll Buracker Associates, out of Maryland. And from that study we moved forward, starting in 1998, with -- as most of you know, under consolidated municipal services -- a joint meeting of the five towns.

I was proud to be part of that committee. I was chair of the regional communications authority at that time. And we were the impetus to get the regionalization of the fire. We formed a transmission -- transition team. And that transition team was very critical, because it was made up of the senior fire service representative from each of the five towns. And that team was charged with the ability of taking five independent fire response departments and merge them into one. I can spend probably a day-and-a-half telling you all the areas that had to be addressed. Obviously, having a regional communication was a tremendous benefit, and probably the most critical part. Because the worst thing a regional department could do was fail to respond properly if a citizen had a fire. So that was a big benefit.

So we started out with a positive point. But the dispatching was done by political boundaries. So we had to rearrange the dispatching to put the closest company -- i.e., my personal example with my home in

Weehawken -- which meant we had to literally go out in the community, block-by-block, and verify the street addresses and stuff like that. It was a tremendous burden. It took a lot of time. But the leaders of the fire service in North Hudson knew it was the right thing to do. Before regionalization, on an alarm of fire, between 10 and 15 firefighters showed up.

In one town, which had a combination department, as few as a single firefighter would show up on a reported fire. And this community has, I think it is -- I believe it still is -- the highest residential high-rise of 52 -- three, 52-story residential buildings along the Hudson. And yet their response could be, on a given day, one firefighter.

Today, after regionalization, those 10 or 15 have been literally doubled. We respond -- 25 to 32 firefighters on eight pieces of apparatus, and two chief officers. Prior to regionalization, it was four and one chief officer. This improved deployment, and deployment based on location rather than political boundaries reduced our response time from five minutes to four minutes.

The combination of resources, faster response time, increased manning has literally decreased multiple-alarm fires in North Hudson by 50 percent. Many, many times, prior to regionalization, you would have a fire in one building; because of the inadequate amount of manpower arriving on initial alarm, and the close proximity of the houses -- many times, literally attached with common roofs -- that one building would turn into five buildings being lost. You probably heard the term *row houses*. These are the types of structures -- all wood. They predate modern fire codes. They're not sprinklered. So a serious fire in one building, literally can spread on both sides. And I've been at many fires where we lost four or five buildings

in a given day. The increased manpower greatly enhances our chance to stop that fire in the incipient stages. As was stated before, those are the critical times. This is when lives are saved and property is saved.

Today, North Hudson operates with one fire chief, one purchasing system, one maintenance program, one capital improvement project, and training program. It also operates, for the first time, a highly trained emergency rescue company, specially trained in high angle rescue for high-rises and confined space rescue, since we house the Lincoln Tunnel and the new Light Rail tunnel, along with the Northeast Corridor tunnel for Amtrak and New Jersey TRANSIT.

SENATOR SMITH: Would it be fair to say that you believe that this merger has resulted in better services, more efficient services, to the people of the five towns?

MR. WELZ: Unequivocally, yes.

SENATOR SMITH: All right. Let me ask about the problems. What were the-- You said you had seven different labor unions. What happened, in terms of the labor issues, related to the merger?

MR. WELZ: The labor issues were probably the single most -- obstacle to overcome. With seven labor contracts, the early leaders of the department -- myself, my co-directors, and the early chiefs -- we literally had to have our operational policy not violate one of those seven contracts. A lot of the union contracts spell out specifically what you can do with that firefighter. In many cases, that handicaps the managers. And with seven of them, it was exasperated times seven.

SENATOR SMITH: So how did you solve it?

MR. WELZ: Well, we literally had to go back to basics. We went back to basics. We had to review all seven contracts. And we issued a policy, as long as it didn't violate any provisions.

I'll give you a perfect example. One thing was starting times. In the transitional period, which was from the beginning of '99, when we actually responded as a regional department, through about 2000, we had guys that would come in at 7:30, and other guys would have to come in at 8:00, because that's what the union contract called for. And the unions were very concerned about what regionalization meant to them and their members.

So we did a lot of negotiations. The unions were very excellent at trying to work out what-- There were great differences. You now had two guys with the same rank, the same amount of time in the fire service, that came from separate towns, making \$10,000 difference. So the guy that's making \$10,000 less -- he wants to be equalized. And the unions' big issue was: "We're one department. Everyone should be paid the same."

Now, under the consolidated municipal service, we have to honor those contracts, by statute. The problem we ran into -- the arbitration with PERC took two-and-a-half years, to get a new contract for the new department. So for two-and-a-half years, we had to live with those seven contracts. It caused consternation among the members of the department. They didn't get a raise, obviously. They were working side-by-side with those inequalities, when it comes to salary. And it didn't make them to be happy about the whole process of regionalization.

SENATOR SMITH: Has that time period now expired?

MR. WELZ: Oh, it expired in 2002.

SENATOR SMITH: And what happened with the salaries?

MR. WELZ: The salaries were unified by the arbitrator for the existing members that were employed by the fire departments prior to regionalization. But he gave a second tier for the post-regionalization hires. And that's where some of the savings--

SENATOR SMITH: Right. And when you say unified, the person making the \$10,000 less got the higher salary. But any new hires were under new rules.

MR. WELZ: Right, new rules. The only thing he didn't--

SENATOR SMITH: And that was a matter of arbitration -- actually went to arbitration.

MR. WELZ: Went to arbitration. It was literally impossible to settle that without an arbitrator. And in retrospect, they gave it to a single arbitrator. It was probably beyond what a single arbitrator -- considering the complexity of it. I mean, each of those union contracts was 70 to 80 pages long, times seven.

SENATOR SMITH: Were there any lawsuits that--

MR. WELZ: Well, yes. One of the things, post that, was that if this is an issue -- and, obviously, since it's such a complex issue, you can't do it before -- you never get the consolidation done. This took two-and-a-half years. One of our recommendations: that the arbitrator should have had a panel of three, with a lead arbitrator to try to expedite the time it took. Like I said, two-and-a-half years. And I'm not blaming the arbitrator. He had a complex issue, which probably exceeded the ability of one person to fathom.

SENATOR SMITH: Are there any continuing lawsuits as a result of the merger?

MR. WELZ: No. Every lawsuit we had was won by the regional-- I mean, there were challenges. Obviously, you changed people's lives -- the firefighters. There was legal challenges. They all withstood.

SENATOR SMITH: What do you mean they all withstood?

MR. WELZ: They all withstood the legal challenge. What we did was upheld by every legal body.

SENATOR SMITH: Government is allowed to consolidate.

MR. WELZ: Right.

SENATOR SMITH: Okay.

That's very interesting. We had testimony from -- I think it was Mr. Grubb at our earlier meeting, who said that one of the things we can expect from consolidation was lawsuits. And the question from the Committee was: How would the lawsuits end up? And I think we came to a consensus that the government does have the right to consolidate. And that's what you're kind of telling us, that a judge ultimately--

MR. WELZ: Yes.

SENATOR SMITH: --decided that the consolidation gave you different parameters to work with.

MR. WELZ: As long as you work within the framework of the consolidated municipal service-- It sets forth a series of requirements.

SENATOR SMITH: Right.

MR. WELZ: One of the biggest ones, from the personnel, is that you cannot use consolidation to void existing union contracts. So we lived with those contracts. It was arduous, no doubt about it. But no

member -- and this is very critical -- no member lost any benefits under their old contracts, no member was laid off as a result, no officer was demoted. And that was one of the commitments the mayors made -- that no member would be affected adversely, personally -- no demotions, no layoffs. Everything would be through attrition. The early buyout program, which came under the former Governor Whitman, was assistance -- we lost 60 members within the first year. So that gave us the attrition so that we could bring in new hires under the new--

But at that time, we didn't even have an arbitration decision. Remember, the arbitration decision came in 2002. We regionalized in -- started in January of '99, so there was a three-year gap.

SENATOR SMITH: Right. If you could change any one thing about the Consolidated Services Act that you were working under, what would you change?

MR. WELZ: I think that issue, that there has to give high priority-- And we had great support from all State agencies. But that single issue -- because it affected all 340 members--

SENATOR SMITH: And that single issue being?

MR. WELZ: It would be that PERC create a panel to expedite the issuance of new contracts. Because of all the issues, it makes sense, (indiscernible). We had nay a citizen-- And you've got to remember, we had monthly meetings. Each town has their commissioner meeting -- the mayor and council meetings. And in seven years, I don't think there's been a single citizen who's complained about the benefits. Because all they had to do is look out the door. And when they used to see four firetrucks show

up on their block, now there was eight. And 30 guys instead of 10, or 12, or whatever. So they see the increased protection, and they value it.

But the issues dealing with unionized members with very strong contracts is something that has to be addressed, if this deals with an existing career department that merges with other career departments.

SENATOR SMITH: Thank you, Mr. Welz.

Chairman Wisniewski.

ASSEMBLYMAN WISNIEWSKI: Thank you, Senator.

You made a statement: You may not use consolidation to avoid existing contracts.

MR. WELZ: Right.

ASSEMBLYMAN WISNIEWSKI: And that's set forth in the law?

MR. WELZ: That's set forth in the law. The statute specifically requires you must maintain all existing contracts or benefits until a new contract is negotiated.

ASSEMBLYMAN WISNIEWSKI: Now, correct me if I'm wrong: You weren't trying to void contracts. You were really just working to try and modify them so that they-- One of the things you had said -- that certain contracts dictated what you could do with certain personnel, and that may not have been consistent with other contracts.

MR. WELZ: Right. That's correct.

ASSEMBLYMAN WISNIEWSKI: You weren't trying to void contracts, you were just trying to homogenize them.

MR. WELZ: Well, unify really.

ASSEMBLYMAN WISNIEWSKI: Unify.

MR. WELZ: Unify, yes.

ASSEMBLYMAN WISNIEWSKI: So I guess the arbitrator decided that you were actually trying to void them, and therefore created this scenario where people got bumps in pay, and then you had a two-tier system. Is that essentially how--

MR. WELZ: Not exactly. What happened-- It was just like a normal arbitration process with existing career departments. The union puts forth their best proposals. Management puts forth what they feel is their best. And what happened in the arbitration -- the first one -- is the union went to every one of those seven contracts, and took the best and the highest of those contracts. And that's what they proposed as the new contract for the regional. Management took all those contracts and came up with a modified--

ASSEMBLYMAN WISNIEWSKI: All right.

MR. WELZ: But we went with the two-tier for new hires. That was the critical--

ASSEMBLYMAN WISNIEWSKI: But if that law were written differently, you might have not had all of those problems.

MR. WELZ: Yes, yes.

ASSEMBLYMAN WISNIEWSKI: Thank you.

SENATOR SMITH: Questions? Any questions from members of the panel? (no response)

Thank you so much for your help today. Thank you to all three of you. You've been unbelievably helpful to the Committee's deliberations.

ASSEMBLYMAN WISNIEWSKI: Thank you.

MAYOR FRIED: Thank you for having us.

SENATOR SMITH: Our next panel relates to municipal consolidation.

Let me ask that we have the former mayor of Princeton Borough, Marvin Reed, come forward; and Marianne Smith, the Township Manager of Hardyston Township.

Just to finish the thought, I understand Assemblyman Morgan had a couple of thoughts -- Gordon, I'm sorry -- had a couple of thoughts that he wanted to weigh in and get in front of the Committee, concerning the Wildwood consolidation.

ASSEMBLYMAN GORDON: Thank you, Mr. Chairman.

I have actually a slide presentation which might take about 10 minutes or so. So I'm wondering, maybe we ought to let the--

SENATOR SMITH: You don't mind if--

Well, I don't know. Just to finish the thought, in terms of the transcript and people reading this, it would be nice to have all the fire district stuff in one place.

You don't mind, right? You have the best seats in the house.

Okay, Assemblyman, if you would.

ASSEMBLYMAN GORDON: Thank you very much, Mr. Chairman.

In the 2001-2002 period -- several years before I was elected to the Assembly -- as a partner in an emergency management consulting firm, I had an opportunity to lead an engagement which was seeking to merge two paid fire departments -- two career fire departments, and four volunteer fire companies on Wildwood Island. And what I would like to do, as quickly as

I can, is take you through what we found; talk about some of the potential benefits of that consolidation; and because the effort failed in the end, just mention some of the lessons I think can be learned from this.

And just a little background: This was a study for the communities of North Wildwood and the city of Wildwood, on Wildwood Island. And for those not familiar with the geography, this is -- these are communities on an island about five miles long -- in Cape May County, about halfway between Cape May and Atlantic City -- with a combined population of about 10,000 permanent population. In the Summer, the population grows considerably with the arrival of tourists.

The two communities are served by two paid fire departments, each with an FMBA local, a total of 28 firefighters combined. There are four volunteer fire companies. And these agencies provide both fire and ambulance service.

In the late '90s, the communities on Wildwood Island explored the idea of sharing some services. They hired a consultant and, I believe, actually merged their construction office. That was a fairly positive experience. And they decided that they wanted to examine merging their fire departments.

In 2001 -- I think this is significant -- Federal standards were issued on firefighter staffing of apparatus in career departments -- the so-called *two-in, two-out standard*, which requires two firefighters on the outside of a building before two firefighters can undertake an interior attack. And with the separate departments, that standard could not be achieved. And I think that was a major impetus for the interest of these communities in considering consolidation.

In 2001, the communities sent out a RFP requesting consultants to bid on the project. My firm won the contract on the competitive process. And what I'm going to do with about a dozen slides -- and I promise I'm going to try to go through this quickly -- which I've extracted from about 100, just to give you the essence of the study.

The study objectives were five: To identify and evaluate a range of integration options, and they ranged from just sharing services across the departments to a full merger leading to one integrated organization. The second was to try to reach some consensus regarding the most appropriate course of action. I should just comment on the North Hudson testimony we heard. North Hudson was underway at this time, and we saw the protracted problems with the seven contracts, the disputes going on, and we wanted to try to avoid that by trying a different approach. So rather than the top down -- you will integrate and work out the details later -- we attempted, through a consensus building process, to get all the stakeholders together and work out the details of the arrangement first. And we created a steering committee with representatives of the career departments, the volunteers, the elected officials, all the stakeholders, and met a number of times over the course of a year in trying to work out these detail, and actually worked out shift schedules and some details that the firefighters were concerned about. The study was for about a year. We interviewed every firefighter in the communities and observed the departments in their operations.

The data from the 2001 budgets -- and these slides were obviously from the original report -- show that the cost of fire protection in these communities was relatively high. If you'll look at the bottom of the

slide, you'll see that the average cost per capita for fire protection, based on about 170 communities, was about \$110 at the time, compared with the combined cost of over \$200 per capita in these two communities -- about 87 percent higher. And it simply -- with communities so small, it's very difficult to achieve economies of scale. And these two communities were spending, combined, over \$2 million of the budget -- about 7 or 8 percent of their total municipal budgets.

Another key issue, that I think I alluded to, was the safety of the responders. The State of New Jersey adopted the two-in, two-out standard. The Department of Labor actually did that for career departments. And the municipalities were committed at trying to achieve that. We found that even if the two departments were combined, that as they were currently staffed, simultaneous ambulance calls in each town would deplete the staff to the extent that they would not be able to achieve that level. And so whatever solution we arrived at, we felt we had to respond to that safety issue.

This slide, which I think could be a poster for consolidation in New Jersey, is a street map of Wildwood Island, showing this Island of 5.8 miles in length. It's 4.5 square miles. It encompasses four municipalities. And what you can see, those 4.5 square miles are served by nine stations which house 14 engines -- or at least at the time, this is 2001 I would point out -- three aerial ladder trucks, seven ambulances, and 14 ancillary vehicles. I would -- and you can see that there are, as was the case in North Hudson, fire stations literally across the street from each other.

It's interesting to note that the apparatus in 2001 on this Island, with a population of something over 10,000, exceeds that of the

City of Trenton with a population of 85,000. I'd also point out that the national standard for a fire station is about one fire station per seven square miles. Here, I think it's closer to one fire station per half mile.

In addition, we found that there is a good deal of inefficiency in the utilization of the apparatus. And you can see that, from the bar charts, there were some vehicles, which tended to be the older vehicles operated by the career departments, going out several hundred times a year; as opposed to the vehicles operated by volunteers -- some of which were much newer -- going out less than 20 times a year. One new truck was not even in service. So there's a good deal of inefficiency just in the utilization of equipment.

Let me turn to the recommendations that we made: After a number of meetings over a number of months, the steering committee endorsed the concept of full merger of the two departments. And as I said, we worked with those stakeholders in working out the details. Again, the key driver in all this was achieving firefighter safety and the two-in, two-out standard. What we've proposed was combining the two career departments into one organization. We assumed the State would provide some financial incentives to facilitate early retirements. And because of this need to achieve two-in and two-out, we actually added to headcount. We added seven firefighters at the junior level to achieve the staffing levels that were required. We worked out a shift schedule that would satisfy the two-in, two-out mandate. We decided that the communities needed to maintain their two career stations, one in each community. But we recommended merging the two volunteer companies in each community and recommended the closing of one firehouse and selling the property.

We recommended that the volunteers participate in an active training program with the career people to better integrate their operations. We recommended that the volunteers be given specialized tasks -- such as high angle rescue, confined space, to give them a specific role and to help them fit into the department. And we recommended that the volunteers maintain their organizations as social organizations. Significantly, we recommended the sale of equipment that we considered surplus, and we recommended the sale of six pieces of fire apparatus.

In terms of governance -- and I'll go through this very quickly -- as we heard before, we recommended the use of a mechanism called the *joint meeting*, which is recommended, which is provided for in New Jersey law. This would be an entity with representatives from each of the communities which would act as a board overseeing the combined entity, and each community would make a financial contribution to the joint meeting.

The next slide shows the actual organization that we designed, which is a four platoon organization with 35 career personnel. Again, a net increase of personnel of seven that would achieve the safety standards. And I think I will limit the description to that.

There were a number of qualitative benefits that we felt would come out of this merger: One, I mentioned firefighter safety; and through an improved training program and improved skill levels, and expanded role for the volunteers, improved efficiency -- and I'll quantify that in a moment. Greater resources responding to emergencies, as is the case in North Hudson, improved skill levels, and improved fire education and inspection programs.

Significantly, the proposal was submitted to the Insurance Services Office for their review. This is the organization that rates the risk level and fire safety of individual communities. And they indicated that they felt that the response and efficiency and safety of the community would actually increase, and did not see any kind of deterioration in the quantitative rating of the two communities.

In terms of cost, what we did, based on the contention that the towns were committed to satisfying the two-in, two-out standard, we compared the cost of our proposal of a merged organization with that of achieving two-in, two-out as separate organizations. And that comparison yields a savings in compensation costs alone of nearly \$3.8 million over five years. And if one were to compare the costs of the merger with just the status quo, what we found is that each community could comply with the law and increase firefighter safety at a cost of less than \$90,000 per year.

When the benefits of the assets sales and the reduction of other operating expenses were considered, the consolidation was expected to save more than 1.1 million in the first year and more than \$4.8 million over five years.

Now with all those good things, why, you ask, didn't this succeed? And I think there's some lessons to be learned here. What happened was, the City of Wildwood did not endorse the recommendations, although the City of North Wildwood did. And interestingly, most FMBA locals endorsed the proposal. The volunteers did not accept it. And what our firm eventually did was develop two identical sets of standard operating procedures so the two departments could at least

respond together, albeit in separate organizations, but in an identical way. We felt that was a major improvement.

Now, I attribute the failure of this to a number of factors: I think, significantly, the McGreevey administration, at the time, made sharp cuts in funding for the REDI grant and REAP programs. We were hoping that, as we had seen in North Hudson, that the tax credits that each taxpayer would see on their tax bill for doing this would be a substantial number. And with the cuts, that incentive disappeared. In fact, we just -- our calculations indicated that, in Wildwood, the average homeowner would get a benefit of about \$11 for the merger, and North Wildwood about \$8.60. And I think that those of us who've been mayors know that before you take on the political battles of taking on the volunteer fire department, which is generally one of the more powerful constituencies in a community, you're not going to do it for eight bucks.

So I think the major lesson here is that for consolidations to work, there really needs to be, at least initially, some substantial financial incentives that the taxpayers can see, so that the elected officials are willing to take on the political battles. And I think in the absence of those taxpayer benefits, you're not going to be able to see elected officials overcome the opposition of these interest groups.

And let me leave it at that. And I'd happy to answer any questions.

SENATOR SMITH: Just concluding with the bottom line on this, that the amount of savings just didn't justify the political fight--

ASSEMBLYMAN GORDON: The real savings, I think, most certainly justified it. And certainly the improvements and the quality of the

service, and I include firefighter safety, justified it. But those benefits I don't think were going to be seen by the taxpayers for a while. And what we really needed was some aid from the State to jump-start the process, and that just disappeared.

SENATOR SMITH: Thank you, Assemblyman.

Let me also ask that Mayor Chegwiddden -- am I saying that properly, Mayor?

MAYOR WILLIAM J. CHEGWIDDEN: Yes, yes. That's good.

SENATOR SMITH: If you'd come up and join the municipal panel as well, we'd appreciate it. That would be great.

All right. We have some municipal case studies that we'd like to talk about. First, we have the former Mayor of Princeton Borough, Mayor Reed. And Mayor, maybe you could bottom line to us why the consolidation of Princeton Borough and Township failed?

MARVIN R. REED: All right.

I'm Marvin Reed. I'm the Former Mayor of the Borough of Princeton. And for 20 years, I was an elected municipal official in the Borough, and for 13 of those years, from 1990 through 2003, I served as Mayor.

Prior to my first election in 1979, I was actively involved in a referendum campaign to consolidate the Borough with Princeton Township. The Borough voters defeated that effort by a 33-vote margin. While I was Mayor in 1996, I again was a proponent of Borough-Township merger, when the Township again initiated a study which produced a subsequent referendum. This time, my Borough constituents again voted "no," by a

bigger, 384-vote margin. In the aftermath, I was asked to present my analysis of the defeat to the annual conference of New Jersey State League of Municipalities. I still have copies of that presentation, and I've shared them with the staff to distribute to you for your later reading.

Let me note that the Princeton study was an excellent blueprint for government reform. We already had 17 joint agencies on which we cooperated with shared services. While our tax rates and debt service per household were practically equal, it was clear that Borough residents faced a more difficult financial road ahead. If only to hold down property taxes and make up for the heavy burden of serving tax-exempt Princeton University, you might easily expect that Borough voters would have said "yes."

But other things were on their minds. Fear about bigness. Fears about being swallowed up and outvoted. Fears about losing their very successful urban downtown to suburban sprawl. Fears about sacrificing their own friendly police officers. Fears about losing their nice little Borough Hall to which they could walk or bike. And even some said, fears about losing their mayor.

Incidentally, they did forgive me, and I was reelected to a third term in 1999. Consolidation had been forgotten.

I talked to the League about my experience back then, and I included a number of recommendations. They're still applicable to your purposes. Number one, recognize that municipal consolidation is still a political process. You need a very good case, and theories alone are not convincing. Second, don't overpromise the economics of consolidation, people don't believe you anyway. Three, change the law to require a strong

showing of interest, a good preliminary study, and an endorsement of all the governing bodies involved. Change the law to provide more time and more flexibility to develop a plan and schedule a referendum; you can't do it all in one year, as the law now requires. Change the law to insist, rather than prohibit, governing body participation. And change the law to allow decisions to be made in advance -- conditions built into the plan on office locations, staff retention, and continuing policies.

Many of my suggestions at that time, from that experience, are covered in Assembly Bill 51, which has been introduced by Assembly Speaker Roberts. This legislation would greatly improve the ability of municipalities so disposed to reach agreement on good merger plans.

I especially commend the introduction of the concept of consolidated municipalities being able to agree on and establish districts -- the old boroughs, the old villages, the old hamlets, sections of the municipalities that could continue to have their own post offices and zip codes; sections of the municipalities that could be assured that they continue to have municipal garbage collection -- with its own add-on tax, of course. But sections of the municipality which could still ban overnight parking; sections of the municipality which must still leash their dogs. Sections of the municipalities that can continue to have and pay for their own retail business-improvement programs. And sections of the municipality which can be represented by their own advisory teams for reviewing zoning variances and planning board applications.

These were all issues that came up in our consolidation campaign, at that time, for which we did not have answers. The fact that everything would be determined by a new government -- that they couldn't

predict what would happen to things, policies, and traditions that they thought were very important to their dear Borough.

Modern management tools can take care of municipal services on a more economical and more effective scale. You've had some examples of that this morning, as it applies to fire departments. But modern management and technology also make it easier to individualize service delivery and community participation. Gaining the advantages of such tools in local government may only be cost-effective if the State promotes municipal mergers and shared service compacts.

Let me close with one last observation: It will take more than financial incentives from the State to bring about significant change and improvement. Carrots won't be enough. There have to be some sticks. To really encourage consolidation and shared services that actually cost taxpayers less, there needs to be State standards. The Federal Government does it all the time -- meet the national standard or face a reduction in aid.

As a start, there might be a minimum population standard. There ought to be a several thousand mark to which all small, less-efficient municipalities aspire, within a fixed period of time, or else face a discount in municipal assistance from the State.

Police services are certainly an area where modern service requires a diversified force of public safety specialists, serving a larger constituency large enough to support it. The State should not be paying to make up for what small locales ought to be able to work out on their own.

Ultimately, municipalities, just like school systems, are creations of the State. There is no reason why taxpayers shouldn't expect both to be thorough and efficient.

You have the power to guarantee quality service, and you also have the power to guarantee taxpayers a reasonable price tag for what's delivered. And I trust you to deal with that issue.

Thank you.

SENATOR SMITH: Thank you, Mayor.

Any questions for the Mayor?

SENATOR KYRILLOS: Yes.

SENATOR SMITH: Senator Kyrillos.

SENATOR KYRILLOS: Thank you, Mr. Chairman.

Mayor, good to see you again.

Thank you for your testimony and your efforts to try to do the smart thing on behalf of your constituents and the neighboring residents of Princeton Township. You said that the effort failed in your Borough by 30 votes. Is that correct?

MR. REED: The first time, in 1979, 33 votes. And that's like thousands -- several thousand votes for and against.

SENATOR KYRILLOS: Right. A slightly wider margin the second time? I had heard 300, or something like that.

MR. REED: The second time, it was a slightly wider margin.

SENATOR KYRILLOS: I had read somewhere that the involvement or participation of Princeton University students was a dynamic in that defeat. Is that the case? Can you say that, and why would that be?

MR. REED: People that were on the Study Commission thought that they would get the biggest turnout of voter participation and endorsement for the merger if they could schedule it in a presidential

election year. And that's the way the timing went. And once they started the process, they had no choice. But the people who were apprehensive about what was happening thought that that's the one time every four years that the Princeton University students actually come out and vote. And they used that as a campaign against it. And in fact, there was even an effort in the courts to try and block the students from voting on that referendum. It didn't succeed. There's no doubt about the fact that in our town -- in New Brunswick, it's Johnson & Johnson. In your town, it's maybe AT&T, or Verizon, or whatever. In our town, it's Princeton University -- is the big gorilla. So there's always people who assumed that the whole motivation for consolidation came from Princeton University, which would make it easier for them to both manage their affairs in town and to deal with a single town government. And obviously, that they would get all their students to come out and vote for it. Not that many students did come out. And I can tell by looking at the voting districts that they were as divided in their opinions as anybody else in town.

SENATOR KYRILLOS: I see. So it wasn't the University students, per se, voting en masse against the merger. It was a reaction to Princeton University's influence in town.

MR. REED: It was a campaign device. They actually went to campaigning against it. They actually went to Vineland, my hometown, and pointed out that that was one of the last major municipal mergers in this state. And they took pictures of Landis Avenue, which I used to remember as a beautiful downtown, and took pictures of all the stores that were closed and the storefronts that had changed. And used that against

me, saying, "See what happened to his hometown? Does he want that to happen to us?"

SENATOR KYRILLOS: And the energy force that motivated this -- went down there to Vineland, took photographs -- was what? Employees? What was it?

MR. REED: Local people who were worried about -- that they wanted to protect their downtown, which is what the Borough is -- the center of town; and that they felt that if they were swallowed up in the larger municipality, there would be many more voters who lived out in the more suburban area that simply wouldn't appreciate that.

SENATOR KYRILLOS: I see.

MR. REED: And it's one of the reasons that I recommended -- that if you create a sense of districts and guarantee that, "Look, in this merger we recognize this. You can continue to have an improvement district for your businesses in the downtown. You can continue to ban overnight parking in that district if that's what the people want." Those kinds of prior agreements would have made all the difference in the world. Some people make pre-nuptial agreements for exactly the same reasons.

SENATOR KYRILLOS: Very good point.

Mr. Chairman, I think that it was very instructive and significant to hear the Mayor tell us that sticks are as important, and perhaps -- and probably more important than carrots, in order to try to achieve the progress that we want to achieve. And you alluded to State aid, State assistance. I'm curious, if I could, Mr. Chairman -- and I would like to have a hearing on a bill I've offered heretofore, I've mentioned before, and you and I had a chance to talk about it on the Senate floor the other

day -- to hear the Mayor's thoughts about a bill I've offered that would set up a military base-closing-style commission to, at least at the outset, find the most obvious examples, like Princeton Borough and Princeton Township -- and there are others throughout the state -- and compel those mergers. You're no longer in office, correct? So you can -- you're free to give us your unvarnished views, I think.

MR. REED: I'd like to-- I'd be interested in seeing the bill. I remember when I was first elected as Mayor, Governor Florio appointed me to a similar base-closing commission to look at the future at Fort Dix. And then we had a couple of meetings and we had some ideas how to make that territory more economically viable. And then the Federal Government decided not to close it. And also, we elected a different governor, so that was the end of that Fort Dix planning group. But I'd love to see your plan, because I think that's a very good example of where you could have a-- A lot of those towns that are near those bases depend upon the Federal subsidies that come from having the base there. And if that evaporates, it leaves them in a very difficult financial position, in terms of where the rateables are. And you may very well have to make up a decision as to how -- and particularly, the redevelopment of that base -- how the new rateables are going to be shared, because they're not going to get the same Federal aid that they did in the past.

SENATOR KYRILLOS: Well, Mr. Chairman, I don't want--

SENATOR SMITH: I think Senator Kyrillos's bill is different though.

SENATOR KYRILLOS: Right. I don't want to dwell on this point now, because we've got other panelists. But I'm going to get you the

bill, because it's not a focus on military bases, per se. It's a focus on municipalities, but it uses the national model of consolidating military bases around America -- that we needed to do in the aftermath of the cold war, and have done with some success over the last 15 years here at home -- to do what I think you intuitively understood years ago: that it makes good logical sense to merge the Princetons. It's that model that I think perhaps we ought to look at very, very seriously in this context. And I'll get it to you, because you would be a very important voice to add to the debate on it.

SENATOR SMITH: I'm hopeful, Mayor, that Senator Kyrillos's bill, or some form of it, is released by this Committee. Because one of the problems that we have on this Consolidation and Shared Services Committee is that we really can't look at the 566 municipalities and say, "Roosevelt should combine with whatever," even though it's a town of 50 residents. We could never do that kind of minute study. But a base-closing (*sic*) commission, on the model that Senator Kyrillos suggested, could present to the Legislature a report of those areas where the greatest savings could occur for the taxpayers. And upon acceptance by the Legislature, hopefully could go right on the ballot and let the people in the towns get a chance to vote on it, and can do the consolidation.

MR. REED: Well, as I said, consolidation is like a good marriage -- and it's got to be a courtship of people who have mutual interests -- that determine they have mutual interests; and an outside matchmaker can't always make the perfect--

SENATOR SMITH: I don't disagree with that, but I think the right base-closing commission could present very compelling reasons why --

both taxes and shared services -- why it would result in a better combined government. So I think Senator Kyrillos is on the right track.

MR. REED: Well, it's also-- When I referred to standards that the State might establish, that might be one of the standards. That in a situation like that, or even in a economic disaster -- where you suddenly have a major mall or something, for whatever reason, evaporate, closing down -- that there's something that the State then triggers -- the motivation for the municipalities to really come to grips with their financial difficulties.

SENATOR SMITH: We appreciate the suggestions.

Assemblyman Malone.

ASSEMBLYMAN MALONE: Thank you very much, Mr. Chairman.

I don't know what happens in other Committees, but I do appreciate what you and Chairman Wisniewski have been doing to include all aspects of this process, and I very much appreciate your efforts to work with Senator Kyrillos on his piece of legislation.

But let me ask the Mayor a couple of questions, because I was a little bit puzzled. Mayor, I have been in a similar situation as you -- I was in local government in Bordentown City and Mayor for 24 years. So I'm used to being the hole in the doughnut kind of thing.

MR. REED: Right.

ASSEMBLYMAN MALONE: And I was involved in a number of consolidation efforts and regionalization efforts, and got beat up pretty good a couple of times.

MR. REED: But you're still here.

ASSEMBLYMAN MALONE: But I'm still here, and it was an uphill battle.

The question I have: With all of your exceptions that you've outlined today, as opposed to maybe what happened a number of years ago, what is the true difference of keeping them separate if you're going to have all these exceptions and be able to basically have five governments within the government? If you've got districts and towns and everything, what are you significantly changing?

MR. REED: Well, you're not-- It doesn't change the-- In terms of the government, you're talking about a single municipal government. But a single municipal government that has certain -- that you agree is part of the -- in the initial consolidation, that there are certain policies that existed beforehand that are going to be continued. And that the inner-borough -- there may be certain policies that apply there that they, the people, the residents there want to be assured will-- In our case, it was overnight parking and dog leashes, and that was very important to us. That's not an issue for the people who live out in the Township, and the people in the Borough would rightly or wrongly say that the people out there won't be interested in us and they outvote us -- they'll elect the kind of people that won't do it.

So some kind of way of saying, "No." There's a mechanism by which we can create that district and that can continue. And I think that helps a great deal in overcoming the hole-in-the-doughnut issue.

ASSEMBLYMAN MALONE: The managing. Managing -- having entities within the entity in the governing process. I mean, you could have somebody out in the country part of the new Princeton saying,

“Well, I don’t want to have clustered housing. I don’t want to have this.” And you may say the people in downtown Princeton say, “You know, we like having duplexes. We like having triplexes. We think this kind of living is--” So you’ll end up having--

MR. REED: That’s exactly what happens now. And we happen to have a regional planning board for the two municipalities, and we get along reasonably well. But part of getting along is the fact that we recognize exactly what you’ve said, that we contribute a lot to open space in the fringe, and that the Township members of the planning board understand and support our interests in increasing the density and residential development in the tight center of town.

ASSEMBLYMAN MALONE: So if you in essence have these kinds of operational things involved, what would be the savings or what would be the advantage to regionalizing the two Princeton? I’m not sure I understand. If you’re going to have--

MR. REED: There would probably-- It would consolidate-- First, obviously, it would consolidate the tax base. It would consolidate the two municipalities in terms of their relationship to Princeton University. It would-- And the biggest issue right now, because it’s under discussion, is consolidation of our police department. And the Borough at the moment has been asking for a study of consolidation. And we think that a combined police department probably could operate with somewhat smaller, more specialized staff.

ASSEMBLYMAN MALONE: I guess the point--

MR. REED: And that’s the kind of thing that I think would come out of some of these consolidations.

ASSEMBLYMAN MALONE: In the overall sense, and what I have found through my years of municipal government experiences, is that it has nothing to do with logic. It just has to do with emotion, and that's really the most difficult thing to overcome. You can't explain to people the logic of what you're trying to do. You can't-- No one wants to give up their perception, and it's not real many times. It's just a perception. And I admire you for your efforts.

The one question I had is, how do the Princeton students vote if, in a sense, that's not their residence, unless they reregistered through dorm rooms and everything else as voters? How did they become a major influence if they thoroughly did not permanently live in Princeton and they were students?

MR. REED: In my lifetime, I've registered a lot of Princeton students and encouraged them to vote.

ASSEMBLYMAN MALONE: And what address did they give -- Nassau Hall? What address did they give?

MR. REED: Oh, they give their dormitory address. In fact, the municipal -- the Borough and Township line goes through one of the major dormitories.

ASSEMBLYMAN MALONE: How is that-- I just find that to be bizarre.

MR. REED: That's what they use as their address.

ASSEMBLYMAN MALONE: My son wants to vote, he comes home from college.

MR. REED: Well, some of them choose to go home, and the University actually closes down for a couple of days at election time so they

can do that. But a lot of them don't go home and a lot of them get involved while they're on campus, locally.

ASSEMBLYMAN MALONE: So how do you--

MR. REED: That's why -- and it generally manifests itself in a presidential election year. That's when they all really want to go out and vote.

ASSEMBLYMAN MALONE: So how do you check if they didn't vote absentee in their hometown in Minnesota and then voted again in Princeton?

MR. REED: I guess we have to respect the honor code.
(laughter)

ASSEMBLYMAN MALONE: Right, okay. I just found that to be the most puzzling part of this equation, as the students-- If you're registering students--

MR. REED: They're allowed to choose where they want to vote.

ASSEMBLYMAN MALONE: Yes. I hope they didn't vote twice, that's all.

Thank you very much, Mr. Chair.

ASSEMBLYMAN WISNIEWSKI: Anyone have any other questions for Mayor Reed? (no response)

Mayor, I just want to ask you one question. You've worked-- You come from the one municipality that had a successful merger, Vineland and Landis, many years ago. That's where your roots are. You were Mayor of Princeton, and you were involved in two attempts -- and you're familiar with two attempts to consolidate those municipalities. And it seems when

you look at it, the way the law is created, that when you require an affirmative majority -- 50 percent plus one vote of each municipality -- you essentially give one municipality the ability to veto a merger over another. Should the law be changed to consider the voters of the proposed targeted merger as one entity -- and it's 50 percent plus one of all of those voters, or should these things be done just by legislative fiat?

MR. REED: I don't think the smaller municipality would participate in the study unless they could guarantee that their constituents could be part of agreeing to what the outcome was going to be.

ASSEMBLYMAN WISNIEWSKI: But agreeing as a separate unit, as opposed to agree.

MR. REED: As a separate unit. I think otherwise you've created for yourself a very impossible political situation. That even if the thing is successful, it will continue to haunt you.

ASSEMBLYMAN WISNIEWSKI: But it seems like the other way, you almost guarantee giving some -- the one town with more to lose or the one town that perceives it has more to lose the ability to essentially veto what otherwise might be a very good idea, because you would be achieving economies of scale.

MR. REED: Well if--

ASSEMBLYMAN WISNIEWSKI: So it seems like a no-win situation.

MR. REED: If that is going to be taken away, that will have to be taken away by the State Legislature, because I don't think the municipalities themselves will give it up.

ASSEMBLYMAN WISNIEWSKI: Well no, but that's my question. In your view, is that something that, if this Committee ultimately weighed and considered and came up with a proposal, do you think that that would make it easier if we changed that methodology on how it gets approved?

MR. REED: I think it would make it harder to get municipalities to consider consolidation, even if it made it easier for those few that did to get a referendum passed.

ASSEMBLYMAN WISNIEWSKI: So it might be easier to get married, but they might not date?

MR. REED: Oh, they might -- yes. Yes. They might not get along together, as well.

ASSEMBLYMAN WISNIEWSKI: Okay.

Any other questions? (no response)

Thank you, Mayor.

Next, we have Marianne Smith, who is the Township Manager, Hardyston Township.

Please.

M A R I A N N E S M I T H: Thank you.

My name is Marianne Smith. As the Assemblyman has mentioned, I am the Township Manager -- sorry -- of Hardyston Township. Prior to being Manager, I had the unique opportunity to actually serve as an interlocal employee as well.

The unique situation with Hardyston and Franklin is that they are located in Sussex County, they're both rather small municipalities. In the 1700s, when Hardyston was actually created, Franklin and Hamburg --

two communities that did provide copies of a map, that show they are both the hole in the doughnut inside of Hardyston-- Hardyston is comprised of approximately 33 square miles, and the two other municipalities are about five square miles each, and they are in the middle of the doughnut.

In 1913, Franklin Borough de-annexed itself from Hardyston, as did, several years later, Hamburg Borough. That was as a result of some economic issues. The Boroughs at that time had the unique privilege of having the mines; and more economic viability than the township did, being more rural.

In 1997, it was kind of the reverse. The Boroughs had a downturn in their economy because the mine had close -- New Jersey's zinc mine. And Hardyston Township was developing, at that point, probably at a similar pace, although they had more development potential than the Borough. The municipalities did opt to go to referendum to consider a consolidation study, and they did vote to have this study commence.

Just to cut to the chase, the findings of the study recommended against consolidation; and for the expansion of shared services. The findings particularly focused on -- I'll read right from our findings. The significant impact that caused the recommendation against was -- the overall premise of consolidation is that we will save taxpayer dollars or improve services by providing better and more efficient service. The State fiscal report focused on financial analysis rather than focus on local issues. For this consolidation, there were not significant savings nor an increased level of service, except for provision of solid waste collection for Hardyston residents, within the tax rate. Significant added costs were identified in the local school system to be shouldered by all taxpayers.

In the case of Franklin and Hardyston, the cost per pupil in the Franklin School was significantly higher -- as were their teacher salary costs per teacher, and their contracted rates -- than Hardyston Township. So a merger would have included a significant increase in taxation to Hardyston and there would be a savings to Franklin. However, because there was that gulf of savings, it was concluded that it would not meet the initial goals of the study.

Moving forward, there was concern: Hardyston Township had a significant amount of growth projected, whereby Franklin Borough had a limited amount. There were pros and cons for both of those scenarios. Obviously, Franklin, having less growth, would have less increase to the rateable base to help offset their costs of just incremental increases in operating costs; where Hardyston Township would undoubtedly see an increase in their rateable base, but it would also probably include an increase in their service delivery, which would incur additional costs.

Ten years later, having the ability to take a look at what actually occurred, Hardyston Township has increased its rateable base by 74.5 percent, and we've increased our taxes by only 17 percent. At the onset of the consolidation study, both tax rates were comparable, as were our populations. The 10-year period has created a situation whereby Hardyston Township has increased its population from about 5,500 residents to somewhere in the neighborhood of 7,500 to 8,000, and that continues to grow; where Franklin has not had that increase.

The rateable base growth has maintained the stabilization of Hardyston's tax rate. When we first started the study, both of our taxes -- our standing in the county assessment of a tax rate, if you multiply it by the

ratio and the tax rate on a market-value house -- we were probably, relatively comparable, in the higher end of the 24 municipalities as far as taxes per individual household. Now, 10 years later, Franklin Borough is one of the higher -- I think it may be one of the top five highest tax rates in comparison to market value and ratio; to Hardyston being the fourth lowest or fifth lowest.

Similarly, in the growth of our tax base, we were the fastest growing in Sussex County, where Franklin Borough was the slowest growing. So it really has proven that what was envisioned in the study as being complicating factors really proved to exist, as now we have the hindsight to be able to look backwards.

Some of the difficulties that the Commission -- and I do have to apologize. I'm referring to the Commission report. I was not personally involved in the study, having come to the municipality later in the process. Some of the things that they pointed out as being difficulties, initially: was the time factor -- that it was a very inflexible time frame within which to complete the consolidation study. They felt that it would have been more useful to have more financial information from the local finance board earlier in the process, possibly even before they went out for the referendum, to get a better grasp of what the potential savings may be.

Additionally, they felt that there were inefficiencies in the interagency communication, between the State agencies that were involved in the process and the local agency. We felt that there needed to be some corrections to that portion of the policy.

Moving forward into a shared service-type focus, I can tell you from my own experience, as both a manager of shared services and a creator

of shared service agreements, and going back to my days as being a interlocal employee, I know it's the State's job to legislate things, rules and regulations, and try to meet the needs of their constituency and create policy that would solve problems. But my personal opinion is, it's a more holistic approach that needs to be taken by the municipalities. In our case, Franklin and Hardyston decided that they would approach the shared-service concept very aggressively. We have a shared service committee between the two municipalities that meets on a regular basis. We've extended that to the school system as well. We have an ad hoc committee that meets with members of the town council and board of education every other month to try to look for opportunities to share services. We now have 30 shared-service agreements, not only with Franklin Borough, but with other entities, including the school districts, other municipalities, municipal utility authorities. And it does give you the opportunity to almost have a competitive market approach, where if you have a retiring employee, you can look at that objectively and say, "What's it going to cost for me to replace this person? What will it cost my neighbor, to the left, to provide that service, or my neighbor to the right?" So you have a negotiation opportunity to be able to come up with your best alternative.

Again, I think that shared services are personality-driven more than legislatively driven, perhaps. Less of a dictatorial approach and more of a voluntary approach, would be more advantageous and-- While I know it's the intent of this State, and municipalities as well, to save money, I don't know whether the strong-arm approach would be as productive. As the Mayor had mentioned, when the McGreevey administration eliminated the incentives for shared services, that had a significant impact even on our

focus, where we were kind of a shared-service machine. And when that advantage came off the table, it was difficult to swallow, because we thought we were working with the State cohesively, on a team approach, to solve a problem. So that's, basically, from my perspective.

My one concern from reading some of the information that I've read recently, some of my concerns would be, (a) from municipalities like Princeton, Hardyston and Franklin who have been in this shared-service game. They're willing to commit their resources and time to try to do the right thing. If any incentives are forthcoming, that they should be retroactive back to municipalities who have made the effort. We shouldn't be penalized for things that we've taken on the chin and gotten out in front of when the incentive was marginal.

The other thing I would encourage the Legislature to do is take a look at mandates. A lot of our expenses -- particularly, each year, new expenses -- may be the result of something that is coming down the pipeline from the State that requires us to spend more money. Not saying -- I'm sure you're doing everything you can to satisfy things that come up that need additional regulation and legislation. But there may be some things, that are even on the books, that could be reviewed and eliminated to help us to save money.

Lastly, I really believe that education of municipalities -- and again that's the holistic versus dictatorial viewpoint. While it is very helpful to have a State agency give direction and give directives, it may be more advantageous to have more of an ombudsman-type scenario where -- a municipality who has had experience and can relate on the level of other local government officials. I can tell you in a municipality of 7,500 people,

my town council, they represent the common folk. They want something that makes realistic sense to them, and it's more productive for them to talk to someone who's gone through the experience, that has the same level of understanding of their constituency and of the policy setting. And it may actually be more attractive to them than to have it be more institutional.

I really appreciate the opportunity to share our thoughts and represent our town.

SENATOR SMITH: Ms. Smith, we appreciate the benefit of your experience, even though it wasn't quite successful. You had some reasons that are very reasonable in retrospect. Ultimately, it has to make sense; and that, from your testimony, it sounds like, ultimately, the people of Hardyston came to the conclusion that it didn't make sense.

MS. SMITH: Well, it didn't make sense on the consolidation, but we have saved significant dollars. With shared services, it's easy to quantify in that first year your level of savings.

SENATOR SMITH: Right.

MS. SMITH: But particularly, if you have a growing community, it becomes more difficult on a year-by-year basis. But we do attempt to do that, and we analyze each of these agreements to determine if it's still creating a cost savings. Because there is a perception by the municipality, the constituency, that there may be a loss of autonomy. Our tax collection is a shared service. Hardyston Township just built a new municipal building, but our tax office is in Franklin. Our residents have come to -- they've transitioned to the fact they pay their Hardyston taxes in the Franklin Municipal Building; but we're saving \$20,000 to \$30,000 a year by maintaining that relationship.

SENATOR SMITH: They're not that unhappy on that issue.

MS. SMITH: Exactly.

SENATOR SMITH: Okay. We do appreciate your testimony.

Are there any questions for Ms. Smith? (no response)

Okay. Thank you.

MS. SMITH: Sir, I did have one other comment.

SENATOR SMITH: Yes.

MS. SMITH: Just on proposed A-51. My only concern is that the method by which a municipality can enter into a shared-service agreement presently is pretty flexible and fluid. There appears to be a lot more bureaucracy involved -- and I understand the reasoning in streamlining the process and trying to provide a roadmap to municipalities, maybe, that haven't gone down that road. But it may actually be intimidating. And the way it is presently, where you have more flexibility to enter into these agreements of your own free will, and not have to necessarily get State approval or State intervention in relation to the agreements -- may be kind of counterproductive.

SENATOR SMITH: I appreciate the comment.

Our last witness is the Mayor -- Mayor Chegwidden. If you would tell us your experience. And I believe you were trying to consolidate courts, as I understand.

MAYOR CHEGWIDDEN: Actually, we consolidated three different things.

SENATOR SMITH: Please tell us about it.

MAYOR CHEGWIDDEN: I'm one of those guys that was thrown down the stairs and kicked at the bottom. (laughter) So I know exactly what some of you have gone through here.

We consolidated our police. Actually, we did it under a shared service, under contract, which is a lot different than what everybody else is speaking here.

SENATOR SMITH: Do you have one chief or two chiefs now?

MAYOR CHEGWIDDEN: We have one chief.

SENATOR SMITH: Did one retire, or did one--

MAYOR CHEGWIDDEN: One retired. Opportunity knocked.

SENATOR SMITH: Opportunity.

MAYOR CHEGWIDDEN: And we took advantage of it.

When I came into office as Mayor, the previous mayor hadn't raised tax in 10 years. I had to do something. So I had to think outside the box or I would have been out real quick. So 40 years, by the way, this has been kicked around. Four different feasibility studies were done. I read every one of them. They all said the same damn thing -- it saves money. It's pretty amazing that other towns aren't doing this. We've saved \$2 million in five years -- that's 57 tax points to us. That's pretty amazing.

SENATOR SMITH: It sure is.

MAYOR CHEGWIDDEN: And here's another thing, too. Mine Hill is all Democratic. Wharton is all Republican. So it can be done.

I'm looking around and I see other towns that have problems, and they're of the same parties and they can't get it done. I think it does -- somebody said it has to do a lot with personalities. I think your

personalities have to match. You have to have councils that are willing to work together. We happen to have that.

SENATOR SMITH: Would you consider representation on the base-closing commission of Senator Kyrillos's proposal? (laughter)

MAYOR CHEGWIDDEN: I certainly would.

SENATOR SMITH: Thank you.

MAYOR CHEGWIDDEN: Really, I certainly would.

What we did was, we showed the savings in the increase in service. We went from a 13-man force to a 21-man force and saved money. Our town is 6,500 people, the next town is 3,500 people. They are 3 square miles, we're 2.2 square miles. I had to put the 0.2 in there. Now we have 10,000 people, 5 square miles, and a 21-man force, and we're saving money. If it was up to me, and if my chief retires -- and if I'm still there -- I'll look to the next over, because I'll combine forces with them.

How did we do it? Well, Mine Hill took the initiative of dissolving their force. That's how we did it. They dissolved the force and they no longer had a police force. Those eight officers came down to our chief and interviewed, through the interview process, and were put at the same level that they were at. Actually, some of them made out. Some of them make 20,000 more by coming down. So everybody had the opportunity. Five officers out of the eight came down; the other officers went elsewhere. So we gave the opportunity. And of course with the breakage -- we also made money there also, with the breakage.

So that worked out so well, now we're just doing our courts. Our courts, as of January 1, will also be a shared agreement. That worked out so well, we did it with our superintendents. So it's--

SENATOR SMITH: Of the school systems?

MAYOR CHEGWIDDEN: Yes. With the school system.

SENATOR SMITH: Did they both stay on, or is one retiring?

MAYOR CHEGWIDDEN: One's retiring.

SENATOR SMITH: Opportunity knocked again. (laughter)

MAYOR CHEGWIDDEN: Absolutely.

I can't make this stuff up -- it just falls in my lap. (laughter)
But I take advantage of it when it's there. And the school board realized it, too.

I know you said you had 40 different shared services. We probably have the same, from our health officer onward. We have to do it.

I just want to make a comment about the carrot and the stick. I always hear about the carrot and the stick. The only problem is, with the carrot and the stick, we were on that path to get the REAP money and the carpet was pulled out from underneath us. We stayed the course. We made it happen, because we realized the money that was going to be saved. The carrot and the stick, what happens is, you put the carrot out and it always seems like Trenton still eats it. We never get it. (laughter) And I don't mean that to be funny. That just seems like it happens to us all the time. You're saying it's grant money, and it's tax dollars just being pushed through the system back to us again. I'd much rather see the debt be paid off rather than offer us a grant.

So that's how we put it together.

SENATOR SMITH: Mayor, we appreciate that.

Questions for the Mayor?

Senator Kyrillos.

SENATOR KYRILLOS: Quickly, Mr. Chairman.

Thank you.

Mayor, congratulations on your leadership.

MAYOR CHEGWIDDEN: Thanks. Well, it wasn't just me. It was our council; it's the Mayor of Mine Hill, and we've worked together as a team.

SENATOR KYRILLOS: Well, you have a good team. And I think you're a model out there for a lot of people.

What functions do you have left where you're doing them independently -- your town doing--

MAYOR CHEGWIDDEN: What functions do we have that we are still independent?

SENATOR KYRILLOS: What big municipal function do you still do by yourself--

MAYOR CHEGWIDDEN: Our garbage -- our garbage.

SENATOR KYRILLOS: --and why? And have you thought about collapsing these two towns together?

MAYOR CHEGWIDDEN: I think we're on that path. I think we're certainly on that path. I know somebody said about trying to force it together. I think if you start doing the things together, it just makes sense after a while.

SENATOR KYRILLOS: Very good.

MAYOR CHEGWIDDEN: With the courts-- As a matter of fact, with the courts, we had two other towns that are also interested now in coming in with the courts, because they see the savings also.

SENATOR KYRILLOS: You have a combined population of about 10,000 people?

MAYOR CHEGWIDDEN: Ten thousand, yes.

SENATOR KYRILLOS: Yes.

MAYOR CHEGWIDDEN: And I heard somebody say before about what number that would be? Ten thousand, I think, would be probably a number around where you might want to say "that's a town."

SENATOR KYRILLOS: That could be a standard.

MAYOR CHEGWIDDEN: It could be a standard.

SENATOR KYRILLOS: Theoretically, conceivably for somebody to decide.

MAYOR CHEGWIDDEN: Yes. Absolutely.

SENATOR KYRILLOS: I don't know the geography up there that well, but I'm certain that there are probably smaller towns that you can combine forces with.

MAYOR CHEGWIDDEN: We have a town that's -- right -- that's at 1,000 people. We have a town that's 1,000 people, right.

SENATOR KYRILLOS: So you're on the way to doing more.

MAYOR CHEGWIDDEN: Right.

SENATOR KYRILLOS: Very good.

Thank you.

MAYOR CHEGWIDDEN: You're welcome.

SENATOR SMITH: Mayor, thank you for your help.

Any other questions for the Mayor?

ASSEMBLYMAN MALONE: Yes. I just want to congratulate the Mayor for being pragmatic, logical, reasonable, and just doing the right thing. I mean, it's refreshing.

Probably, today has probably been the best meeting that I've been to that we've had in this series of meetings. Because I think we've seen a sense of pragmatism, a sense of ability to get the job done, rather than everybody just throwing up your hands and saying, "Well, don't do this." It has been very refreshing -- even though yours didn't work out, but at least you tried. And the thing is, is you've learned from it.

Everybody today seems to have a positive attitude that the kinds of things that we're trying to do on this Committee are going in the right direction. And I just want to congratulate the two Chairs and the other members of the Committee. I think we are making some progress on this Committee, to save residents in the State of New Jersey money.

I may be calling upon you to come visit communities that I represent, because I think there are some positive, concrete situations that you can show people how to do it. Just like the Chief could this morning. You're going to show people how to do it, and they have to believe that it's just not the same old politics and the same old nonsense that we hear about.

And I just feel very good about the meeting today, and I think we've made some big strides forward to coming up with some solutions.

MAYOR CHEGWIDDEN: I just want to add one more thing. With the court, we extended our police contract out another 10 years when we did the court.

SENATOR SMITH: Any other questions from the members?

(no response)

Let me thank the three of you for coming in today. It was very, very helpful.

Motion to adjourn?

ASSEMBLYMAN MALONE: So moved.

SENATOR SMITH: See you next week.

(MEETING CONCLUDED)