

## **EXECUTIVE SUMMARY**

In November of 2002, the Common Council of the City of Summit passed a resolution establishing a special Task Force to investigate taxes paid to Union County and county services rendered to the City. Beginning in January of 2003, the Task Force met monthly to interview and consider reports of City departments, prepare data analyses, review news articles, hold discussions with guest speakers, prepare reports on relevant topics, and contact other municipalities with concerns similar to Summit's.

The Task Force investigated the general growth of county government. The counties of New Jersey have only four constitutionally mandated offices: prosecutor, sheriff, surrogate and county clerk. The State has also passed on responsibility to the counties to administer various state functions in the areas of courts and law enforcement, roads, welfare, education and the administration of elections. In 2002, more than half of the total Union County budget of \$324.5 million was spent on state mandated programs. Although the County funds part of its budget with federal and state dollars, the majority of its funding, \$173.8 million (54%), was derived from property taxes in 2002. Nationwide, counties fund on average 30.6% of their budgets from property tax, which is considered to be one of the most regressive forms of taxation.

**Summit sent 27% of its annual property tax to Union County in 2002.** Statewide, counties consume on average 20% of the total property tax bill. **The growth in county taxes has been most dramatic over the past three years.** In that time, 2000 to 2003, the county tax rate (excluding open space tax) has grown 33.8% while the school tax rate (including school debt) has increased 22.3% and the municipal tax rate has increased 13.7%. The Task Force felt that the County's ability to raise taxes with impunity was due in part to the inequitable process by which our Freeholders are elected.

**The Task Force found that the City of Summit represents 4% of the population of Union County, pays 11% of the County's tax levy, and receives back in services approximately 1% of the tax dollars spent by the County.** In 2002, Summit sent \$18.7 million in property taxes to Union County. We received back an estimated \$1.7 million (less than 10% of what we sent) in services. Summit also received \$1.1 million in one-time grants over the last 10 years. In addition to the general tax levy, Summit sent \$673,322 to the Union County Open Space, Recreation and Historic Preservation Trust Fund in 2002. The Trust Fund has commendably purchased new park land in Summit; however, the annual payment that the Trust Fund makes on the bonds used to finance this transaction represents just a portion of what Summit pays into the fund each year. In 2002, Summit's remittances to the County for the regular tax levy and the Trust Fund levy totaled \$19.3 million, which was \$2.5 million more than we spent on our own municipal government. **We are paying much and getting little in return.**

**The Task Force also found that tax monies taken by Union County were not always well spent from Summit's perspective.** The body of this report includes examples of redundancies in the services provided by the City, County and State; inefficiencies in services provided by the County; and questionable expenditures by the County. By the end of our investigation, the members of the Task Force questioned the need for any county government at all. The essential services that Union County provides could be more efficiently provided by a combination of Summit itself, the State, and regional authorities encompassing multiple counties. If we must live

with county government, it should be run more efficiently and more equitably, and be limited to a narrow range of essential services.

**In brief, the taxpayers of Summit are not being treated fairly by Union County.** The county's increasing reliance on the regressive property tax is most keenly felt by our taxpayers on fixed incomes, many of whom are leaving for other counties or other states. Simply by moving to a house of similar value in neighboring Morris County, the average Summit homeowner would save \$1507 a year.

**The Task Force identified 21 options as possible courses of action.** It is recommended that the Mayor and Common Council consider taking action on any or all of the following options. Doing nothing and living with the status quo is not an acceptable option for the people of Summit.

- *Support State Bill S-167 to create Commission to Study County Government*
- *Build coalitions with like-minded communities*
- *Support curtailment of Open Space Tax*
- *Support state or municipal takeover of selected county services*
- *Support changing how Freeholders are elected*
- *Support elimination of Counties and replacement with State Regional Authorities*
- *Take steps to secede from Union County and either join another county or join with other disaffected municipalities to study forming a new county*

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## **MEMBERSHIP AND STAFF OF THE TASK FORCE**

The City of Summit is most fortunate in having a large pool of dedicated, talented and well qualified citizens who are willing to volunteer their time for the many boards, commissions and committees which are essential to maintaining the high quality of life which characterizes Summit. The City was able to draw upon this abundant pool of volunteers to constitute a County Taxes and Services Task Force which represents a cross section of Summit residents. The Task Force members represent organizations which are among the most active stakeholders in the civic affairs of the City:

Mayor: Walter Long – 1996-2003  
Common Council: P. Kelly Hatfield, Chairperson  
Summit Public Schools: David Bomgaars  
Summit Taxpayers Association: John Hirner  
Speak Up Summit: Roger Smith  
Citizen from the community at large: Milton Irvin

The City of Summit is also fortunate in having a workforce of knowledgeable, efficient and service-oriented employees who assisted the Task Force in fulfilling its mission. Individuals who provided ongoing staff assistance were:

Stuart Brown, City Administrator  
Mariela Valverde, Assistant City Administrator  
Ron Angelo, Chief Financial Officer  
Victor Lupi, Tax Assessor  
Carolyn Brattlof, Collector of Taxes  
Rita McNany, Administrative Assistant

Ms. Valverde deserves special recognition for her voluntary attendance at evening Task Force meetings and for the considerable research and analytical support she provided. Additionally, other department heads and assistants provided the Task Force with written reports and/or interviews:

William Schneller, Former Police Chief, retired 2004  
Carolyn Deacon, Assistant Superintendent of Schools  
Donald Bogosian, Municipal Court Judge  
Eileen Keating, Court Administrator  
Michael Townley, Former Community Services Director, retired 2003  
Stuart Palfreyman, Department of Health Director  
Chris Cotter, Former Fire Chief, retired 2003  
David Hughes, City Clerk  
Glenn Devitt, Library Director  
Romaine Eaker-Kelly, Recreation Director  
Vito Gallo, Community Development Program Director  
Barbara Perkins, Former Youth Services Director

The Task Force members would like to thank the above named City and Board of Education professionals for their thoughtful contributions to this report.

## COMMITTEE OBJECTIVES

Summit has one of the lowest tax rates in Union County and yet we are the highest taxpayer to Union County, which has a direct impact on our seniors and young families trying to make ends meet. In 2002, the City of Summit sent \$18.7 million to Union County for the regular budget and \$673,322 for the Open Space Trust Fund. The total remittances of \$19.3 million to the County were \$2.5 million more than we collected for our municipal budget which includes police and fire protection, recycling and garbage pick up, recreational facilities and activities, and capital improvements. The municipal tax rate has increased on average 2% since our last reevaluation in 1994 while Union County's tax rate has increased on average 5% annually.

Summit's taxpayers have expressed their concerns with the property tax structure and the amount of taxes sent to Union County and feel they are entitled to fair taxation. Summit's elected officials too have been frustrated with the amount of tax dollars they are sending to the County and the small return in services for the community.

In the fall of 2002, Councilwoman P. Kelly Hatfield asked the Summit Common Council to create a task force to study the tax dollars that are sent to the county and the services that are provided to Summit from Union County government. The Council adopted a resolution creating the County Taxes and Services Task Force in November 2002 (1). The charge of the Task Force was as follows:

- ◆ To gather historical and financial data on municipal and county taxes.
- ◆ To study the services provided by the county:
  - What services does Summit receive?
  - What is the value of these services?
  - What services does Summit need/require from the County?

The Task Force employed a variety of resources to gather the information it was charged to collect. Throughout the course of this study many knowledgeable individuals were interviewed and many good ideas were exchanged. The Task Force felt a responsibility to include those ideas and options in this report and to make recommendations to the Summit Common Council.

(1) City of Summit Resolution # 29922 – Create County Taxes and Services Task Force

## **THE PROCESS**

The Task Force used a variety of approaches to compile the information in this report:

**Regular Meetings** – The Task Force held monthly meetings which included planning sessions, status reports, information exchange, interviews and guest speakers.

**Reports of City Departments** – The department heads of the City of Summit were requested to provide written reports describing the services provided by Union County. Reports were provided by the following department heads: Police Department, Fire Department, City Administrator, Community Services, Superintendent of Schools, Treasurer, Tax Collector, Tax Assessor, Health Department, City Clerk, Library, Recreation Department, Department of Youth Services and Community Development Program.

**Interviews with City Department Heads** – The Task Force interviewed several of the City Department Heads of the City of Summit in person at Task Force meetings or via telephone. These interviews provided information which enhanced the previous written reports and enabled the Task Force members to further their understanding of the services provided by the County. Department heads who were interviewed were: Former Police Chief William Schneller, Assistant Superintendent of Schools Carolyn Deacon, City Administrator Stuart Brown, Municipal Court Judge Donald Bogosian and Court Administrator Eileen Keating, former Community Services Director Michael Townley, Tax Assessor Victor Lupi and Department of Health Director Stuart Palfreyman.

**Data Analysis** – Multiple sources of relevant numeric data were used by the Task Force. Task Force member John Hirner obtained and analyzed information from the Summit Tax Assessor, the Millburn Tax Department, the Morris County Tax Department and the Essex County Tax Department. Pertinent data from the following compendiums was extracted and analyzed: Union County 2002 Budget, Essex County 2002 Budget, Morris County 2002 Budget, Taxpayer's Guide to the County of Union Budget 1998, Crime Report in New Jersey 2001, New Jersey Legislative District Data Book 2001, New Jersey Municipal Data Book 2001, Abstract of Ratables for Union County 1997-2002, Abstract of Ratables for Morris County 2001 and 2002 and the New Jersey Department of Community Affairs Website – New Jersey Property Tax Information for 2002. Assistant City Administrator Mariela Valverde also provided significant assistance to the Task Force with regard to data analysis.

**News Articles** – Pertinent articles from area publications were identified, reviewed and analyzed. Sources which were utilized included: *The Star Ledger*, *The Independent Press*, *The Summit Observer*, *The Summit Herald*, *New York Times*, *Union County Voice*, *Union County Directions* and *Trenton Times*.

**Websites** – Many websites were scanned to find relevant information. Useful websites included: [www.unioncountynj.org](http://www.unioncountynj.org), [www.ci.summit.nj.us](http://www.ci.summit.nj.us), [www.ucvts.tec.nj.us](http://www.ucvts.tec.nj.us), [www.oceancounty.org](http://www.oceancounty.org), [www.endcountygovernmentnow.com](http://www.endcountygovernmentnow.com), and [www.nj.com](http://www.nj.com).

**Other Relevant Documents** – The Task Force also reviewed sections of the New Jersey State Constitution, the Report of Millburn Township’s Secession Task Force and the Union County Law Enforcement Services Review Board Report 2003.

**Guest Speakers** – Mark Boyd (founder of EndCountyGovernmentNow.com) and State Senator Tom Kean, Jr. made presentations to the Task Force and participated in question-and-answer sessions. Assemblyman John Bramnick also attended and participated in the question and answer session. John Celock, a graduate student at the Columbia University Graduate School of Journalism, discussed his master thesis study of county government. County Manager George Devanney was invited to meet with the Task Force on several occasions but was unresponsive to our requests.

**Special Reports** – Task Force members reported on their research into specific issues and their participation in meetings held by other groups/organizations. Topics of these reports included: Union County tax abatements, responsibilities of the County Surrogate, and George Devanney’s presentation to the League of Women Voters in New Providence, during October, 2003.

**Contacts with Other Towns** – Task Force members met with representatives of other New Jersey municipalities with concerns similar to Summit’s. These towns included Millburn, and Montclair.

## **BACKGROUND**

County government can trace its roots to the English shire of a thousand years ago. Early colonist brought this familiar form of government to America. Serving a dual function, the shire acted as the administrative arm of the national government as well as the citizen's local government (1). Under the rule of King Charles II, this structural form of local government was adopted and on March 7<sup>th</sup>, 1683 Essex County was formed. Bergen, Middlesex and Monmouth Counties were also created that year. Over time, as the population grew, and issues arose, more counties were added. Lines delineating counties were moved or changed in an effort to meet the needs of New Jersey villages. Often, it was because the needs of the communities were not being met.

“In the mid-1800s, Joel Haywood, a Methodist minister and former State Assemblyman from West Creek, in what is now Eagleswood, believed that the citizens in the southern part of Monmouth County — now Ocean County — were being treated unfairly by the County Board of Freeholders. The board seemed to favor the more affluent northern part of the county. Haywood and freeholders from lower Monmouth County wanted more funds for public works and other expenses of their towns. So in 1849, Haywood wrote a letter asking the State Legislature to make the lower part of Monmouth a separate county. Based on his letter, the Assembly passed legislation to create a county extending from the Manasquan Inlet to the southern tip of Long Beach Island.

Introduced in the Senate by William G. Hooper, a friend of Haywood's and a fellow Whig, the bill passed by one vote. On Feb. 15, 1850, the governor signed the charter creating Ocean County, New Jersey's 20th County.” (2).

Seven years later residents in the southern portion of Essex County petitioned to form Union County. On March 19, 1857, the 21<sup>st</sup> county, Union County was created (3).

Over 150 years later, residents and elected officials in New Jersey still have concerns regarding county government's role as service provider and taxing authority. Arguments have been presented to eliminate, reduce, and modify county government. The towns of Montclair, Millburn and Roseland have recently passed referendums to secede from Essex County because of the unfairness in taxation, not unlike the residents of lower Monmouth County.

New Jersey relies on income tax, sales tax, various governmental fees and property taxes to fund schools, local and county governments. When the economy is slow, as we have recently experienced, and income and sales tax revenues are flat or down, then aid to municipalities and schools are frozen. If programs and services cannot be cut, then local property taxes have to be raised to make up the difference. In the last two years, New Jersey property taxes grew 14%. This tax is the most regressive form of taxation, hurting low income families and senior citizens living on fixed incomes.

Unfortunately, New Jersey citizens pay the highest per capita property taxes in the nation and rely on the property tax more than any other state. New Jersey has the second highest percentage of our income going to property taxes, second to New Hampshire, which has no sales or income taxes. The cry for property tax reform in the state is louder than ever with the call for a constitutional convention to cut property taxes.

The fact that New Jersey has four levels of government is partially responsible for New Jersey's skyrocketing property taxes. For good reason, the finger is being pointed at County government. Statewide county taxes represent on average 20% of taxpayers property tax bill. In Summit, residents pay an even larger percentage, that is, 27% of our tax bill goes to Union County government. A concern of taxpayers is that county government today is redundant, unnecessary and expensive. Duplication of services and programs are costly. And in many counties, noncompetitive elections, which offer some towns no representation, permit unchecked government spending. And grow it does-Union County's employees have grown to 2800! Programs and initiatives extend way beyond its constitutional offices (note 1). Freeholders tout spending initiatives annually. Some have included giving scholarships to college students, purchasing computers for schools, and purchasing and renovating the Union County Arts Center in Rahway. These are all worthy causes but one has to seriously question whether property taxes, should be funding these programs. We should ask: Can we really afford all these programs when the Union County tax levy has increased from \$150.1 million to \$190.8 million (27.1%) from 2000 to 2003? (See Table III)

When county governments lost their accountability, the states of Massachusetts, Connecticut and Rhode Island eliminated them. These are clear signals that county functions can be absorbed and shared by the state and local municipalities.

We know that some counties do a better job than others. We also recognize that the needs of New Jersey residents vary north to south, east to west. However, in Summit, as with many from the western part of Union County, we can empathize with the residents of lower Monmouth County in 1857. Summit sends more tax money to Union County than it collects for all its municipal services and gets very little in return. Phone calls are unreturned. The County Manager, George Devanney, has not responded to numerous requests and letters to meet with Summit's Task Force. Summit's county road projects take decades to complete. This Task Force was born from frustration and believes there are better options to deliver government more efficiently in New Jersey, ultimately resulting in lower property taxes.

#### **Note I**

In New Jersey, the 21 counties take their charge from the NJ constitution, and legislation enacted by the New Jersey legislature. Surprisingly, the NJ constitution says very little about today's \$5 billion dollar segment of government we call county government. It outlines four constitutional offices: the County Prosecutor, County Clerk, County Surrogate and County Sheriff positions. Responsibilities mandated by the State, which are in fact functions of the state, include the areas of courts and law enforcement, roads, welfare, education and the administration of elections. New Jersey counties also provide for other programs and services, which can include county parks and recreation, libraries, and economic development.

The NJ Constitution **Article VII** Public Officers and Employees, states:

**Section II (1)** *County prosecutors shall be nominated and appointed by the Governor with the advice and consent of the Senate. Their term of office shall be five years, and they shall serve until the appointment and qualification of their respective successors.*

**Section II (2)** *County clerks, Surrogates and sheriffs shall be elected by the people of their respective counties at general elections. The term of office of county clerks and surrogates shall be five years, and of sheriffs three years. Whenever a vacancy shall occur in any such office it shall be filled in the manner provided by law.*

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1. *National Association of Counties. History of County Government*
  2. *www.oceancounty.org*, (Ocean County Historical Society web site; Mary Allsopp)
  3. *Summit New Jersey, From Poverty Hill to the Hill City*, Edmund B. Raftis

## **FINDINGS**

### **Historical Data**

The City of Summit, approximately 6.05 square miles, has a population of 21,131 people, and is part of Union County, which has a population of 498,759. Summit has the highest equalized real estate value in the county, \$4,488,818,566 (2002), and therefore pays the highest percentage of county taxes, 11.03%, yet represents only 4% of the county's population. Even though Summit has the lowest equalized tax rate in the county, we still send the County its largest share of revenue. Unfortunately, this study will later document the small return we receive back from the County in the form of grants or services.

From Summit's General Tax Rate Chart (Table I), it is evident that the Summit municipal tax rate has increased 23.1% from \$0.48 to \$0.591 per \$100 assessed valuation over the last ten years. We chose to analyze from 1994 because this represents the first year after our last property re-evaluation. Union County's tax rate grew from \$0.46 to \$0.696, an increase of 51.3%. If you include the Open space tax, the total county tax rate has grown 56.7%.

Summit sends Union County more tax dollars than it collects for its municipal government. Table I shows that over the last ten years, the municipal tax rate was higher than the county tax rate only once. Table II compares the county, school and municipal tax levies from 1994-2003. Statewide, counties are responsible for 20% of property tax bills. In Summit, 27.5% of our tax bill goes to Union County. The ten-year average is an outstanding 30.3%.

Taken from the county budget, the Union County Tax Levy has grown from \$148.1 million to \$190.8 million over the same period representing a 28.8% increase in county taxes collected from Union County municipalities (Table III). These dollars represent Union County's primary source of revenue, that is, property taxes. According to the 2001 National Association of Counties Study, "County Revenue Patterns: A Survey of Authority and Practices", property taxes account for the most important revenue source for counties nationwide, reporting 30.6% of general revenue. In Union County, the county purpose tax levy is much higher with a ten-year average of 54%. (Table IV) However, all of New Jersey taxing agencies, municipalities, counties, and especially schools, rely more on property taxes than other sources of revenues. Statewide about 46% of revenues come from property taxes while the national average is 32%.

## A Breakdown of the Union County Budget

The task force focused on the 2002 County budget to make its comparisons. Table V (2002 Budget Appropriations) shows the Union County budget total of \$324,487,888. The appropriations are broken down to show where the money is spent. Approximately 55-60% of the Union County budget is appropriated for state mandated programs. The County finances and operates the jails, the prosecutor's office and the sheriff's department, all of which report to the State Attorney General. The largest spending, 28% of the budget, is spent on health, welfare and social services. While most of the programming in this area is state mandated, Runnells Hospital is elective. Runnells is the largest component of the county's health and welfare budget, with a \$28.4 million budget. Still, over half of county spending is for state mandated programs. Just imagine the reduction in our county tax bill if the state covered the cost of its programs.

A large part of the County's 2002 budget (\$138.0 million) was needed to pay the salaries and wages of the County's 2,800 employees. If one also considers the appropriations for the group insurance (\$20.7 million), employee prescription plan (\$4.1 million), dental plan (\$0.9 million) and social security and retirement fund contributions (\$11.2 million), it is clear that employee related costs accounted for over half of the 2002 budget.

How does the County raise the money that is necessary to pay for county services? Table VI (02 Budget Revenues) shows that surplus, fees, state and federal dollars and property taxes account for the revenue sources. The largest revenue comes from property taxes. Fifty four percent or \$173,832,767 was raised by property taxes for the 2002 budget.

Summit was charged \$18,713,093 for the 2002 County budget based on our assessed valuation. This represents 11% of the total County purpose tax. If taxes were collected on a per capita basis, our contribution would be \$7,364,800.

Summit's 2002 Share	\$ 18,713,093
% Of Total Property Tax Raised	11%
County Population	498,759
Summit Population	21,131
Summit's % of County Population	4%
Summit's Share Based on Population	\$ 7,364,800

## **Open Space Trust Fund**

In 2000, the Union County Board of Chosen Freeholders sought support for an Open Space, Recreation and Historic Preservation Trust Fund by recommending a special tax levy of 1.5 cents per \$100 of a property's equalized value for 20 years. It was estimated that the Trust Fund would generate \$4.89 million annually. It was envisioned to produce a total of \$98 million in revenues. Key objectives of the Trust Fund were to address improvements to the county park system identified in the ten-year County Master Plan (estimated at \$46 million) and to fulfill the County's desire to acquire 100 additional park acres. Relying on those projections, the voters of Union County passed the referendum authorizing the fund.

One year after its establishment, the Open Space Trust Fund was actually generating over \$6 million annually due to the appreciation of property in Union County. Over its twenty-year commitment, we estimate that this fund will be significantly over funded. At the October 13, 2003 meeting of the League of Women Voters, the County Manager, George Devanney, confirmed this finding when he stated that the new projection for the fund was \$135 million. Summit's contribution to the Open Space Tax in 2002 was \$673,322, which was in addition to the \$18.7 million that was sent for the County's operating budget.

## **Analysis: County Services Returned to Summit**

Summit Department heads were interviewed to determine what services they receive from the county and what dollar value those services have to Summit residents. Community Services, Municipal Courts, Administration, Fire, and Police Departments reported that they receive some services while the Health Department, Library, Youth Services and the Department of Recreation did not have anything to report.

Summit Public Schools reported that they receive some services from the County. In addition, the County Surrogate's office provides services to Summit residents.

### **The Value of County Services**

The value of County services was calculated using three methods. Our first effort was to determine the actual values of particular services as we did with the City Clerk's estimate. We were able to obtain from Union County staff the dollar value of certain services.

In calculating the value of public safety services that the county provides, we extrapolated the value by using our crime rate as compared to other Union County towns. As with all the values we assigned, we tried to be generous in our calculations.

Our last method was based on population apportionment. Summit residents represent 4% of Union County's population and therefore county service providers, such as the Surrogate, most likely give 4% of their time to Summit residents. This was our least preferred method of determining the value of services, however, it gave us an estimate based on use.

We also should point out that this study focused on property tax dollars. Our charge was to determine how many of Summit's tax dollars are returned to Summit. State or federal funds that were 'flow-through' dollars were removed from our calculations.

We also acknowledge that the values we give in our report are estimates. They represent our best effort to calculate dollar value.

### **Results:**

Interviewing the departments that stated they received no services, we discussed with the Youth Services Director that the County acts as the conduit for Community Block Grants, but this money is from federal funds and is not included. The Summit Health Department has very little interaction with the county and it does not receive any grants nor provide any reports to the county. While the Library and Department of Recreation receive no direct services from the county, both departments have received grants (Table VII). The City Administration, the City Treasurer and the Director of Parking Services receive neither funds nor services from the County.

Interviewing departments which stated they did receive services from the county, the **City Clerk** estimated that for the administration of elections, the City Clerk's office receives approximately \$51,800 for salaries of election board workers, for postage and for printing of sample ballots (Table VIII). Additional services such as delivery and pick up of voting machines and board training were estimated at \$7,225.

*Estimated value of the services provided to City Clerks office: **\$59,025***

The **Summit Municipal Court** is run under a State system and most of its computer equipment and printers are owned by the State. The Municipal Division of Superior Court provides us with commitment forms for the incarceration of prisoners. It provides pamphlets and survey forms for the Community Dispute Mediation Program and training of the mediators. The cost of incarceration of criminals will be considered later in this report.

*Estimated value of the services provided to Municipal Court:                    \$6,000*

The **Summit Fire Department** has a close working relationship with the staff of the County Office of Emergency Management and the County Hazardous Materials Response Team. This is an example of a program that is best delivered regionally and the County performs this service well. The County also offers a Fire Investigation Team and a Fire Academy. Currently the Summit Fire Department does not use the Union County facility and as an alternate, the fire academy facilities in Middlesex and Morris Counties are used for recruit and live burn training. Table VIII outlines our estimate of services provided by Union County.

*Estimated value of the services provided to our Fire Department:            \$50,490*

The **Summit Police Department** receives services from the County in four areas: the Union County Sheriff's Office, the Union County Prosecutor's Office, the Union County Police Department and the Department of Public Safety.

The Sheriff's Department provides for courthouse and courtroom security, the processing of all criminal defendants, protective services, and the issuing of warrants issued from the Superior Court Judges. They also provide non-core functions such as search and rescue, the SLAP program and the County Firearm Range. In the last few years, the Sheriff's Office has expanded its prisoner transportation services to include transportation from local jails to the County Correctional Facility. This service is valuable to Summit Police Department because it saves local manpower. The Sheriff's Department is also available to help during emergencies.

The Union County Prosecutor's Office is divided into units that investigate child abuse, domestic violence, juvenile delinquency, homicide, sex crimes, and arson. Specialized units investigating narcotics, auto theft, high tech crimes, gang violence and terrorism, rely on municipal police officers with temporary assignments for manpower and in return those officers are provided with specialized training. The City of Summit has one officer assigned to the auto-theft unit. The Union County Prosecutor's Office works with Summit Police and reports to the State Attorney General enforcing the laws of the State.

The Union County Police Department has greatly expanded its traditional role of patrolling county roads, parks and policing of county facilities. It has assumed responsibility for the emergency telephone network systems and subcontracts with the Port of Authority for the Union County Bomb Squad.

Public Safety is one of the largest components of every County budget. For Morris, Union, and Essex Counties, public safety budgets are \$33 million, \$65 million, and \$119 million, respectively. These budgets are directly related to the crime rate per 1000 residents in those counties: 16.7% for Morris, 38.7% for Union and 56.4% for Essex County. Hunterdon's crime rate per 1000 residents is the lowest in the state - 10.5 % and its public safety budget is the

lowest statewide at approximately \$9.2 million. Compare this to Essex county residents' costs. (2001 Uniform Crime Report).

In order to determine the value of law enforcement services which the County provides Summit, we extrapolated our share of the County appropriations by comparing Summit's crime index totals to the County's total crime index totals. We evaluated appropriations for the jails, the Prosecutors' Office, the Sheriff's Department and the Medical Examiner. Table IX shows that the sum of \$58,550,496 is spent on crime in Union County. Deducting miscellaneous revenues, approximately \$56 million is raised from property taxes. The 2001 Uniform Crime Report shows that Summit violent and non-violent crimes or total crime index equaled 480 in 2001 as compared with 20,234 for Union County. Summit's crime index represents 2.3% of crime in Union County and when this is applied to the County budget we can extrapolate that approximately \$1.2 million is spent on public safety for Summit.

*The value of services provided for public safety is estimated at:                      \$1,199,620*

The **Summit Department of Community Services** reports that the County is responsible for traffic signals and/or intersection improvements on county roads. It maintains county roads and bridges, and replaces culverts. It snowplows county roads. Storm sewers maintenance and storm basin cleaning are performed as requested by the city, but not as part of any regular program. The County collects garbage at Briant Park and picks up dry cell batteries from our municipal disposal area and recycles them.

The most significant components of the County's Public Works budget are the maintenance on roads and bridges, and replacement of culverts (Table X). If the County is responsible for 170 miles, and 15 are in Summit, we can extrapolate a value of \$197,169 for the services provide to Summit. If the County Division of Public Works maintains approximately 700 bridges and culverts, and appropriated \$177,000 in 2002 and 30 culverts are in Summit, we can estimate that \$7,332 was returned to Summit. Additionally, in 2002 there were several road capital projects; however, they were funded by the State Department of Transportation and will not be included in these calculations.

*The value of services provided for public works is estimated at:                      \$204,755*

The **Summit Public Schools** receive services from four County sources: County Superintendent of School's Office, County Vo-Tech School, County Magnet School and the County Prosecutor's Office.

The County Superintendent's Office provides four administrative positions: the Superintendent, the County School Business Administrator, the County Child Study Supervisor and the County Education Specialist. The Office is responsive and provides valuable advice to our schools regarding New Jersey Department of Education laws, rules and regulations; it reviews school budgets and other financial documents; it reviews student transportation plans; it reviews special program plans; and it compiles countywide reports. The four administrators in the County Superintendent's Office are paid by the State, while the support staff salaries and other expenses are funded out of the Union County budget. The total County budget for this Office is \$290,269. Summit's portion is estimated at \$11,611 which is calculated by multiplying the County budget amount by Summit's portion of the County population ( $\$290,269 \times 4\% = \$11,611$ ).

The Union County Vocational-Technical High School (UCVTHS) offers vocational and technical courses of study which are not offered at Summit High School. UCVTHS provides non-duplicative service to Summit. Summit's Board of Education currently pays \$6,000/year for one full-time student and \$2,500/year for each of 13 part-time students. Summit's Board of Education also pays for the transportation of students to/from UCVTHS and for after school activities at Summit High School for Vo-Tech students.

The Union County Magnet High School (UCMHS) offers a curriculum which focuses on math, science and technology. Six Summit students attend UCMHS, for which the County bills Summit's Board of Education \$6,000 per student (\$36,000). Summit's Board of Education also pays for the transportation of students to/from UCMHS and for after school activities at Summit High School for Magnet students.

The County budget includes funds for operating the Vo-Tech and Magnet High Schools beyond what is collected in tuition from the municipalities. The combined figure for the two schools is \$3,550,000. Summit's portion is estimated at \$142,000 which is calculated by multiplying the county budget amount by Summit's portion of the county population ( $\$3,550,000 \times 4\% = \$142,000$ ).

*Estimated value of educational services provided to Summit: **\$153,611***

In 2000, Union County took over our **Welfare Department**. We appropriated \$45,000 from Summit's 2000 municipal budget to pay the County to administer the state's welfare program. We can equate this cost to the value of service provided by the County.

*Estimated value to administer Summits welfare program: **\$45,000***

The **Office of the Surrogate** is staffed by the Surrogate, a Deputy Surrogate, and a Special Deputy Surrogate. The Surrogate is a Constitutional Officer, governed by the laws of the State of New Jersey, and whose duties have been expanded over the years beyond the scope of probating wills within Union County. Those duties are as follows: probating and administering estates; overseeing the procedures of will and administration contests; establishing trusts and guardianships; declaring incompetence; and processing and granting adoptions. The major work of the Surrogate is the direct handling of decedent's estates. Table XI outlines our estimate for these services.

The Surrogate's office is located within the Union County Courthouse, Elizabeth, N.J., however, the Surrogate does visit the Summit City Hall on the fourth Thursday of each month for evening appointments.

*Estimated value of the Union County Surrogate's Office for Summit residents: **\$10,601***

Table XII summarizes our findings. **We estimate that of the \$18,713,095 the City of Summit sent to Union County in 2002, approximately \$1,729,101 was returned in delivery of service. Less than ten percent of our tax dollars are returned to Summit.**

## **Other Items of Value Provided to Summit**

Since 1994, the City of Summit has received a number of grants for various projects from Union County Freeholders. Table VII outlines County Grants received from the County for various projects. Approximately \$1.1 million dollars was returned to Summit over the ten-year period, averaging \$112,000 per year. Additionally, in 2003, the county acquired the New Jersey American Water Company property, a 63 acre parcel in Summit which has been added to Union County Parks. While this purchase was not a grant to Summit, our community, as well as all county residents will benefit from this open space.

## **County Services Needed or Required by Summit**

Based upon the research and analysis done by the Task Force members over the past several months, the Task Force has reached the conclusion that there are no services needed or required which must be provided by Union County.

Many of the services that the County delivers are State functions. They could be administered by the State through regional authorities, or interlocal governmental agencies. The County courts, jails, health and welfare programs which account for 45% of the county budget are important functions but do not need to be administered by the County.

The state constitutional offices of Surrogate and County Clerk provide important functions and do a good job of covering most of the cost of their services with fees they collect; however, a regional authority could provide those services. When county government was abolished in Massachusetts, the County Registries of Deeds became part of the Secretary of State Office. An elected Secretary of State in New Jersey could oversee election functions, business registration and licensing. Additionally, he/she could oversee county libraries, facilities and parks. There are over 40 elected Secretaries of State nationally.

There are also many services provided by Union County that are duplicative or outside the realm of what counties should be providing. JE Runnells Specialized Hospital is certainly utilized by Summit residents, but is it appropriate for Union County to be in the business of operating a hospital? The 2002 appropriation for Runnells totaled \$28,035,887 or 8.6% of total appropriations for that year, and the capital budget appropriated \$409,045. Should Runnells Hospital be privatized, as was done recently with the former Bergen County Hospital?

Adults and youth within Summit take advantage of the proximity of the Union County Community College and enroll in courses. But with a State system operating under the Rutgers banner, is it necessary to have the County operate a college and appropriate \$11,027,332 or 3.4% of total appropriations for 2002, with an extra \$3,250,000 for the 2002 capital budget? Could our residents be better served with our County College falling under the umbrella of the Rutgers State University?

And as with the Community College, the County operates a Vocational Technical School and a Magnet High School. Six Summit students attend the Magnet High School. The Summit Board of Education pays the County tuition for each of these students, and the Summit taxpayer also pays toward the yearly appropriation for both institutions. Together that amount was \$3,550,000 or 1.1% of total appropriations. In addition, \$15,245,000 was included in the 2002 capital budget for various projects. While permitted by State legislation, Magnet High Schools continue to be hotly debated state-wide. Is the County Magnet High School that superior in the math and science disciplines compared to the Summit High School curriculum or that of Westfield, Cranford, New Providence, or Berkeley Heights? We believe the answer is 'no'.

Many of the required services needed by Summit residents could be provided by entities other than Union County. And if that were the case, the services could be funded by other than property taxes.

## **Inequities in Taxation**

Would the tax burden for Summit residents be different if Summit was part of another county? The answer to this question is “Yes”, and is the basis for our conclusion that the funding of county government is unfair due to the inequities in taxation. If Summit were to join Morris County, our share of Morris County taxes would be \$ 8,657,986 as compared to the \$18,704,405 Summit sent to Union County in 2002. The City of Summit would save \$10,046,437 and the average homeowner’s tax bill would be reduced by \$1507.

There are several reasons for this. First, while Union County’s population is roughly equal to Morris County (498,759 versus 463,545), Union County spends more money than Morris County per person (Table XIII). Specifically, Union County spends more money on general government and public safety expenditures. Second, Morris County communities’ real estate values are more in line with Summit’s, thus Morris County’s tax burden is spread out more evenly.

If Summit were to be incorporated into Essex County, our property taxes would go up significantly. Counties with large urban centers have higher costs, especially public safety cost. Hunterdon County has the lowest crime rate in the State and the lowest public safety budget while Essex County has the highest crime rate and the largest public safety budget: \$9.1 million verses \$119 million for public safety expenditures in 2001. The crime rates are 10.5 and 56.4 respectively per 1,000 inhabitants. It is unfair for residents in Millburn or Montclair to pay more for public safety than towns in Hunterdon County.

When we compare the tax burdens of Millburn, Summit and Chatham, three communities that touch each other’s borders and share many characteristics, the disparity is clearer. In 2002, Chatham Township’s, county taxes per person were \$471 per year as compared to Summit’s \$885 per person or Millburn’s \$1671 per person annual contribution to Essex County (Table XIII). Why should there be such disparities in taxation?

One can even question the inequity of county taxation within each county. Because the county funding formula is based on real estate values, and the number of taxpayers, Elizabeth’s county taxes per person equal \$141 while Summit residents pay \$885 although their town wide assessed valuations are similar.

These facts demonstrate that inequities in our property tax system treat New Jersey residents differently. Our over reliance on property taxes for funding schools and local governments magnifies the distinctions and raises questions as to the way the state funds itself, schools, counties and local municipalities.

## **Redundancy in Services**

Once the principal local government for most Americans, county governments have had to redefine their roles as intergovernmental agencies with 566 municipalities statewide. As more municipalities were created and populations grew, responsibilities shifted to local authorities, and overlapping responsibilities have led to redundancy and inefficiency.

The Task Force found examples of redundancy in the following areas:

Road Maintenance - Union County has 20 local public works departments (Winfield Park outsources its public works projects). The County also has its own public works department that is responsible for 170 miles of county roads throughout the municipalities.

City of Summit has approximately 66 miles of municipal roads and 15 miles of County roads. The County roads are re-surfaced and maintained by Union County; however, Summit is responsible for the curbs and sidewalks on these roads. The County paints the centerline but we re-paint the arrows and directional words. The County is responsible for snow plowing but we remove the snow. While the County is responsible for filling 'potholes', the wait is too long and the City often does the job. The City of Summit has a regular program for maintaining our storm sewer systems yet the County is responsible for those lining "their" roads. Common sense tells you that this is an example of inefficiency and redundancy.

Police and Public Safety - Union County Police, with a \$4.6 million budget, provides police protection to Union County facilities, parklands and roads. In addition, we have 21 municipal police agencies in Union County. Many of the local police departments provide the same non-core functions the Union County Police Department provides such as child passenger safety programs, emergency services, safety education courses, speed monitoring trailers and message boards for emergency notification. Core responsibilities of police protection of county parkland and roads in Summit could be covered by the Summit Police Department. With the return of \$506,000 tax dollars ( $\$4,600,000 \times 11\% = \$506,000$ ) we could hire 4 new officers with half the money to do the county-related work and return the rest of the money to the Summit taxpayers.

Education - Another area where we found duplication of services was in the 21 County Superintendent Offices. Each office has multiple administrators, including a County Superintendent, a County Business Administrator, a Supervisor of Child Study Teams and an Education Specialist. Counties with more school districts may have two Supervisors of Child Study teams, while some counties in South Jersey share that position. These positions are funded by the state budget. The Task Force estimates that there are 84 non-instructional administrative positions in these offices. According to the *2003-2004 State Budget* (page B-46 Appropriations Handbook) \$5,692,000 was appropriated to the 21 County offices for salaries and wages. In addition, there is support staff whose salaries are paid by the county taxpayers. In 2002, Union County appropriated \$290,269. Using that number as an average, support for the 21 office costs New Jersey taxpayers approximately \$6 million. We estimate the total cost of these offices to be about \$11.5 million.

Our school administration has a high opinion of the current County professionals and admitted they get very little help from Trenton. However, the question that has to be asked is: 'Do we

really need 21 offices? Could we not do the same job with far fewer than 21 offices, multiple administrators and support staff?' We believe the answer is "yes".

The Union County Magnet School replicates advanced level courses in science and mathematics, which already exist at Summit High School and in many other towns. Moreover, the Magnet School drains resources away from Summit by the payment of tuition, currently \$36,000 plus the transportation cost. Elimination or privatization of the Magnet School would save Summit and all county taxpayers millions of dollars.

## **How Do Union County Freeholders Avoid Taxpayer Backlash?**

How is Union County able to increase taxes without inciting a taxpayer backlash like the one that drove Governor Florio from office in 1993? The answer is somewhat complex. Certainly in Summit's case, it is not because the County provides good value received for money paid. Much of this report concerns itself with how little Summit receives in services in return for its substantial county taxes.

Part of the answer lies in diffusion of accountability. When the responsibility for tax increases lies with one individual (the Governor, for example), it is straightforward to identify the culprit and then campaign to vote that person out of office in the next election. In the case of Union County, there are nine responsible individuals who are elected on a staggered three-year rotation. It would take a concerted three-year effort to unseat all of the officials. Such an effort is further complicated by the relative anonymity that the nine Freeholders enjoy. Try this: Stop any person on any street in Union County and ask him/her to name the nine Freeholders. A few people may remember the name of one or two at most. Many people cannot name any. Yet almost every person-in- the-street can name the Governor.

The manner in which the Union County Freeholders are elected also provides them with relative immunity from taxpayer wrath, particularly the wrath of taxpayers in the northwest corner of the County. The chart below shows that of all counties in New Jersey, Union County is least democratic (with small 'd'). Union County has the maximum number of Freeholders allowed by law, nine, and elects all of them on an at-large basis. In general, the "at-large" approach to election of government representatives often results in the complete dominance of one party or one geographic area to the exclusion of other points of view. Imagine the consequences if all state legislators were elected on a statewide basis or if all members of the US Congress were elected on a nation-wide basis! The current system of all Union County Freeholders being elected at-large is, for Summit, a clear-cut case of taxation without representation.

To be sure, Union County is not the only county with all at-large Freeholders (anywhere from three to seven in other cases). However, the other counties with nine Freeholders elect some of them or all of them on a district basis. Election of Union County's Freeholders on a "district" basis would result in much better geographical representation on the Board of Freeholders. Freeholders elected from different geographic areas would work to ensure that no one area was treated disadvantageously. Summit would likely gain more equitable treatment at the hands of the County.

How can the less democratic at-large system of electing Freeholders be changed to the more democratic district system? According to Tom Kean, Jr., the state legislature recently considered a bill, which would require all counties to elect their Freeholders on a district basis. Sadly, the bill suffered a narrow defeat because neither Republicans nor Democrats were willing to give up their complete power in the counties in which they predominate. Another way to change the system in Union County is by county referendum (Note 2). This may be worth pursuing.

**Note 2: According to NJ Permanent Statutes Title 40 Municipalities and Counties 40:41A-16.**

### **The form of the referendum question**

"Shall the (designation the caption of article 3, 4, 5 or 6) of the Optional County Charter Law be adopted for (NAME) County, with provision for a board of freeholders of (designation 5, 7 or 9) members elected for (concurrent or non-concurrent) terms and elected (all at large, or all from 5, 7, or 9 districts) or with a combination of 2 at large, 3 by district, or 3 at large, 4 by district or 4 at large, 5 by district".

**Political Profile of New Jersey Counties 2001**

	Type	Freeholders	At Large	Dists	Rep	Dem	Reg. Voters	Republican	Democrat
Atlantic	County Exec.	9	4	5	8	1	135,471	25.50%	16.80%
Bergen	County Exec.	7	7	0	3	4	492,719	20.00%	22.10%
Burlington	Bd. Of Freeholders	5	5	0	5	0	239,412	20.90%	22.90%
Camden	Bd. Of Freeholders	7	7	0	0	7	293,752	11.60%	30.30%
Cape May	Bd. Of Freeholders	5	5	0	4	1	68,561	40.00%	14.30%
Cumberland	Bd. Of Freeholders	7	7	0	3	4	76,709	17.50%	21.90%
Essex	County Exec.	9	4	5	2	7	429,546	11.20%	36.40%
Gloucester	Bd. Of Freeholders	7	7	0	0	7	157,352	17.10%	28.20%
Hudson	County Exec.	9	0	9	0	9	277,048	8.90%	45.30%
Hunterdon	Bd. Of Freeholders	5	5	0	5	0	74,435	33.70%	13.00%
Mercer	County Exec.	7	7	0	0	7	197,989	14.00%	29.10%
Middlesex	Bd. Of Freeholders	7	7	0	0	7	420,922	10.60%	28.00%
Monmouth	Bd. Of Freeholders	5	5	0	5	0	378,268	18.80%	18.80%
Morris	Bd. Of Freeholders	7	7	0	7	0	292,457	32.40%	14.10%
Ocean	Bd. Of Freeholders	5	5	0	5	0	324,795	22.30%	14.90%
Passaic	Bd. Of Freeholders	7	7	0	2	5	239,064	18.70%	22.30%
Salem	Bd. Of Freeholders	7	7	0	5	2	39,644	18.40%	21.60%
Somerset	Bd. Of Freeholders	5	5	0	5	0	149,208	24.30%	15.60%
Sussex	Bd. Of Freeholders	5	5	0	4	1	80,793	35.70%	11.00%
Union	County Manager	9	9	0	0	9	272,236	15.40%	34%
Warren	Bd. Of Freeholders	3	3	0	2	1	58,645	29.60%	17.60%

Source: [www.endcountygovernmentnow.com](http://www.endcountygovernmentnow.com)

## Summary of Findings

- ☑ Summit sends Union County more tax dollars than it collects for its municipal government. Currently 27.5% of our tax bill goes to Union County. The ten-year average is an outstanding 30.3%.
- ☑ The City of Summit represents 4% of the county population, yet pays 11% of the County tax levy.
- ☑ Less than ten percent of the tax dollars we send to Union County are returned to Summit. We estimate that of the \$18,713,095 the City of Summit sent to Union County in 2002, approximately \$1,729,101 was returned in the delivery of service.
- ☑ 54% of the county budget is funded by property taxes. The national average is 30.6%, demonstrating New Jersey's over reliance on property taxes to fund government.
- ☑ In 2002, Summit received less than 1% of the tax dollars spent by the county.
- ☑ Based on the Task Force's research and analysis, it concludes that there are no services needed or required which must be provided by Union County. The City itself, state regional authorities or interlocal governmental agencies could deliver required services.
- ☑ The funding of county government is unfair due to the inequities in taxation. If Summit were to join Morris County, the average homeowner's tax bill would be reduced by \$1507 and the City of Summit would save over ten million dollars.
- ☑ The Task Force found that tax monies are not well spent. Redundancies in services are inefficient. Overlapping responsibilities in road maintenance, county policing, the county superintendents' offices, and the Magnet School are costly to Summit taxpayers.
- ☑ Approximately 55-60% of the Union County budget is appropriated for state mandated programs. Imagine the reduction in the property tax bill if the state covered those costs!
- ☑ Of all 21 counties, Union County is the least democratic (with a small d) in geographic representation. Union County has the maximum number of Freeholders allowed by law, nine, and elects all on an at-large basis.

## **OPTIONS FOR ACTION**

The Task Force identified many options as possible courses of action. The following options were evaluated, weighed and considered. The pros and cons listed for each option are, obviously, written from the perspective of the City of Summit. Note that the options are not prioritized.

The Task Force strongly recommends taking action on any or all of these options. Doing nothing and living with the status quo is simply not an acceptable option for the residents of Summit.

### **Option #1 – Secede from Union County**

**Description** – In this course of action, the City of Summit leaves Union County. We could join another county, such as Morris County, or work with other municipalities to form a new county. The first step in this approach would be to hold a referendum of Summit voters to determine if they want to proceed in this direction.

**Pros** – Joining another county would mean a significant reduction in county taxes to the residents of Summit with no loss of services. For example, joining Morris County would save the average Summit homeowner \$1,507 per year. Morris County taxes its citizens at roughly the same rate, on average, as Union County does. However, its tax burden is spread out more evenly over its municipalities, so that a small number of communities are not shouldering a huge share of the tax load, as is the case in Union County.

**Cons** – Other than the temporary inconveniences which may occur during the transition from one county to another, there are only minor cons for Summit. For example, access to nearby Runnels Hospital, a county facility, may be limited, and county college students would have a slightly longer commute to Morris County College in Morristown rather than Union County College in Cranford.

**Discussion** – Recently, other municipalities, including Millburn, Montclair and Roseland, have voted to secede from their counties. While this course of action sends a strong message, it is unprecedented and would be very difficult to implement. To succeed, secession would have to be approved by the county the municipality is joining and by a 2/3 vote of the state legislature.

### **Option #2 – Support Total Elimination of County Government**

**Description** – This course of action would eliminate county government all together and distribute the responsibilities of county government between the state and municipalities.

**Pros** – Elimination of Union County would provide immediate tax relief to Summit, even if Summit were required to pick up its share of services which are currently rendered by the county. Summit has demonstrated its ability to carry out many services provided by the County on a more cost effective basis. Costs for redundant and overlapping services provided by the local, county and state governments, would be reduced or eliminated. In addition, the costs associated with county government itself would be eliminated.

**Cons** – There may be some services which are unique to county government which may suffer if the counties are eliminated. Also, there may be some temporary dislocations while the transition is made to a state without counties.

**Discussion** – This step has been accomplished in other states, specifically, Massachusetts, Connecticut and Rhode Island. This demonstrates that US citizens can survive quite well with only three layers of government. New Jersey is a good candidate for elimination of county government since all land in New Jersey is incorporated. There is no absolute need for county government as a first line of government in New Jersey, although it should be noted that some sparsely populated municipalities use county services, such as police, in lieu of developing such services themselves. The citizens of the State also cherish home rule, which, if anything, would be strengthened by the elimination of county government. There are organizations, such as Mark Boyd’s [endcountygovernmentnow.com](http://endcountygovernmentnow.com), which can help organize and energize the push to eliminate county government. However, the barriers are daunting. Chief among them are the incumbent Boards of Freeholders in each of the counties, and the bureaucracies which have grown up around them.

### **Option # 3 – Regionalization of State Services Currently Delivered by Counties**

**Description** – Many state services are now delivered by counties. This function requires expenditures by the counties. For some services, the county provides facilities, support staff, supervision/coordination and other expense generating items. Under this scenario, the current 21 county delivery systems would be consolidated into 4-8 regional delivery systems, depending on the specific service involved. This course of action would need to be implemented in conjunction with the eventual elimination of county government (see Option #2 above); however, regional authorities could also be implemented sooner for selected services which are now delivered inefficiently by the counties. Administrative costs would be born by the state budget, which is funded primarily by income tax, sales tax and fees.

**Pros** – Each regional delivery office would be larger than a county office, but due to economies of scale, the sum of the regional offices would be less than the sum of the 21 county offices, thereby resulting in savings to the taxpayers.

**Cons** – This might not be a good option for services which involve significant levels of person-to-person interface with clients, since it would involve more travel for service recipients. This would be a particular problem if the service recipients are individuals who rely on public transportation.

**Discussion** – Mark Boyd’s studies suggest that an efficient structure for many state services would be eight regional authorities serving approximately one million people each. However, some services could probably do with even fewer offices or even one centralized office if the services are provided by phone or means other than person-to-person.

#### **Option #4 – Support State Takeover of More County Services**

**Description** – In this course of action, the responsibility and funding for selected county services will be shifted to the state, where they will be funded by income taxes.

**Pros** – If the local funds that are sent to the County for those selected services are returned to the municipalities, then real property tax relief would be achieved.

**Cons** – However, alternative revenue sources would be needed to fund those services. Unfortunately, the last move of this type, when the state took over the cost of county court employees, did not work out well for taxpayers. This change was supposed to provide long term property tax relief, but after a brief pause in the increase of county tax levies, the growth of county property taxes resumed as the counties found new targets of opportunity to spend county tax dollars.

**Discussion** – Examples of county services which could be shifted to state control are the community colleges, which could be incorporated into the state university system, and the county clerk’s duties, which could be centralized under a New Jersey Secretary of State (similar to many other states). The last shift of responsibility for services, when the state took over the cost of county court employees, was preceded by a lengthy study by the state. To be more effective, the shift to state control must be done more expediently and encompass many more services, so that the counties are left with less of a base on which to rebuild their spending. Legal restrictions on county growth should be included as part of the legislative package which mandates the shift of services to the state. Furthermore, specific measures should be put in place to guarantee that the property tax savings be returned to the taxpayers.

#### **Option #5 – Support Municipal Takeover of Selected County Services**

**Description** – In this course of action, the responsibility and funding for selected county services will be shifted to municipalities.

**Pros** – Summit has demonstrated its ability to carry out many functions more cost effectively than the County. Shifting the responsibility and funding for these services to the city could result in a savings for Summit taxpayers, provided the county does not find new targets on which to spend its revenues.

**Cons** – As in the option of the state taking over county services, this action will not provide taxpayer relief if the county merely shifts its focus and finds new targets on which to spend county tax dollars.

**Discussion** – Road repairs and snow removal for county roads are good examples of services which could be done more efficiently by the City. To have lasting impact on county taxes, the shift of services to city control must include safeguards to ensure that eliminated county spending does not grow back.

## **Option #6 – Support Elimination of Redundancy in Municipal, County and State Services**

**Description** – Under this option, the City of Summit would join with other like-minded communities and groups to identify redundant functions existing at the local, county and state levels and press for their elimination in one or two of the levels of government. It could be accomplished on a sweeping basis or it may require an incremental approach.

**Pros** – By eliminating redundancies, overall government will become more efficient, thereby saving taxpayers money. Even if sweeping changes cannot be made, limited progress in consolidating selected functions would be worthwhile.

**Cons** – It could take a very long time if initiatives and legislation are needed on a function-by-function basis to make this happen. There is also the possibility of spending being redirected elsewhere so that long term tax reductions never take place.

**Discussion** – Parks administration, road maintenance and school superintendence are examples of functions that exist at all three levels. Elimination of redundant spending needs to be accompanied by a commensurate decrease in taxes and safeguards against the spending growing back.

## **Option #7 – Support Elimination of Wasteful Expenditures by the County**

**Description** – The Union County budget has its share of questionable, unnecessary expenditures. Under this option, the city would join with organizations, individuals or other municipalities to identify, publicize, and fight against wasteful expenditures. This campaign could be on a case-by-case basis or it could take an aggregate approach. Investigative newspaper reporters could be important allies in this campaign.

**Pros** – To the extent that unnecessary expenditures are eliminated and not replaced by other needless expenditures, the taxpayers of Summit will benefit.

**Cons** – Single party rule makes it difficult to stop wasteful spending. Even if some frivolous projects were to be eliminated, it is likely that the Freeholders would find other ways to spend rather than return the funds in the form of a tax cut.

**Discussion** – The list of Freeholder initiatives for 2004 provides abundant examples of questionable spending. Why should the County pour money into an Arts Center in Rahway which will compete with the much larger and more modern New Jersey Performing Arts Center in nearby Newark? Why should the County sponsor athletic scholarships for grade school children? Why is the County sponsoring a discount prescription drug plan for county residents which amounts to an endorsement of a for-profit organization? (Couldn't county residents find private discount prescription programs on their own?) Why is the County developing a Children's Museum of Central New Jersey when there are already three other children's museums in New Jersey? To be successful in the long term, the fight against unnecessary expenditures requires a constant "watch dog" effort to monitor county spending to ensure that new wasteful projects are not initiated and that old projects with new names are not allowed to creep back into the budget.

### **Option #8 – Support Restriction of County Government to Constitutional Mandates Only**

**Description** – The scope of county government has grown tremendously beyond its simple scope outlined in the NJ Constitution, namely the establishment of county prosecutors, clerks, surrogates and sheriffs. This option would restrict county government to its original four functions only.

**Pros** – If county government could be pared back to its original constitutional responsibilities only, the savings to taxpayers would be tremendous.

**Cons** – Will this really work? Past experience has shown that when one category of spending is eliminated, spending grows back elsewhere in the budget. Consequently, the county appetite for taxes continues to grow.

**Discussion** – This will only work if the restrictions are embodied in tough laws which prevent the re-growth of county government.

### **Option #9 – Support “Pay as You Go” for County Services**

**Description** – Under this approach, the fundamental way in which county services are provided to municipalities would be changed. Municipalities would pay only for services rendered. It would provide an incentive to the County to provide high quality, cost effective services.

**Pros** – This would give Summit control over the flow of tax dollars to the county. Only needed services would be purchased. In some cases, if the city were unhappy with the price or quality of a county service, it could perform the service itself or contract with an outside vendor.

**Cons** – Some County services, such as the emergency response team, are only needed on a sporadic basis. Also, cost savings could be limited by the need for the county to purchase capital items like snow plows and trucks to get the ‘job’ done for a smaller pool of communities. These services would whither during the period when they are not needed.

**Discussion** – This change would be fought by county government proponents almost as strongly as the elimination of county government itself, since it takes away their control of the tax stream. It also raises the issue of social justice for municipalities that want services and can not afford them. These services need to be funded by the State and probably should be now.

### **Option #10 – Support “Grassroots” Drive to Reduce County Taxes and Expenditures**

**Description** – Summit and its residents can join with various taxpayer organizations to fight against property tax increases. Mass media and the internet would be primary tools in this fight.

**Pros** – A “grassroots” movement may capture public attention and lead to voter activism to pressure their legislators for change or even turn big spenders out of office.

**Cons** – Populist movements can take off in unexpected directions. Support of such a movement could have unintended consequences. For example, a fight against county taxes could be broadened into a fight against all property taxes.

**Discussion** – Tax payer revolts are usually led by individuals or organizations, not municipalities. Currently there may not be enough economic “pain” among citizens to make a tax payer revolt possible. A recent example: Taxpayers were not incensed by recent higher-than-cost-of-living pay increases which the Union County Freeholders granted to themselves, the county manager and county department heads retroactive almost 11 months.

### **Option #11 – Support Curtailment of Open Space Tax**

**Description** – Union County’s Open Space, Recreation and Historic Preservation Trust Fund is essentially overfunded with respect to the monies needed to meet its original objectives. The Trust Fund is overfunded due to an underestimate of the growth in tax ratables at the time of the referendum which established the Trust Fund. The County’s Open Space Tax should be reduced or eliminated once the original objectives of the special tax are met. The difference could be returned to the taxpayers of the county.

**Pros** – A tax reduction can be made while still meeting the original objectives of the program. Summit taxpayers will benefit all the more because Summit’s ratables are growing at a faster rate than the rest of the county so we will be paying a bigger share of the surtax than other municipalities. Between 1999 and 2002 the county assessed valuation grew at a rate of 9% whereas Summit grew at a rate of 14%. In 18 years at those rates, the county valuation would increase 160% whereas Summit would increase by 252%.

**Cons** – Since the original goals of the Trust Fund will be met, there are no negatives for Summit.

**Discussion** – According to County Manager George Devanney speaking before the League of Women Voters on Oct. 13, 2003, the special 1.5% surtax was envisioned to produce \$98 million in revenue, but is now projected to produce \$135 million. The original aims of the Trust Fund were to preserve 100 acres of open space over a 10 year period, to enhance parks and recreation facilities, and to preserve historic buildings. The trust fund has already purchased 104 acres of open land and has awarded “Fields of Dreams” grants totaling over \$1 million to 20 municipalities. \$1.75 million has been spent to “Green the Streets” of the county’s most urban municipalities. Historic county buildings, such as the Belcher Ogden Mansion in Elizabeth, are being acquired and/or preserved.

Having met its original goals, the Open Space, Recreation and Historic Preservation Trust Fund, which is headed by Angela Devanney, now seems intent on finding creative ways to spend its surplus money (in addition to glossy self-congratulatory brochures which were mailed to county residents shortly before the last election), such as the expansion of the Trailside Science and Nature Center in Watchung Reservation, the development of a central New Jersey Children’s Museum (note that New Jersey already has children’s museums in Paramus, Egg Harbor and East Brunswick, plus Liberty Science Center in Jersey City), and establishment of the Kids Recreational Trust to provide recreational sports scholarships to low income children, help youth sports leagues purchase equipment, and expand the “Fields of Dreams” grants. Instead of spending on projects which exceed the original vision of the Trust Fund program, why not return the surplus funds to the people?

## **Option #12 – Investigate Union County Handling of Abatements and Appeals**

**Description** – County Tax Abatements and Appeals are a major source in lowering county tax levies for towns that use them. There is no information about insuring that the towns are applying the abatements and appeals consistently. This investigation would probe why the abatements continue to grow in value and the land value decreases, and why appeals grow every year rather than vary. It would raise the issue of limiting abatements for a certain length of time or only apply to a municipality's budget and identify why a municipality always has appeals that occur every year and grow from year to year.

**Pros** – This option would help Summit and other municipalities eliminate or reduce abatements and rein in continuous appeal adjustments that affect taxes that all municipalities pay.

**Cons** – Tax reductions through abatements and appeals help municipalities to obtain development especially in urban cities whose building structures have decayed. Large developers and retailers will not develop or open stores unless major reductions are made in their tax structure. This development and store openings are considered as providing jobs and increasing the upgrading of other areas of the cities not receiving these tax incentives.

**Discussion** – Elizabeth has used both abatements and appeals that are larger than any other municipality in Union County. Its abatements totaled about \$40,000,000 in adjusted net value in 2002. The appeals are about \$350,000, up from a total of \$260,000 in 1998. The appeals are more than any other city in Union County. These are indicative of the county tax structure. The reduction requires the state to provide more school aid and increases county property taxes on other cities like Summit to cover the short fall. The affect on Summit's county property taxes is small for the current amount of abatements and appeals. It requires a \$10 million reduction in the county property taxes for a \$1 million reduction for Summit.

## **Option #13 – Support Legal Restrictions on How Property Taxes Are Used**

**Description** – Property taxes are now used by the county for every conceivable purpose. Under this option, legislation would be passed to limit the use of property taxes to specific, well-defined purposes, such as the four constitutionally mandated functions, and prohibit their use for any other purposes.

**Pros** – The taxpayers of Summit should benefit if the county were limited in the ways in which it can use property taxes.

**Cons** – Savings could be illusive if the county plays a “shell game” of hiding prohibited expenses under the heading of legitimate expenses.

**Discussion** – This approach may be difficult to enforce. Extensive auditing may be required.

### **Option #14 – Support Changing how County Freeholders are Elected**

**Description** – Currently all Freeholders in Union County are elected on an “at-large” basis rather than a “district” basis. Election of Freeholders on a “district” basis would result in much better geographical representation on the Board of Freeholders. State legislative action or a countywide referendum would be required to bring this change about.

**Pros** – Freeholders elected from different geographic areas would work to ensure that no one area was treated disadvantageously. Summit would likely gain more equitable treatment.

**Cons** – We are not aware of any from Summit’s point of view.

**Discussion** – The current system of all Union County Freeholders being elected “at-large” is a clear-cut case of taxation without representation. In general, the “at-large” approach to election of government representatives often results in the complete dominance of one party or one geographic area to the exclusion of other points of view. Imagine the consequences if all state legislators were elected on a state-wide basis or if all members of the US Congress were elected on a nation-wide basis! If we are unable to eliminate county government all together, then we should at least work for a fairer way to elect Freeholders, namely, the “district” approach.

### **Option #15 – Support State Bill S-167 to Create Commission to Study County Government**

**Description** – Bill S-167, co-sponsored by Tom Kean, Jr. and Richard Bagger, is now pending in the state legislature. Passage of this bill would result in the creation of the “Effectiveness of County Government Study Commission” and the appropriation of \$95,000 to fund the commission. The commission would be charged with reviewing each function and service performed by the county to determine if those functions and services are being performed most effectively and economically. The bill also requires the commission to determine whether those functions and services can be performed more efficiently and effectively by state or municipal government, and, if so, to recommend to the Governor and Legislature a plan for the reassignment of those functions and services.

**Pros** – If the commission does its work fairly and well without being influenced by entrenched special interests, it is likely to recommend changes which will result in taxpayer savings.

**Cons** – If county level politicians and their allies are allowed to manipulate the commission it could end up putting the “seal of approval” on current county practices which would make change even more difficult in the future.

**Discussion** – Passage of this bill may be very difficult, due to politicians of both parties trying to protect their power and privileges in the counties they currently dominate.

### **Option #16 – Support Constitutional Convention to Change New Jersey Government**

**Description** – New Jersey has had several constitutional conventions in its history to make improvements in government. A revised constitution might be the best way to curtail county government or eliminate it all together. Under this option, we would support the current proposal for a constitutional convention.

**Pros** – A constitutional limitation of county government could potentially eliminate or reduce county taxes.

**Cons** – This approach could take a very long time and we might not like the outcome. The constitutional convention could go in directions we do not anticipate. The power of counties could actually be increased and home rule decreased.

**Discussion** – A lot would depend on the make up of the convention delegates. A non-partisan convention could engender widespread support for change, such as elimination of county government or regionalization of services. If the convention were dominated by those who seek to reduce property taxes and eliminate excess levels of government, all taxpayers, including those in Summit, would benefit. If the convention were dominated by special interests, the revised constitution could end up strengthening the power of the counties to tax, create bureaucracies and dole out patronage jobs. In an article in the *Star-Ledger's* Perspective section on Feb.1, 2004, former Governor Thomas Kean stated this warning about a new constitutional convention: "... it will not be the people. It will be a bunch of special interests elected with some mandate that the people have very little to do with. The current proposal for a constitutional convention states that it can raise taxes and not cut spending. That is an abomination. We should not let that happen."

#### **Option #17 – Conduct Public Awareness Campaign**

**Description** – Few taxpayers in Union County seem to be aware of the rapid rise in county taxes and the county's preferential pattern of service. A public relations campaign could raise public awareness of these issues, thereby creating a climate conducive to change.

**Pros** – An informed public could put pressure on the Freeholders to change their ways or possibly vote in new Freeholders who pledge to reduce taxes and distribute services more equitably.

**Cons** – The Freeholders could change their ways temporarily to mollify public opinion, but then revert to the status quo when they feel the threat has passed.

**Discussion** – Freeholder behavior will change permanently only if the PR campaign is sufficiently strong and long. An ongoing PR campaign requires dedicated effort.

#### **Option #18 –Build Coalitions with Like-Minded Communities**

**Description** – Under this option, we would seek out other municipalities with similar concerns to Summit's and make common cause for change. In fact, Summit may align with multiple coalitions, each of which is focused on a different objective and has its own strategy.

**Pros** – Each coalition would have its own objective and strategy. If one or more of the coalitions succeed, this will benefit Summit. For example, a coalition with other municipalities from the western end of Union County could work toward changing the current service priorities of the county freeholders which unapologetically favor the eastern end of the county (George Devanney made this bias abundantly clear in his presentation to the LWV at New Providence in October, 2003). If successful, this would provide more services to Summit.

**Cons** – It will take a lot of effort to build these coalitions and to work on multiple fronts to bring about change.

**Discussion** – By itself, Summit has little likelihood of bringing about major changes. A coalition involving many municipalities has a better chance of success than Summit acting alone. Participating in multiple coalitions increases the odds that at least one of them will be successful.

### **Option #19 – Quietly Press for Equitable Treatment by Union County**

**Description** – Through low-key relationship-building, city leaders will persuade Freeholders to limit county taxes.

**Pros** – This approach could provide improvement most rapidly since it avoids legislative and political battles.

**Cons** – Even if successful, relief might last only while the current leaders of the city and county are in power. This solution would not have the staying power of an institutional or legally mandated change.

**Discussion** – Recently, the City’s relationship with Union County has been somewhat contentious. Perhaps it is possible for Summit to achieve a fresh start in its relationship with the county. The new Mayor and other city representatives may be able to reach out to the Freeholders and/or County Manager with a mend-the-fences approach.

### **Option #20 – Investigate the Prudence of Union County’s Growing Role as Health Care Provider**

**Description** – Union County runs Runnells Specialized Hospital, provides a discount prescription drug program for senior citizens and the disabled, and sponsors the AddHealth health care savings card for Union County residents. These kinds of functions are also offered by the private sector as well as other branches of government. In this course of action, Summit would support the establishment of a volunteer investigative body to ascertain the effectiveness and appropriateness of these health care programs.

**Pros** – An investigation could determine if the healthcare services provided by the county are, in fact, in the best interests of county taxpayers. If the answer turns out to be positive, it would bolster confidence in the programs. If the answer turns out to be negative, it would be best to find out now and to push back before the county expands the scope of its health care initiatives.

**Cons** – If volunteers cannot be found, the investigation could cost money to perform

**Discussion** – County residents must pay when they avail themselves of the County’s health care programs. For example, to participate in the discount prescription drug program, residents must pay \$19.00 per year to a for-profit company, AddHealth, Inc. How do the rates charged by the county or its designated provider compare to the rates available from other sources?

## **Option #21 – Join with Other Disaffected Municipalities to Study Forming a New County**

**Description** – Many municipalities on the western ends of both Union County and Essex County are fed up with their high county tax rates and low levels of county services. These communities could study the feasibility of breaking away to form a new county that would be more responsive to their needs. This would require approval by the state legislature.

**Pros** – The new county would reflect the philosophy of the constituent municipalities. County expenses would be kept to a bare minimum and taxes would be dramatically reduced. The new county could also seek low cost alternatives to setting up its own facilities and services, such as contracting with private providers or even other counties.

**Cons** – This option would probably involve a long legislative battle and then require a lot of time and effort to implement. Even if county facilities were kept to a minimum, such essentials as the four constitutionally mandated functions would have to be set up somewhere in the new county.

**Discussion** – This course of action would be a last resort if the options involving the elimination or limitation of county government are frustrated.

## CONCLUSIONS

### TAXES

**Summit's property taxes are the highest in Union County.** According to a *Star-Ledger* article and table published on January 21, 2004 (see Table XIV), the average residential tax bill for a Summit homeowner was \$9,415 in 2002 versus a countywide average bill of \$5,717. Over the past three years (2000-2003), the fastest growing component of our property taxes has been the county portion: the county tax rate (excluding Open Space tax) has grown 33.8% while the school tax rate (including school debt) has increased 22.3% and the municipal tax rate has increased 13.7%. In 2002, the year studied intensively by the Task Force, **Summit sent \$2.5 million more in tax dollars to the County than we spent on our own municipal government.** The county portion of our total property tax stood at 27% in 2002. That compares unfavorably to the statewide average of 20% of the total property tax being consumed by county government. In 2002, Summit's total county tax levy was \$18,713,093, more than any other municipality in Union County. **We contributed 11% of the tax monies although we had only 4% of the population.**

The tax numbers we've seen for 2003 only make the picture look bleaker from Summit's point of view. Unfortunately, they fulfill Gabriel Gluck's prediction in a *Star-Ledger* article on April 4, 2003: "Property taxes for the average Summit homeowner are expected to break the \$10,000 mark this year, making the city the first community in Union County to cross the five-digit threshold."

Although the County funds part of its budget with state and federal monies, 54% or \$173.8 million of the total 2002 budget of \$324.5 million was funded via property taxes. That compares unfavorably to the national average of 30.6% of county budgets being funded via property taxes. It should be noted that property tax is considered to be very regressive due to its disproportionate impact on homeowners with low income or with fixed income.

Summit is severely impacted by the tax inequities which exist between counties in New Jersey. If Summit were in a different county, it would make a significant difference in the taxes we pay to the county. On the average, a homeowner would have paid \$1,507 less in 2002 if Summit were located in Morris County. This begs the question: Why should it cost more to live in Union County than in Morris County? But more importantly, why should Summit be at a disadvantage to attract and retain senior citizens and others on a fixed income?

The Union County Freeholders have been able to raise taxes with impunity because of the election process. Union County's use of the at-large system for electing all nine Freeholders practically ensures that one party or one geographic portion of the county controls all decisions. In our opinion, Summit is a victim of taxation without representation. The Freeholders do go through the process of an open budget hearing each year, and concerns about tax increases are almost always raised. However, the total at-large election situation gives the Freeholders the wherewithal to disregard input from the community and operate as they see fit.

In addition to the regular tax for county operations, there is also a special surtax for the Open Space, Recreation and Historic Preservation Trust Fund that was approved by a county referendum in 2000. This tax levy consists of 1.5 cents per \$100 of a property's equalized value

for a period of 20 years. It was originally estimated that the trust fund would generate \$4.89 million annually. However, due to underestimation of the appreciation of property in Union County, the fund now generates over \$6 million annually. Summit alone contributed \$673,322 to this special fund in 2002. County Manager George Devanney estimates that the fund will now generate \$135 million over its 20 year life rather than the \$98 million originally envisioned. While we agree strongly with the original goals of the Trust Fund, we also feel strongly that surplus funds collected by the Fund should be returned to Union County taxpayers once the original goals have been met. This could be done on a proactive basis by adjusting the surtax to 1.1 cents per \$100 in order to generate just the \$98 million originally envisioned.

Summit recognizes the need for the more fortunate communities of New Jersey to help their less fortunate neighbors, but asks these questions: How much help is enough? Should property taxes be used for this purpose? Shouldn't socio-economic problems be addressed on a statewide basis rather than county by county?

## SERVICES

The county provides multifarious services in such broad categories as parks and recreation, healthcare, training and economic development, law and public safety, veterans' services, education, and the arts. Some of these services stem from the New Jersey Constitution mandating the offices of prosecutor, sheriff, surrogate and county clerk. Some have resulted from the county being designated as the service provider for various federal and state programs, such as welfare and education. The rest are progeny of the Freeholders, who do not seem to have any legal or constitutional restrictions on the types of activity they can engage in. To carry out these many services, the county needs 2,800 employees.

With 55-60% of the county budget mandated by the state, shouldn't the state be responsible for those services? When it comes to jails and courts, why should those unfortunate counties that have large urban centers with high crime rates have to bear all those costs? We believe that if the state were to take over administration of state mandated functions like public safety, it could replace the 21 county bureaucracies with eight state regional authorities that correspond with legislative districts. This streamlined administrative arrangement would cut costs significantly, provide fairer taxation and provide accountability. We admit that we will have to find other ways to pay for these services than property taxes, but with the elimination of 21 bureaucracies, the total cost to taxpayers statewide would be significantly reduced.

The Task Force surveyed Summit city officials to determine the value of services which Union County provides to the City. Through their reports and subsequent interviews, we determined that we get back just \$1.7 million in services on an ongoing basis (see Table XII). The areas in which Summit receives county services are:

City Clerk	\$59,025
Municipal Court	\$6,000
Fire Department	\$50,490
Police Department	\$1,199,620
Community Services	\$204,754
Public Schools	\$153,611
Welfare Department	\$45,000
Surrogate Office	<u>\$10,601</u>
<b>Total</b>	<b>\$1,729,101</b>

When we compare this total of \$1,729,101 of returned services to the \$18,713,093 in tax dollars we contributed to the County in 2002, it is clear that we are receiving less than 10% of what we are putting in. Alternatively, if we compare this figure to the total tax dollars (\$173.8 million) collected by the County in 2002, we see that we are receiving only 1% of the total county tax dollars spent on services.

In addition to ongoing services, Summit received one time grants from the County totaling \$1.1 million over the past 10 years (see Table IV). The largest of these was a grant for \$500,000 for Downtown Revitalization in 2003.

County officials frequently mention the Open Space Trust Fund's \$9 million purchase of the former NJ-American Water Company property last year as something that was done for Summit. Yet the County, not Summit, is the owner of that property. Part of the purchase price (\$1.7 million) was paid by state matching funds and the rest was financed by Trust Fund bonds. The annual payments on the bonds are considerably less than the amount in taxes which the Open Space Trust Fund takes from Summit each year (\$673,322 in 2002).

Summit strongly supports the original concept of the Open Space surtax as a means of funding the County's 10 Year Open Space and Recreation Master Plan. The Open Space Trust Fund has already met almost all of its original goals for land purchases. Rather than continuing to buy land, the County is shopping for creative ways to spend its projected surplus on superfluous projects. Most of these new projects go far afield of the approved mission of the Trust Fund, and go against its original emphasis on capital acquisitions, primarily of open land. The County seems bent on committing the entire future income of the Trust Fund as quickly as possible so that the return of the surplus funds to taxpayers won't even be possible. This is a clear case of County officials putting its own agenda ahead of the good of the taxpayers. Why not stop the over-the-top spending and find a way to return the excess funds to the people?

What services does Summit need from the County? In its survey of City officials, the Task Force identified a number of valuable services that the County provides, such as the transportation of prisoners and the Vo-Tech School. However, the Task Force felt that all of them could be provided efficiently by different sources such as by the City itself, directly by the state, or by regional authorities encompassing several counties if the current county structure were eliminated.

Several examples of inefficient and redundant services are noted in our findings. Road maintenance involves overlapping responsibilities by the City, County and state, which frequently result in higher costs and delays in completing road projects. The Task Force believes the City could perform the County's road responsibilities in Summit more efficiently itself.

Park policing and maintenance are also done at the City, County and State levels. The Task Force believes that the City could efficiently handle small County parks, such as Briant Park, while the State could fold large County parks, such as Watchung Reservation, into the State Park system.

Educational responsibilities are also shared by the City, County and state. The 21 County Superintendent of Education Offices, while valuable, could be run more efficiently on a regional or centralized basis by the state (note that the professionals in these offices are already state

employees). The Vo-Tech school, another valuable entity, could be run by a multi-county regional authority. The Magnet School is not needed at all from Summit Public Schools' perspective since it duplicates programs already available at Summit High School and draws off needed resources. The County College, while valuable, could be administered more efficiently by being consolidated into the existing state system of colleges.

The County also has a growing presence in health care. The Task Force questions whether Runnells Specialized Hospital and the new forays into discount prescription drugs and health care savings cards are appropriate areas for County activity.

It seems to the Task Force that the County is waging a campaign to become the indispensable, all-pervading branch of government. This means the County is constantly seeking to expand its buffet of services and raising property taxes to fund them. We believe the people of Summit don't want more services from the County and would prefer that our property taxes be reduced instead.

Why should we ask the County for more services when its track record on fulfilling past promises is so dismal? The County's seven year delay on improving the Morris Ave/Glenside Ave intersection, its lack-luster response to Broad Street safety issues after two Summit police officers were seriously injured, and the embarrassing state of the Passaic River Park are examples of the County's indifference to past service requests.

## **CAN THE COUNTY CHANGE?**

When change is needed, the biggest challenge usually is changing the mindset of the people involved. Changing the attitudes of those in power at the County Seat is indeed a formidable task. The Union County Freeholders and their subordinates spend considerable time and money trumpeting their many services and accomplishments, and touting all their new projects and initiatives. They are clearly on a track intended to transform county government into the be-all and end-all for Union County residents. Bigger is better from their perspective. They just don't get our point of view. The people of Summit, we believe, want less government, not more. We want lower taxes, not more services.

The county shows no interest in learning our point of view. During the course of our investigation, we repeatedly invited County Manager George Devaney to meet with us. Not only did he not meet with us, but he also did not have the courtesy to even respond.

If we cannot change the attitudes of the County leaders, can we replace the County leaders with people more responsive to our concerns? This will be very difficult under the present election system. As previously noted, Union County is the least democratic (with a small 'd') of New Jersey's 21 counties. Union County has the maximum number of Freeholders allowed by law, nine, and elects them all on an at-large basis. For this reason, the Task Force believes an important course of action is to join an effort to change, by countywide referendum, how our Freeholders are elected. Election of the nine Freeholders on a district basis would be far more democratic and would create a situation where voices representing different points of view – geographical and philosophical – could potentially be voted onto the Board of Chosen Freeholders.

## OPTIONS

Although it was not part of our mission, we did not feel our report would be complete without giving the Mayor and members of Common Council the benefit of our thinking on possible courses of action. These were identified and analyzed during the course of our investigation and listed in unprioritized order in the Options for Action section. Moreover, this list was not intended to be exhaustive.

We identified 21 possible options. There is no “silver bullet” among them. Each option has its good and bad points. All involve a lot of hard work and none of the options have a guaranteed outcome. Given the mindset of the county, gradual change may not be possible, which is why some of our options are somewhat radical.

We liked the following options as short term steps that we can get started on immediately:

- **Support State Bill S-167 to create Commission to Study County Government**

We can't speak about the way other counties do business and we know some do a better job, which is why we think it is important to support Tom Kean's bill, S-167. We acknowledge that the needs of New Jersey residents may vary in different parts of the State and a group to study those needs and identify best practices could help influence and shape New Jersey's future for the better.

- **Build coalitions with like-minded communities**

Sharing information and making common cause with like-minded communities will also further the cause of constructive change. There is little that any one municipality can do by itself, but there is much that can be accomplished if many are working in concert to bring about positive change.

The following options may take longer but hold the promise of creating a climate for long term tax relief if they are successful:

- **Support curtailment of Open Space Tax**

By curtailment of Open Space Tax we mean that the Open Space Trust Fund should be limited to expenditures which reflect the original goals of the Trust Fund. Surplus funds should be returned to the taxpayers. This may require a countywide referendum to implement since the County leadership seems bent on spending all monies, regardless of the original goals.

- **Support state or municipal takeover of selected county functions**

We believe that there is much overlap between city, county and state responsibilities as well as inefficiencies at the county level. With the elimination of county government, many current county functions could be performed better by the City or the state. Since this is unlikely to happen voluntarily, legislative action may be needed to implement these changes.

- **Support changing how Union County Freeholders are elected**

The current system of nine at-large elected Freeholders does not give fair representation to all parts of Union County. Election of Freeholders by district would not guarantee reversal of the current surge in the County tax levy, but would at least provide a more democratic (small 'd') Board of Freeholders. A countywide referendum would be required to achieve this change.

- **Support elimination of Counties and replacement with State Regional Authorities**

This option seems radical but has in fact been successfully implemented in Massachusetts, Connecticut and Rhode Island. There is no reason that New Jersey could not follow their lead and totally eliminate one level of government, namely the county level. This would, of course, require a great amount of coalition building and legislative action.

- **Take steps to secede from Union County and either join another county or join with other disaffected municipalities to study forming a new county**

Secession is a radical step, but must be considered as long as the County continues to brush aside the concerns of Summit. Recently, Millburn, Montclair and Roseland voted to secede from Essex County. A referendum on secession would raise the awareness of Summit's residents of the issues in this report and test their willingness to pursue a radical change. Summit could pursue joining another county, such as Morris County. Alternatively, there are rumblings of unhappiness from many other communities in the western ends of Union and Essex Counties, so Summit could join with those communities to study the formation of a new county.

Above all, it is important for the Mayor, Common Council and the people of Summit to do something to change the status quo. Failure to act will send a clear message to the Union County Board of Chosen Freeholders that Summit accepts its role as acquiescent cash cow of the county. In the future, Summit would likely face a continuing escalation of county taxes and a continuing decrease in the ratio of services received to taxes paid.

## **ACKNOWLEDGMENTS – POSITIVE AND NEGATIVE**

We wish to thank all who made this report possible: the Task Force members, city employees, and representatives of other municipalities and organizations. The completion of this report is a testimony to their dedication, diligence and spirit of cooperation.

We previously noted the lack of cooperation of the County Manager, George Devanney. If this report includes any misunderstandings of County expenditures or positions, Mr. Devanney shares the responsibility for those misunderstandings because he chose to disregard our repeated requests for a meeting to discuss our concerns.

**RESOLUTION # 29922  
CREATE COUNTY TAXES AND SERVICES  
TASK FORCE**

November 6, 2002

WHEREAS, Summit has one of the lowest tax rates in Union County and yet it is the highest taxpayer to Union County, which has a direct impact on our seniors and young families trying to make ends meet, and

WHEREAS, in 2002 the City of Summit sent Union County 19.3 million dollars, which is 2.5 million dollars more than raised for its municipal services which include police and fire protection, recycling and garbage pick up, recreational activities and capital improvements, and

WHEREAS, since Summit's last revaluation in 1994, the city's municipal tax rate increased on an average of 2%, while Union County's tax rate has increased on an average of 5%, and

WHEREAS, Summit residents have expressed their concerns with the property tax structure and the amount of taxes sent to Union County and feel they are entitled to fair taxation or return of their tax dollars.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMON COUNCIL OF THE CITY OF SUMMIT:

That a Mayoral/Council County Taxes and Services Task Force be and it is hereby established, but not limited to, as follows:

**Charge:**

- To gather historical and financial data on municipal and county taxes.
- To study the services provided by the county:
  - What services does Summit receive?
  - What is the value of these services?
  - What services does Summit need/require from the county?

**Membership:**

Seven (7) representatives as follows:

Mayor	Speak up Summit
Councilmember	Summit Public Schools
Citizen from the community at large	Summit Taxpayers Association
County Board of Taxation	

Dated: November 6, 2002

I, David L. Hughes, City Clerk of the City of Summit, do hereby certify that the foregoing resolution was duly adopted by the Common Council of said City at a regular meeting held on Wednesday evening, November 6, 2002.

City Clerk

