

Joint Consolidation/ Shared Services Study Commission of Princeton Borough and Princeton Township

August 17, 2011

**Joint Consolidation/ Shared Services Study Commission of Princeton Borough and Princeton Township
Minutes of the Regular Meeting
Wednesday, Aug. 17, 2011 7 pm
Municipal Complex, Committee Rom
400 Witherspoon Street, Princeton, NJ**

1. Call to Order

The meeting was called to order at 7:15 pm, with Ms. Shabnam Salih reading the Open Public Meetings Act Statement:

The following is an accurate statement concerning the providing of notice of this meeting and said statement shall be entered in the minutes of this meeting.

Notice of this meeting as required by sections 4a, 3d, 13 and 14 of the Open Public Meetings Act has been provided to the public in the form of the written notice attached hereto.

On March 8, 2011 at 2:00 p.m., said notice was posted in the official bulletin board, transmitted to the Princeton Packet, the Trenton Times, the Town Topics, filed with the Township Clerk and posted on the Princeton Borough and Princeton Township websites.

2. Roll Call

Present: Golden, Haynes, Metro, Goerner, Lilienthal, Lahnston, Simon, Small, Goldfarb, Trotman,

Absent: Miller

Additional Participants Present: McCarthy, Stefko (via Phone)

3. REVIEW AND APPROVE MINUTES FROM MAY 11, 2011 AND JULY 20, 2011

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On the May 11th minutes change the header to Committee Room.

Motion is made by Mayor Trotman to approve the minutes.

Motion is seconded by Simon.

All vote in favor. Motion passes.

On the July 20th minutes, cross out Simon's first comment and leave second.

Add Sussex Wantage example information on next to last page.

Motion is made to approve minutes.

Motion seconded by Golden.

All vote in favor with one abstention from Trotman.

Motion passes.

4. APPROVE SUPPLEMENTAL PROFESSIONAL SERVICES AGREEMENT FOR CGR (See "Supplemental Consultant Services Agreement with CGR")

Several small revisions made to the Professional Services Agreement with CGR. Lahnston outlines the agreement for the public.

Motion is made to approve the agreement by Golden.

Metro seconds the motion.

All vote in favor.

Motion is passed.

5. FINANCE SUBCOMMITTEE REPORT ON OPTIONS FOR TRANSITION COSTS

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Mayor Goerner distributes a report – prepared by the Finance Subcommittee regarding a plan for transition costs in case there is no state funding. Report attached below and on www.cgr.org/princeton.

Mayor Goerner outlines the major points in the report and explains potential options.

Lahnston asks if the subcommittee has discussed next steps with the options in the report. The subcommittee did not suggest next steps.

Lahnston asks if it would be appropriate to send the report to the Township Committee and Borough Council.

Small asks if the report should be added to the final report.

Mayor Trotman explains that there is no way of speculating what the municipalities combined would have in surplus in 2013.

Mayor Goerner explains that the subcommittee is providing information on what options are available and the numbers in the report are based on the current situation and not the future.

Simon adds that the current combined operating surplus is under \$10 million and the capital surplus in the Borough is over \$3 million.

Lahnston makes motion to post the report online and send to the Borough Council and the Township Committee.

Golden seconds the motion.

All vote in favor.

6. OUTREACH -- DISCUSSION OF COMMUNITY ENGAGEMENT PLANS

Golden explains that the subcommittee is gearing up for the fall. They will continue to hold meetings to inform people on why the Commission voted for consolidation.

There is a joint meeting on Sept 27th with the Township Committee and Borough Council.

The Community Engagement subcommittee will be going to the following places for meetings:

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PCDO
Princeton Future
Nassau Club
Westminster Choir College
Princeton Seminary
School Board

There will also be a schedule for neighborhood gatherings.

Golden explains that Commission's summary report is available for the public at the Township and Borough Halls, Public Library, and the Sue Paterson Senior Resource Center.

McCarthy asks Golden if she would like copies of the DCA report and if so to let him know how many.

7. DATES FOR JOINT MEETINGS OF TOWNSHIP COMMITTEE AND BOROUGH COUNCIL IN SEPTEMBER AND OCTOBER

Lahnston asks the Commission members to hold the dates of Sept. 27th and October 26th for potential joint meetings.

8. PUBLIC COMMENTS

Kate Warren explains that she is worried that the Commission has moved from a data analysis, as mandated by statute, to a marketing campaign. She also discusses Mayor Goerner's response to a resident regarding tax funds for marketing. She reads from minutes regarding the marketing issues.

Lahnston responds that the conversation regarding advertising and marketing came from a member of the public in a neighborhood meeting and it may be a mistake that it came into the Commission's language. He sees the Commission's role as helping the community understanding the Commission's recommendations.

The presentation by Joe Stefko of CGR at the Old Guard of Princeton will be supported by individual contributions of members directly to the organization.

Mayor Goerner clarifies his comment made at a previous meeting and states that the resident's statement was that the Commission was going to hire a marketing/ advertising person which is not true and was not discussed at any full Commission meeting.

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Golden explains that it was in the subcommittee minutes but was never discussed further because it was mentioned once by a member of the public and then dropped.

Goldfarb adds that he believes that the selling the Commission's report will undermine the credibility of the work.

Simon explains that the Commission wants to help the public see the information they – the Commission – has found and not only the recommendations.

Tina Clement asks if members of the public can attend the Old Guard of Princeton meetings.

Lahnston explains that meetings are not open to the public, but members may choose to bring a guest.

Clement adds that she has not heard anything about governance in the recommendations and the Commission's report.

Lilienthal responds that there is ample information regarding governance and suggests she goes to past minutes, subcommittee minutes and the final report/recommendations.

Alan Hegedus explains that he has three points; 1: that the marketing issue has not been well communicated and he has not heard about the other side of the question, that is why the municipalities should not consolidate; 2: regarding transition costs, it is important to show the public the numbers in a clear format; and 3: it is inappropriate to limit the time of the public's comments to three minutes on this important issue.

Simon responds that the DCA report has consideration for year 1 and annualized savings are included in the report.

McCarthy adds that year 1 savings are less than transition costs. He adds that the numbers have been upfront and clear in the DCA report.

Peter Marks amplifies Goldfarb's suggestions and requests that the Commission find a way to let the other side of the argument be expressed and to include those who have a different view.

Phyllis Titlebaum reiterates that the Commission should let others whom have differing opinions share in the discussion and debate so that the Commission's work and efforts are seen as fair. She explains that the PCDO is holding a forum and they invited 2 people who are pro and 2 people who are con regarding consolidation to create a fair-sided debate on the issue.

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Lahnston explains that the set up for the PCDO forum was in part suggested by the Commission, himself in particular. He suggested that meetings should take advantage of already existing organizations and set ups. In regards to the Princeton Future meeting, there will be more time for questions and comments than there will be for presentations.

Mayor Trotman adds that although she is not opposed to hearing the other side's arguments, the other side of the argument often comes out during the question and comment portion of meetings. She warns against inviting those to present the other side if they have not been fully informed or involved from the beginning.

Lilienthal explains that everyone is on the same page regarding the importance of informing the public and that a presentation of the Commission's recommendations should not be a debate. It will be a presentation of facts and not a debate.

Simon explains that the Commission has carefully considered the concerns of the public and that the Commission has taken its job very seriously. He suggests adding Commission members to meetings of the opposition groups so that they may answer specific questions or quell any misinformed concerns and for a true open discussion.

Stefko ends his participation via phone at this point.

Tony Lund expresses concerns regarding upcoming meetings at the combined Princeton Future, League of Women Voters and the Library. He also expresses concern that the presentation time seems very long versus the question and comment portion. He also expresses concern that the Commission seemingly is moving into an electioneering phase versus an informative phase.

Mayor Trotman responds that she understands the importance of hearing the public, the purpose of limiting time is so that everyone who would like to speak has a chance to do so, especially on very controversial issues.

Lahnston adds that the presentation time at the upcoming Princeton Future meeting will be approximately 80 minutes and the public question portion will be approximately 1 hour and 40 minutes providing ample time for questions and answers.

Yina Moore asks if Goldfarb will provide a dissenting view report, like the Supreme Court does, for dissenting votes.

Lilienthal explains that he does not expect any future meetings to be focused on why the public should vote for consolidation but rather a presentation of the Commission's findings, recommendations, data, etc.

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Goldfarb expresses that he does not want to attempt to speak for all those who oppose consolidation. His major issue with a meeting at the League of Women Voters is that they have a decade long stance in favor of consolidation.

Simon asks the public to understand that the Commission has truly come into this process with an open mind and he explains that he himself was first against consolidation but came to change his opinion on the matter. He states that another Commission member was against consolidation from the beginning and has not also changed his/her mind. He adds that comments regarding the Commission being one sided are inappropriate.

Minnie Craig thanks the Commission for their time and asks if John Witherspoon neighborhood is on the list for a meeting.

Golden responds yes that the subcommittee will return.

Minnie Craig adds that there are still questions in peoples minds and there still needs to be a lot of clarifying.

Kate Warren asks if the donated funds are reported anywhere.

Goldfarb explains that is should be reported on ELEC.

McCarthy will look into it.

9. AGENDA FOR MEETING ON OCTOBER 1, 2011 WITH PRINCETON FUTURE, THE LEAGUE OF WOMEN VOTERS AND PRINCETON PUBLIC LIBRARY

Lahnston states that the agenda for Oct. 1st meeting has been sent out. He outlines the order and agenda for the meeting. Times need to be adjusted on the agenda to allow more time for the Finance and Tax group to present its findings and answer questions but that the total time for the Commission will remain the same.

10. UPDATE ON SCHOOL BOARD ELECTIONS IN THE EVENT OF CONSOLIDATION – DCA

McCarthy explains that he is waiting for the statute from the NJ Secretary of State. The school board would continue until the end of their terms. The consolidated municipalities would then choose their new members from the consolidated community and Cranbury would remain an unelected position.

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11. REVIEW OF DISTRIBUTION OF FULL REPORT AS REQUIRED BY LAW AND PRODUCTION AND DISTRIBUTION OF THE SUMMARY REPORT

The Commission Secretary reported that the Commission's full report has been sent to the Secretary of State, the County Clerk, two municipal clerks and DCA.

The summary report is also available to the public on line.

12. OTHER BUSINESS

The next two meetings are on Sept. 20th and Oct. 26th.

13. ADJOURNMENT

Motion is made to adjourn by Mayor Goerner.

Motion is seconded by Golden.

Meeting is adjourned at 8:45.

Respectfully Submitted

Shabnam Salih

Approved: Sept 20, 2011

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**Report Regarding Transition Costs
Options for Implementing Consolidation
Princeton Consolidation/Joint Services Study Commission
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On August 4th, the finance subcommittee met to review and develop recommendations for the commission to consider in dealing with the expected transition costs, should voters approve consolidation and the state turn down the commission's request for transition funding.

The first step of the committee was to review the "Anticipated Transition Costs for Consolidation" memorandum and review each anticipated expense.

First, the transition expenses identified by the commission are estimated to be approximately \$1.7M. Of this amount, approximately \$300,000 is for the first year of the annual cost for salary harmonization. The expected consolidation savings of \$1.31M in the first year, rising to \$3.16M annually beginning in the third year, is net of this salary harmonization expense. Therefore, while we are requesting it as a 'transition cost', it is accounted for in the **net** savings numbers for the first year. Thus, of the transition costs the commission has identified, the estimated one-time costs are approximately \$1.4M (\$1.7M – \$300K).

Should consolidation be approved by the voters, it is possible but by no means certain that the consolidated municipality may incur additional costs as part of transitioning to the proposed staffing levels. Ultimately, any such decision would be made by the municipal governments in the transition year or by the new municipality's government after consolidation.

Of the remaining \$1.4M in transition costs currently estimated, the committee then reviewed each line item to classify the expenses that could be incurred as capital expenses and thus bonded for payoff over time and those that are operating expenses that would not be able to be capitalized. Of the total amount, we estimated that approximately \$616,591 could be capitalized and paid for over a 5 year life. The remaining \$787,000 would need to be paid for from the current operating budgets when the costs were incurred.

To that end, the subcommittee developed the following scenarios for the new governing body/transition committee to consider:

Option 1 – Fund all transition costs through surplus/reserve balances. This option would incur no current tax increase on residents based upon the current baseline scenario, but would have a reduction in the combined municipality's surplus level.

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Option 2 – Capitalize a portion of the transition costs and pay the remaining amounts from surplus. This would spread the impact of costs over time and limit the reduction of municipal surplus, allowing for more municipal flexibility.

Option 3 – Capitalize a portion of the costs, defer costs and utilize surplus/reserve balances. This option would allow the municipality to spread the impact of costs over time through capitalization (bonding), deferral (i.e. not immediately upgrading police vehicle signage, etc.), and only use a limited amount of surplus/reserve balance. It is likely that the costs incurred for vehicle signage and other police related expenses, would be incurred under a deferral cost scenario whether or not the municipalities consolidated.

All of these options warrant consideration. However, the subcommittee felt that regardless of the option selected, the cost impact to Borough and Township residents would be relatively minimal and could be controlled if the governing body/transition team decided to utilize capitalization or cost deferral.

Finally, the majority of transition expenses are related to the police departments. In the Borough, the transition expenses can be considered cost avoidance, because they are more than offset in the near term by expenses that would be incurred if the municipalities decided not to consolidate. If the municipalities maintain the status quo – that is if they do not consolidate or share police services – then the Princeton Borough Police Department expects to incur one time costs estimated at \$1.17M in the near future, to update hardware systems and software licenses.