(c)

Lashway, Lisa

From: Lashway, Lisa
Sent: Friday, March 02, 2012 9:00 AM
To: Greenbaum, Rob; Canning, Sean
Subject: Correspondence - FW: Mayors' Newsline - March, 2012

Please see information below.

Michelle Masser
Deputy Clerk

Township of Mount Olive
P.O. Box 450
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973-691-0900 Ext. 7290

From: NJLM to Municipal Officials [mailto:njlm-clerks@cityconnections.com]
Sent: Thursday, March 01, 2012 4:32 PM
To: Lashway, Lisa
Subject: Mayors' Newsline - March, 2012

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Mayor's Newsline

NJLM
New Jersey State League of Municipalities

March 2012

222 West State Street,
Trenton, New Jersey 08608
PHONE (609) 695-3481 • FAX (609) 695-0151
EMAIL: league@njslom.com
www.njslom.org

IMPORTANT UPCOMING EVENTS

Please consult the League Web Calendar

From the President
Mayor Art Ondish

March 9 -
4th Annual Women in Municipal Government Day, Marriott Hotel, Princeton

March 14 -
Land Use Controls: Sustainable Energy Sources Present New Challenges, Conference Center at Mercer, West Windsor

March 21 -
Leaves of Absences in New Jersey: A Look at the Family Medical Leave Act, the New Jersey Family Leave Act and ADA Compliance, Robert Meyner Reception Center, Holmdel

March 24 -
Executive Leadership Training for Mayors and Council Presidents, Conference Center at Mercer, West Windsor

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Women in Government Day

Municipal Directory

On February 8, 2012, over 150 of your colleagues from all around New Jersey gathered in Trenton for the League's 20th Annual Mayors' Legislative Day.

Department of Community Affairs Acting Commissioner Richard Constable talked about new directions in compliance with affordable housing requirements and actions needed to address coming foreclosures on residential properties. Department of Environmental Protection Commissioner Bob Martin focused on the importance of a streamlined permitting process, a holistic, regional approach to environmental problems and sustainable management of New Jersey's parks and recreational assets. Department of Transportation Commissioner Jim Simpson praised the work of DOT employees in developing strategies to do more with less, through the intelligent application of technological solutions to problems ranging from traffic congestion and pothole repair, to snowplowing and transit capacity. Newly appointed Board of Public Utilities President Robert Hanna talked about the need to hold utilities accountable for unacceptable maintenance and timely repair of equipment, conduits and rights of way, and of the need to modernize utility operations.

Lieutenant Governor Kim Guadagno addressed the audience, detailing her work with the Red Tape Review Commission and discussing the Commission's latest findings and recommendations. (You can see the Commission's full report at http://www.nj.gov/state/pdf/2012-0208-red-tape-review-report.pdf.) She also spoke about her economic redevelopment initiatives and invited input into the Governor Christie's State Strategic Plan.

In an emotional ceremony, the League presented Assemblywoman Betty Lou DeCroce with a League Resolution, honoring her late husband, Assembly Republican Leader Alex DeCroce. Assemblywoman DeCroce was joined by family members and by members of the Assembly and Assembly Republican staff, who had worked closely with Assemblyman DeCroce, over the course of decades.

This was followed by a panel discussion of State and local leaders,

Weather Hotline

2012 Scholarship Competition

Mayoral Conference Suggestions

Shared Service Agreements

School Breakfast Program

Pension Systems

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JOHN DEAN DeRIENZO

moderated by long-time Statehouse reporter, Jim McQueeny. The panel included State Senators Paul Sarlo, Sam Thompson, Linda Greenstein, Assemblymen Vincent Prieto, Declan O'Scanlon, David Rible and Mayors Dana Redd of Camden, Janice Mironov of East Windsor and Suzanne Walters of Stone Harbor. The discussion topics covered included pay for unused sick leave, shared services incentives and penalties, civil service reform, and the impact of declining property values, resulting in tax appeals and increasing funds dedicated to the reserve for uncollected taxes, on levy capped municipal budgets.

If you did not attend the Annual Mayors Legislative Day, please make a special effort to get there next year. It is an unparalleled opportunity for mayors to communicate with the leadership in Trenton.

Mayor's and Council Presidents Training Offered once again!
-Contact Danielle Holland, ext. 118 or dholland@njslom.com

Due to overwhelming demand, the League will once again hold its special training program especially for Mayor's and Council Presidents at two locations! Each features presentations from the Department of Community Affairs, a panel discussion with MCANJ and NJMMA, an Ethics presentation, and a panel discussion featuring five Mayors with varying levels of experience. For more information on this program see Important Upcoming Events in the left column of this newsline or, the calendar on our website.

Save the Date!!
Women In MUNICIPAL Government
"Women in GOVERNMENT Day"
- March 9, 2012
-Contact Lori Buckelew ext 112 or lbuckelew@njslom.com

The Women in Municipal Government committee will be holding their 4th annual "Women in Government Day" on Friday, March 9, 2012 at

Mayor, Haworth Borough
FRANK J. DRUETZLER
Mayor, Morris Plains Borough
JONATHAN DUNLEAVY
Mayor, Bloomingdale Borough
ERICA EDWARDS
Mayor, Flemington Borough
MICHAEL FRESSOLA
Mayor, Manchester Township
JERRAMIAH HEALY
Mayor, Jersey City
ALBERT B. KELLY
Mayor, Bridgeton City
JO-ANN LIPTAK
Mayor, Raritan Borough
RICHARD A. MACH
Mayor, Blairstown
LEO MCCABE
Mayor, Glassboro
GARY PASSANANTE
Mayor, Somerdale Borough
ELLEN POMPPER
Mayor, Lower Alloways Creek
SHARON ROBINSON-BRIGGS
Mayor, Plainfield
WAYNE SMITH
Mayor, Irvington
JOSEPH TEMPESTA, JR.
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JANET W. TUCCI
Mayor,
West Long Branch Borough
BRIAN C. WAHLER
Mayor, Piscataway Township

Executive Staff

William G. Dressel Jr.,
Executive Director
Michael J. Darcy, CAE,
Asst. Executive Director

NJ Employment Listings & Classified Ads

The NJLM Listing is constantly being updated and is the

the Princeton Marriott. For more information on this program please click on the following link http://www.njslom.org/WIMG-Day-030912.html.

2012 MUNICIPAL DIRECTORY

-Contact Dee Kotch ext.115or dkotch@njslom.com

The annual Municipal Directory will be mailed to all mayors the first week of March. There is no cost for this first copy. Additional paper copies are $25 each and the PDF is $49. If you wish to order additional copies please contact Dee Kotch at 609-695-3481 ext. 115 or dkotch@njslom.com

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Weather Hotline for Seminar Cancellations

The League will announce emergency seminar cancellations via recorded announcement on our Weather Hotline: **609-695-3481 ext. 200** and post announcements on our website www.njslom.org after 6:00am on the morning of the meeting.

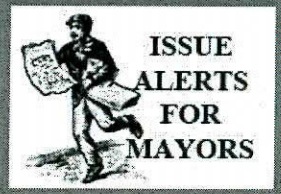
2012 SCHOLARSHIP COMPETITION

-Contact Michael Darcy ext.116 or mdarcy@njslom.com

In December, the League mailed information to all mayors concerning the Annual Louis Bay II Future Municipal Leaders Scholarship Competition. Committeeman Chuck Chiarello of Buena Vista Township chairs the Scholarship Competition and Deputy Mayor Dan Coranoto of Hampton Township also serves as a judge. This popular competition is open to all high school juniors and seniors throughout the state. The top three winners each receive $1,000 scholarships from the League.

most up to date listing of NJ municipal jobs on the Internet.

View jobs and place your ad.



Click here to Subscribe to NJLM's Award Winning Magazine

Mayors play an integral role in the success of this program because your office publicizes its availability, judges the local entries, and distributes the checks and certificates supplied by the League. You should publicize the scholarship to your local schools and establish your judging committee. Your local winning entry must be submitted to the League office by April 1, so we can announce the three statewide winners by May 4. Click here for the Information and Forms.

SEEKING MAYORAL CONFERENCE SUGGESTIONS

-Contact Bill Dressel BDressel@njslom.org

Your League staff will shortly begin preparing the schedule of educational sessions for the 97th Annual League Conference. To make sure this schedule accurately reflects your needs, we need your input.

Please fax or e-mail your suggested topics and speakers so we may coordinate your ideas into an informative and thought provoking conference. Most conference sessions are based on the input and responses from mayors and elected official .

PLEASE SEND US YOUR SHARED SERVICE AGREEMENTS

Contact Taran Samhammer at ext 124
or tsamhammer@njslom.com

Our "Interlocal Advisory Center", which is an online ready reference informational center for interlocal and shared service agreements and joint consolidation, also provides a library of sample shared service agreements and related resolutions.

As part of this service we are asking you to assist us in making available copies of any interlocal or shared service agreements that you have initiated. The agreements sent to us will be posted online in our Interlocal Advisory Center to be used as a reference for other municipalities in creating agreements in their municipalities.

If you are willing to share your interlocal service agreements, please email them to tsamhammer@njslom.com, mail to the attention of Taran Samhammer at 222 West State Street, Trenton, NJ 08608 or fax to (609) 695-0151.

No Child Should Start the School Day Hungry – Increasing School Breakfast Participation in New Jersey.

by Douglas H. Fisher, NJ Secretary of Agriculture

In a state where almost 687,000 students eat the school lunch every day, only 192,000 eat breakfast. However, full funding is provided by the federal government for schools to participate in the School Breakfast Program.

Everyone agrees that eating breakfast is important. Research shows that students who eat breakfast daily have increased attendance, decreased tardiness, improved academic performance, both in class and on standardized tests, improved attentiveness and reduced emotional and behavioral problems.

Vast numbers of children come from food insecure families. In addition, some cannot eat at home. In this hurried world, parents leave for work early and don't have time to fix breakfast. With school days beginning early in many case, children might not be hungry when they wake up but are ready for breakfast by the time they get to school.

State law requires breakfast to be served in schools in which 20 percent or more of the students enrolled are eligible for free or reduced price meals under the National School Lunch Program. However, only 37 percent of those economically disadvantaged students who regularly consume school lunch also participate in the breakfast program.

Many schools that offer breakfast do so in the cafeteria before school. This requires students to arrive to school early in order to eat breakfast. However, we are seeing much higher participation in the program in schools that offer breakfast in the classroom and the

difference may be in how and where breakfast is delivered.

In an effort to provide greater access to healthy breakfasts, the Departments of Agriculture and Education in January partnered on a letter sent to every school in the state encouraging breakfast in the classroom and allowing for the time spent - which amounts to about 10 minutes - to be considered part of instructional time.

"Breakfast can be served and eaten during morning activities, such as announcements, attendance, homeroom, turning in homework, and individual or out-loud reading time so no instructional time is lost," Education Commissioner Christopher Cerf and I wrote in the letter. "Teachers that have participated in classroom breakfasts have reported that it is a successful transitional activity and some have even reported that they have actually gained instructional time due to fewer nurse visits and less tardiness and absenteeism."

We have some very successful universal breakfast in the classroom programs in New Jersey, where all students, regardless of their family's income level, are served, such as the Newark Public School District.

Smaller districts, as well, are reporting great success with the program. West New York, which implemented a pilot breakfast in the classroom program in its elementary schools for the current school year, saw participation increase from 84 students daily in one school last year to 742 students now. All the schools saw similar increases.

Improved participation is not only good for the students, but a vibrant, well-utilized breakfast program results in a significant increase in meal reimbursement revenue. Breakfast can be completely supported by federal dollars.

Changes to how breakfast is offered can only happen with strong support from teachers, school administrators, municipal officials, parents and communities. We know the pros. We've seen that it can be done cost-effectively. The New Jersey Department of Agriculture is here to help and support your efforts in this vital issue affecting our children.

Vital Signs - Comments on Pension Systems Impacting Local Government

By L. Mason Neely, Chief Finance Officer,
Township of East Brunswick

When the light on one's dashboard appears indicating the gas tank is close to empty does one ask themselves how many miles are available before stopping to buy gas? Does one challenge the fuel warning light which means the tank is "empty" and in need of resources? Some ignore the warning to a point of running on fumes. In the recent past many have reported the New Jersey public pension systems were running on fumes and are in need of additional resources.

In 2011 the Governor and Legislature took bold action resulting in the passage of Chapter 78 Public Laws of 2011. Chapter 78 modified the public pension system by requiring additional contributions from members, reducing the COLA for retired members and extended the age of eligibility for retirement. Chapter 78 also dealt with health benefits; however the purpose of this article is to look at the Defined Benefit Pension Systems (PERS and PFRS).

In January 2012 the Boards of Trustees for the various pension systems received the July 1, 2011 Valuation Reports from the Actuaries.These reports are the basis for determining employer contribution required for calendar year 2013. Major parts of the actuarial valuation is to review prior experience, measure future liabilities in light of the legislative changes and make reasonable projections, delineating the amount employers should contribute in order to keep the tank from going emptying.

I will summarize some of the vital signs which were reported by the Actuaries for the two systems. PFRS reported a reduction in the number of active employees. There was a decline from 2010 to 2011 of 2,556 members representing 5.96%. The compensation upon which the

valuation is based also showed a decline of $70 million or 1.8% paid to the remaining active work force of 40,441 PFRS members. The "Other Than State" (Local) PFRS was down by 1,870 or 5.11% and the annual compensation decreased by $43.8 million. Local PFRS members represent 91% of the total membership. Therefore the decline was greater at the State level (9.48%) when compared to Local. Based upon a declining work force and aggregate compensation paid, plus changes brought about by Chapter 78 P.L. 2011 one would assume the 2013 bills for local employers would be less. This is not the case as employer costs will increase from 24.07% to 26.52% of income. This increase occurs in spite of there being less PFRS members working. Local employers have been paying 100% of the liability as billed by the Division of Pensions and the investment income for the local portion was $2.7 billion for the last fiscal year. The end result is the local contribution for 2013 will increase by 7.97% or $60.8 million.

There are a number of reasons for this increase. Two reasons quickly come to mind. First, based upon the experience study and recommendations of Chapter 78, the lag for PFRS will no longer be three years but is now two years. There is an acceleration or closing of the gap between reported data and data used for the forthcoming bills as a result of the actuarial study. Secondly, rich benefits provided under PFRS will continue as employees can retire after twenty five years of service, regardless of age and receive 65% of their final year's salary.

The net result of the many changes which took place in the past reporting period will cause the Unfunded Accrued Liability, which impacts the system and employer's contribution, to increase to $7.7 billion representing an increase of over $1 billion or 14.92%. Local employers are paying 100% of this liability over a fixed period of time.

The vital signs for PERS are similar because the total active work force declined by 5.59% to 291,826 active employees. The total compensation upon which the valuation is based showed a decrease of $372 million which represents a decline of 3.11%. Because PERS benefits are not as rich as PFRS the employer's cost for 2013 will increase from 11.14% to 12.24% of salary. "Other than State" (Local)

represents 70% of PERS membership, 64.4% of the assets held to fund the pensions and paid 69.3% of the Administrative Costs to run the Division of Pensions, and of those who are currently retired 56% of the payments are made to local employees. The return on investments as applied was 59.19% or $2.2 billion to local employers which is a vital sign but we feel the allocation is simply wrong. The final item to report is the local employer contribution rate for 2013 which will increase by $30.9 million or 3.75%.

Strategies and Solutions

The public is under the impression action taken by the Governor and Legislature through passage of Chapter 78 would cause pension obligations, which impact local property tax dollars, to decline but certainly not increase. With local PFRS increasing by $60.8 million or 7.97% and local PERS increasing by $30.9 million or 7.35% one might ask what strategy was used and what solutions are forthcoming. To understand one must look at the active work force which will, at some point, retire and receive benefits. It is important to recognize part of the active work force will be required to work longer and pay an increased contribution. These changes will have actuarial valuation impact down the road but today we see the warning lights flashing to refuel the tank in 2013. Both State and Local employer contributions will increase.

Following are two tables which delineate PERS and PFRS showing two distinct measurements (age and years of service). The first set of percentages show the work force distribution based upon age with those 25 or younger up to age 60 (for PFRS) and 66 or older (for PERS). In PERS the dominant age cluster is 45 - 55 years of age. If one looks across the table, the years of service are reported. The majority of PERS employees working for local governments have less than 20 years of service and the vast majority less than 15 years. This indicates the retirement bubble which local government experienced in the past few years has burst. Future rates, based upon future retirees, will smooth significantly over the coming years.

The same view can be taken of PFRS as the age grouping is identified.

The vast majority of local PFRS members have fifteen or less years of service. Therefore the retirement bubble for PFRS has peaked. Remember, PFRS can retire after twenty five years of service, regardless of age, but PERS retirement is an age qualification system and the retirements will not be as frequent or young as with PFRS.

Percentage Active Membership by Age Bracket and Years of Service – PERS and PFRS

PERS

Age Up to	State	Local
25	4.99%	5.51%
30	9.42%	5.72%
35	8.99%	5.82%
40	10.75%	8.97%
45	13.67%	13.47%
50	16.44%	17.26%
55	15.83%	17.06%
60	11.37%	12.85%
63	4.13%	5.17%
66+	4.42%	8.16%

Years of Service	State	Local
5	38.58%	43.31%
10	21.49%	22.06%
15	10.00%	12.60%
20	10.83%	10.44%
25	11.02%	7.24%
30	5.13%	2.81%
35	2.27%	1.17%
40	0.68%	0.36%

Total State Employees = 87,604

Total Local Employees = 204,762

PFRS

Age Up to	State	Local
25	7.35%	7.59%
30	14.84%	15.31%
35	19.30%	17.70%
40	22.83%	23.54%
45	18.85%	19.32%
50	9.06%	10.53%
55	4.93%	4.44%

Years of Service	State	Local
5	29.24%	26.80%
10	25.76%	21.57%
15	17.94%	21.64%
20	18.83%	17.06%
25	7.60%	9.86%
30	0.51%	2.38%
35	0.11%	0.56%

60	2.49%	1.36%	**40**	0.01%	0.12%
	0.35%	0.21%			

Total State Employees = 7,237

Total Local Employees = 34,762

If we accept the premise that Chapter 78 P.L. 2011 will result in a smoothing of pension liabilities impacting property tax dollars then we need to develop a strategy going forth to keep the savings intact. Part of Chapter 78 was to establish "targeted funding ratios" which, once the system's liability was funded at 75% or greater, a committee could be formed representing employer and union representatives which would evaluate and make recommendations for future changes. Such future changes need to assure the targeted funding ratios would be maintained over a extended period of time and any new or restored benefits provided should be fully funded under current structure or recommend new contribution levels. Both PERS and PFRS for local ("Other than State") have complied with the targeted funding ratios and the Division of Pensions and Governor may begin to appoint the committees which would begin review and strategy for future benefits provided to members. The committees are equally split between union representation carrying the interest of employees and an equal number, hopefully, as appointed would not necessarily be pro-union but represent the best interests of the property tax payer. The State PFRS and PERS are years away from reaching the targeted funding ratio.

Because local governments have been making 100% payment of their obligations along with the funding of employee contributions the local systems have assets with which to invest. Also, the smoothing process, where losses or gains are recognized over a five year period of time rather than the accelerated annual change which may occur during any twelve month period has added value. The process of smoothing the significant losses which occurred in 2008 and 2009 when the stock market saw a tremendous loss in asset valuation will phase out in 2013 and 2014. If one assumes there will be reasonable stability in the investment community with correct allocation and capital assets

continue to grow, employers will continue to make their contributions and employees will be paying a larger portion of their benefit, then one can assume the targeted funding ratio will be exceeded and place the local pension system on a firm foundation going forth. The State system will take years to work its way out of the hole and will require fiscal discipline. Thus, there are high expectations on the part of everyone who works in the local system.

There is a defined time table which will impact said expectations and the ability of our government to live within their means will be of critical importance to the health of the pension system. Governments at all levels must lower spending and reduce debt. Based upon preliminary information, the active membership of both PERS and PFRS should decline again next year (Valuation of July 1, 2012) as elected officials have reorganized to permit governmental efficiency, through reduction of work force. The benefits of Chapter 78, coupled with the younger, smaller and more efficient work force should permit the property tax payers to realize benefits in the out years. The vital signs look good. Let us pay attention to the warning lights which may flash if an effective strategy is not continued.

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