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PUBLIC HEARING

before

ASSEMBLY COUNTY GOVERNMENT AND REGIONAL AUTHORITIES COMMITTEE

ASSEMBLY BILLS 3518 through 3536, 2694, and 2887

(Regional Authorities Legislation)

August 23, 1988  
Planning Board Room  
Linden City Hall  
Linden, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John E. Rooney, Chairman  
Assemblyman Thomas J. Duch  
Assemblyman George Hudak

ALSO PRESENT:

Assemblyman Anthony J. "Skip" Cimino  
District 14

Walter R. Kennedy  
Office of Legislative Services  
Aide, Assembly County Government and  
Regional Authorities Committee

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Hearing Recorded and Transcribed by  
Office of Legislative Services  
Public Information Office  
Hearing Unit  
State House Annex  
CN 068  
Trenton, New Jersey 08625

REPUBLICAN PARTY

Office

ASSEMBLY COUNTY GOVERNMENT AND REGIONAL AUTHORITIES COMMITTEE

ASSEMBLY BILL 2015 (through 2018, 2020, and 2021)

(Regional Authorities (2018-2021))

Assembly Bill 2015  
Printed on 10/15/2018  
10/15/2018 10:15 AM  
10/15/2018 10:15 AM

MEMBERS OF COMMITTEE PRESENT:

Assemblyman John G. Scavone, Chairman  
Assemblyman James J. Lora  
Assemblyman George R. Perry

ALSO PRESENT:

Assemblyman Anthony J. DiNapoli  
Assemblyman

Mr. Paul R. Kennedy  
Office of Legislative Administration  
Assembly County Government and  
Regional Authorities Committee

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Office of Legislative Administration  
Assembly County Government and  
Regional Authorities Committee  
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JOHN E. ROONEY  
Chairman  
JOHN T. HENDRICKSON, JR.  
Vice Chairman  
J. EDWARD KLINE  
THOMAS J. DUCH  
GEORGE HUDAK



**New Jersey State Legislature**  
**ASSEMBLY COUNTY GOVERNMENT**  
**AND**  
**REGIONAL AUTHORITIES COMMITTEE**  
STATE HOUSE ANNEX, CN-068  
TRENTON, NEW JERSEY 08625  
(609) 292-1596

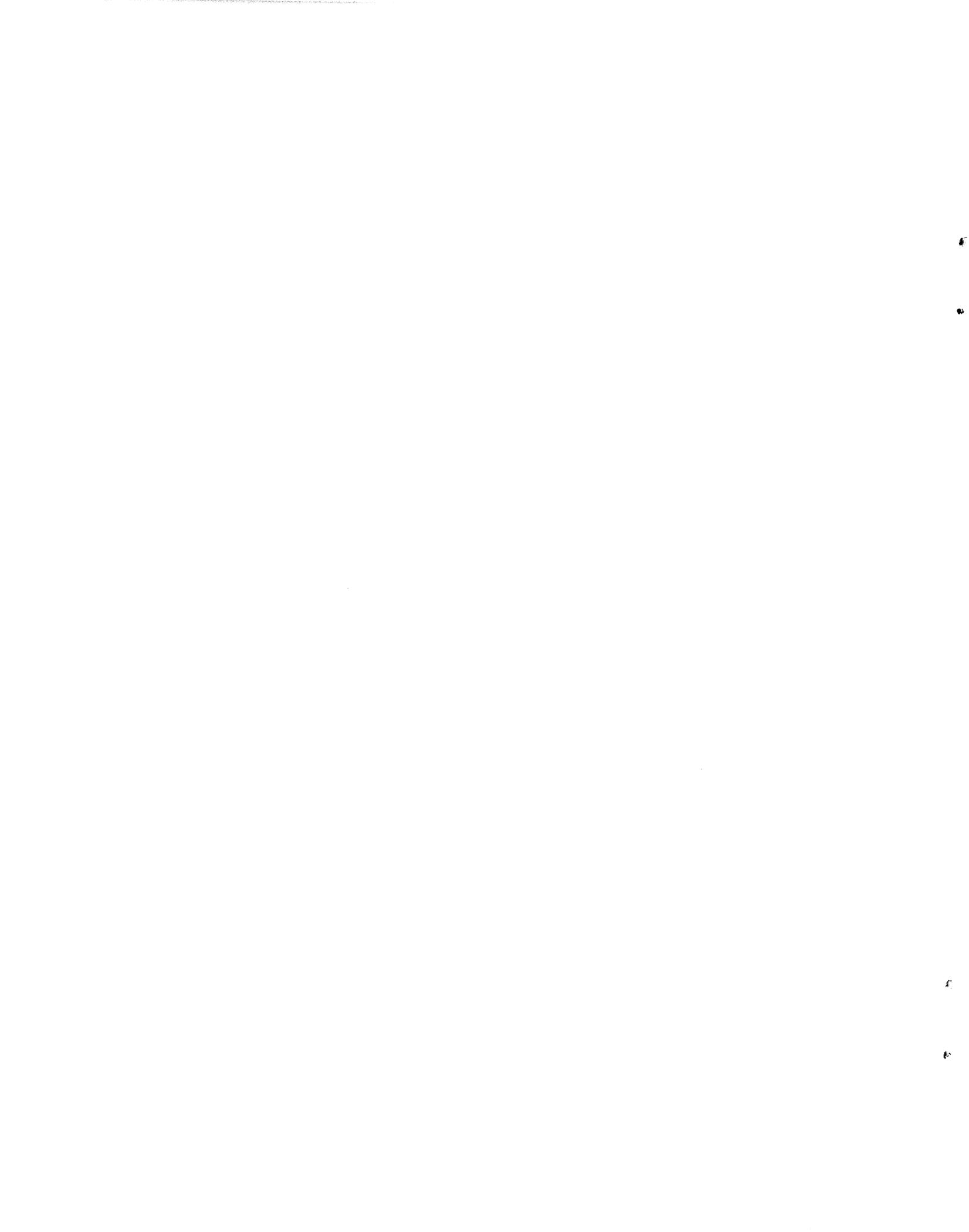
## NOTICE OF PUBLIC HEARING

Walter R. Kennedy, Aide to the Assembly County  
Government and Regional Authorities Committee  
(609) 292-1596

The Assembly County Government and Regional Authorities  
Committee will conduct a public hearing on Tuesday, August 23, 1988 at 7:00  
p.m. in the Planning Board room of the Linden City Hall, Linden, New Jersey.

The subject of the public hearing shall be the following bills concerning  
regional authorities which were drafted in response to earlier public hearings  
conducted by the committee:

Assembly Bills 3518 through 3536  
and  
Assembly Bills 2694 and 2887



ASSEMBLY, No. 3518  
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblyman CIMINO

AN ACT requiring authorities to submit financial master plans to counties and municipalities which formed such authorities and supplementing Title 40A of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

(1) To adopt and use a corporate seal;

(2) To sue and be sued;

(3) To acquire and hold real or personal property for its purposes; and

(4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

2. In addition to any other report required by law, an authority at least 30 days before the adoption of its budget, shall submit a financial master plan to the governing body of the county or municipality which created it. The plan shall list all of the authority's debt and a schedule for paying the debt. It shall also include a statement of the authority's revenues and anticipated revenues, including federal and State grants and aid programs, any foreseeable indebtedness and how such indebtedness shall be financed.

3. This act shall take effect January 1, 1989.

STATEMENT

This bill requires regional authorities, to submit financial master plans, annually, to the counties and municipalities which created them. The financial master plan shall list all debt of the

authority and a debt payment schedule. It shall also include a statement of the authority's revenues and anticipated revenues, including all grants and aid programs, and foreseeable indebtedness and how such indebtedness shall be financed.

**AUTHORITIES AND REGIONAL COMMISSIONS**

**Local Budget and Finance**

Requires authorities to submit financial master plans.

ASSEMBLY, No. 3519

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen HENDRICKSON and HUDAK

AN ACT requiring the holding of a public hearing on authorities' budgets and amending P.L. 1983, c. 313.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 10 of P.L. 1983, c. 313 (C. 40A:5A-10) is amended to read as follows:

10. a. Each authority shall submit a budget for each fiscal year to the director prior to its adoption thereof and file a copy with the local government unit or units which have created authority. The budget shall comply with the terms and provisions of any bond resolutions, and shall be in such form and detail as to items of revenue, expenditure and other content as shall be required by law or by rules and regulations of the Local Finance Board.

b. The Local Finance Board shall prescribe by rule or regulation the procedure for the adoption of budgets by authorities. The rules and regulations may include or be similar to any provisions of the "Local Budget Law" (N.J.S. 40A:4-1 et seq.) which the Local Finance Board shall deem to be practicable or necessary, and may further include any other provisions and requirements which the Local Finance Board shall deem appropriate or necessary. The rules and regulations shall provide for approval or disapproval of a budget within 45 days of the director's receipt thereof.

c. The Local Finance Board shall also prescribe by rule or regulation the procedures and requirements for execution of any budget after adoption, and for the administration of financial affairs of authorities. The rules and regulations may include, without limitation, any provisions of the "Local Budget Law" (N.J.S. 40A:4-1 et seq.), and the "Local Fiscal Affairs Law" (N.J.S. 40A:5-1 et seq.), which the Local Finance Board shall deem to be practicable and necessary.

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

d. Each authority shall fix a date, time and place for the holding of a public hearing on its budget. The proposed budget shall be advertised prior to final approval. The advertisement shall contain a copy of the budget and shall set forth the date, time and place of the hearing. It shall be published at least 7 days prior to the date fixed therefor in a newspaper with a substantial circulation in the county or counties wherein the authority is located. All persons having an interest in the budget shall be given an opportunity at the public hearing to present their comments and questions thereon. This section shall not apply to any authority whose budget is required to be approved at a public referendum.

(cf: P.L. 1987, c. 319, s. 5)

2. This act shall take effect immediately.

#### STATEMENT

This bill amends the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C. 40A:5A-1 et seq.) to require an authority to hold a public hearing prior to the fund adoption of its annual budget. Notice of the public hearing and a copy of the proposed budget shall be advertised, at least 7 days prior to the hearing, in a newspaper circulating in the county wherein the authority is located. All persons interested in the authority's budget shall be given an opportunity to make comments and ask questions thereon at the public hearing. The bill also requires an authority to file a copy of its budget with the local government unit or units which created the authority.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities, particularly county sewerage authorities and municipal utilities authorities.

#### AUTHORITIES AND REGIONAL COMMISSIONS

##### Local Budget and Finance

Requires local authorities to hold public hearings on their annual budgets.

ASSEMBLY, No. 3520

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen SCHUBER, ROMA,  
Assemblywoman Randall and Assemblyman Felice

AN ACT authorizing chief executive officers of certain counties and municipalities, and boards of chosen freeholders, to veto the minutes of authorities, and supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its purposes; and
- (4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

2. The minutes of every meeting of an authority shall be sent to the county or municipal governing body which created the authority. No action taken by any of the members of the authority at a meeting of the authority shall have any force or effect for a period of five days, excluding Saturdays and Sundays, after the minutes have been delivered, unless the minutes are returned without a veto prior to the end of the five-day period, in which event the action shall take effect on the day the minutes are returned.

3. For authorities created by a county, the chief executive officer of a county governed pursuant to the "Optional County Charter Law," P.L. 1972, c. 154 (C. 40:41A-1 et seq.), and the board of chosen freeholders in all other counties, shall, within five days after the minutes have been delivered, cause the same to be returned to the authority either with or without a veto on any action therein recited as having been taken by any member thereof. A veto by a board of chosen freeholders shall be by a

vote of at least two thirds of the members. If the minutes are not returned within five days, or are returned without a veto, any action therein recited shall have force and effect according to the wording thereof.

4. If the chief executive officer, or the board of chosen freeholders, as the case may be, within the five-day period, returns the minutes with a veto against the action of any member of the authority recited therein, the action of that member shall be null and of no effect.

5. The veto of the chief executive officer of any action recited in the minutes may be overridden and nullified by the vote of a majority of the members of the board of chosen freeholders, provided such vote to override occurs within 14 days of the return of the minutes by the chief executive to the authority.

6. For an authority created by a municipality, the chief executive officer of the municipality, shall, within five days after the minutes have been delivered, cause the same to be returned to the authority either with or without a veto on any action therein recited as having been taken by any member thereof. If the minutes are not returned within five days, or are returned without a veto, any action therein recited shall have force and effect according to the wording thereof.

7. If the chief executive officer of the municipality, within the five-day period, returns the minutes with a veto against the action of any member of the authority recited therein, the action of that member shall be null and of no effect.

8. The veto of the municipality's chief executive officer of any action recited in the minutes may be overridden and nullified by the vote of a majority of the members of the municipality's governing body, provided such vote to override occurs within 14 days of the return of the minutes by the chief executive to the utilities authority.

9. This act shall take effect immediately.

#### STATEMENT

This bill allows the chief executive officer in counties governed pursuant to the "Optional County Charter Law", the board of

chosen freeholders in all other counties, and the chief executive officer of a municipality, to veto the action of any member of an authority or as that action is recited in the minutes of the authority's meetings. The veto of the chief executive officer may be overridden by a two-thirds vote of the board of chosen freeholders or the municipal governing body, provided such vote to override is taken within 14 days of the veto. If the chief executive or the board of chosen freeholders take no action on the minutes for five business days after the minutes are delivered, then the minutes, and all action as recited therein, are considered approved.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

#### COUNTIES

##### Authorities and Regional Commissions

Provides for veto power over action of authorities.



ASSEMBLY, No. 3521

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen CIMINO and ROONEY

AN ACT requiring county improvement authorities to make semi-annual reports to boards of chosen freeholders on status of certain projects, and supplementing P.L. 1960, c. 183 (C. 40:37A-44 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. A county improvement authority undertaking the completion of any project, as defined in section 2 of P.L. 1960, c. 183 (C. 40:37A-45) and section 2 of P.L. 1979, c. 275 (C. 40:37A-107), shall submit a report semi-annually to the board of chosen freeholders detailing the status of the project and all other relevant information requested by the board of chosen freeholders concerning the project. If the improvement authority fails to make a timely report to the board of chosen freeholders concerning any project, the board may employ its own agent to report on the project and charge the cost of the report to the improvement authority.

2. This act shall take effect immediately.

STATEMENT

This bill requires a county improvement authority to report semi-annually to the board of chosen freeholders on the status of any project undertaken by the county improvement authority. If the authority fails to make such report, the freeholders may hire their own agent to determine the status of the project, and charge the cost of the agent's report to the improvement authority.

COUNTIES

Authorities and Regional Commissions

Requires county improvement authorities to report semi-annually to board of freeholders on status of projects.



ASSEMBLY, No. 3522  
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen KLINE and HUDAK

AN ACT concerning the qualifications of members of authorities,  
and supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the  
State of New Jersey:

1. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its purposes; and
- (4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

2. After January 1, 1989 no person shall be appointed as a member of an authority unless he is a citizen of the United States, has obtained a certificate or diploma issued after at least four years of study in an approved secondary school or has received an academic education accepted by the Commissioner of Education as fully equivalent, and has graduated from a four year course at a college of recognized standing with a bachelor's degree. A person who does not meet the college education requirement may substitute, on a year-for-year basis, experience as a member of any board or authority with responsibilities that are the same or similar to those of an authority member.

3. Rutgers, the State University shall, by January 1, 1990, develop a course of study as it deems appropriate, the object of which shall be to assist members and prospective members of authorities to acquire the knowledge and skills necessary to oversee and administer the operations of an authority. The course of study shall be general in nature and applicable to the administration of various boards and public authorities.

4. On and after the effective date of this act the appointing authority shall, as vacancies in the membership of an authority occur, appoint a professional engineer, an environmental scientist and an individual with academic credentials and professional experience in finance or business administration to be part of the membership of the authority.

5. An applicant for membership on an authority shall be required to submit a resume setting forth his personal history, educational attainments and work experience. The appointing authority shall consider the applicant's reputation for integrity, his expertise in an area related to the authority's jurisdiction, his record of community service, and his environmental activities. An applicant's political affiliation shall not be considered in determining his eligibility for appointment.

6. Commencing January 1, 1991 no person shall be appointed or reappointed as a member of an authority unless he has successfully completed the course of study developed by Rutgers, the State University, pursuant to this act.

7. This act shall take effect immediately.

#### STATEMENT

This bill requires members of regional authorities to possess certain qualifications as a condition for appointment to the authority, such as a college degree or related experience. It also requires Rutgers, the State University, to develop a course of study to help members to acquire the knowledge and skills necessary to oversee and administer the operations of an authority. No person shall be appointed as a member of an authority after January 1, 1991 unless he has successfully completed the Rutgers course. The bill also requires applicants for authority membership to submit resumes setting forth their personal history and educational attainments. The bill requires the appointing authority to consider an applicant's reputation for integrity and his record of public service. It prohibits a consideration of an applicant's political affiliation in determining his eligibility for appointment.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

**AUTHORITIES AND REGIONAL COMMISSIONS**

**Education**

Requires members of authorities to attain certain level of education to qualify for appointment.



ASSEMBLY, No. 3523

STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen DUCH and ROONEY

AN ACT concerning attendance at meetings of regional authorities and supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. a. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

(1) To adopt and use a corporate seal;

(2) To sue and be sued;

(3) To acquire and hold real or personal property for its purposes; and

(4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

b. Whenever a member fails to attend the meetings of an authority for three consecutive regularly scheduled meetings or does not attend at least 75 percent of the meetings held in any calendar year, without being excused from attendance by a majority of the members of the authority, at the conclusion of such period his office shall be deemed vacant and a replacement shall be appointed for the unexpired term; provided, however, that the members may refuse to excuse only with respect to those failures to attend which were due to legitimate illness.

2. This act shall take effect immediately.

STATEMENT

This bill provides that a vacancy in office shall be deemed to occur if an authority member misses three consecutive regularly scheduled meetings of the authority or fails to attend at least

75 percent of the meetings in any one year. A majority of the members may excuse a member's absence and must excuse any absence that was due to illness.

**AUTHORITIES AND REGIONAL COMMISSIONS**

**Local Officers and Employees**

Provides for declaring vacancy in office for certain authority members who fail to attend required number of meetings.

ASSEMBLY, No. 3524

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblyman CIMINO and ROONEY

AN ACT concerning the appointment of supervisory employees by a county improvement authority and supplementing P.L. 1960, c. 183 (C. 40:37A-44 et seq.).

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. A county improvement authority shall notify the board of chosen freeholders of its intention to appoint or promote any person to a supervisory position, at least 30 days prior to the effective date of the appointment or promotion. As used in this act, a "supervisory position" means a position whose duties include the supervision of 10 or more employees and that is compensated at an annual salary in excess of \$40,000 per year.

2. This act shall take effect immediately.

STATEMENT

This bill requires a county improvement authority to notify a board of chosen freeholders of its intention to appoint a supervisory employee at least 30 days prior to the appointment becoming effective.

COUNTIES

Authorities and Regional Commissions

Requires county improvement authorities to notify board of chosen freeholders when appointing a supervisory employee.



ASSEMBLY, No. 3525  
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen HUDAK and KLINE

AN ACT concerning the qualifications of certain supervisory employees employed by authorities, and supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its purposes; and
- (4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof;

2. Within 90 days of the effective date of this act, the Director of the Division of Local Government Services in the Department of Community Affairs shall promulgate minimum qualifications for persons appointed and hired by an authority for the positions of executive director, purchasing agent, environmental scientist and chief engineer. The minimum qualifications shall at least require a college degree in business administration, engineering, environmental science or other related field, and previous working experience with an authority or in the professional area in which they are accredited, except that the director may permit working experience to be substituted for a specialized college education on a year for year basis.

Upon the promulgation of the qualifications, no authority shall appoint or hire any person for a position for which minimum qualifications have been promulgated unless the person meets those minimum qualifications or was holding such position on the effective date of this act.

3. This act shall take effect immediately.

STATEMENT

This bill directs the Director of the Division of Local Government Services to promulgate minimum qualifications for the positions of executive director, purchasing agent, environmental scientist, and chief engineer of regional authorities. Upon promulgations of the minimum qualifications, no person may be appointed to those positions unless the person meets the minimum qualifications or was holding such position on the effective date of this act.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

COUNTIES

Authorities and Regional Commissions

Requires DCA to set minimum qualifications for certain supervisory employees of regional authorities.

ASSEMBLY, No. 3526

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen ROONEY and HUDAK

AN ACT requiring Merit System Board approval of all positions assigned to the unclassified service by authorities, supplementing Title 40 of the Revised Statutes and Title 11A of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its purposes; and
- (4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

2. Within 90 days of the effective date of this act, all authorities that are within the jurisdiction of the "Civil Service Act" (N.J.S. 11A:1-1 et seq.), shall send a list setting forth the title and job description of each of their unclassified positions, and the specific subsection of N.J.S. 11A:3-5 authorizing such position, to the Merit System Board in the Department of Personnel.

3. The Merit System Board shall review the lists sent to it pursuant to section 1 of this act and determine if the positions listed are authorized by law to be assigned to the unclassified service. If the board determines that a position has been improperly assigned to the unclassified service it shall order the position vacated or transferred to the classified service, or both. The board shall enforce its order pursuant to chapter 10 of Title 11A of the New Jersey Statutes.

4. No authority shall create a position in the unclassified service under any of the titles authorized pursuant to N.J.S. 11A:3-5, or any other law, unless it proves to the satisfaction of

the Merit System Board that the position cannot be properly assigned to the classified service, and receives the board's approval to create such position.

5. This act shall take effect immediately.

#### STATEMENT

This act requires authorities within the jurisdiction of the "Civil Service Act" to send a list and description of all positions they have assigned to the unclassified service to the Merit System Board in the Department of Personnel. The board shall examine the lists and order the abolition of those positions that are not authorized by law to be assigned to the unclassified service or their transfer to the classified service. The bill also requires sewerage authorities and utilities authorities to obtain the permission of the Merit System Board before it assigns any position to the unclassified service.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

#### AUTHORITIES AND REGIONAL COMMISSIONS

##### Local Officers and Employees

Requires certain authorities to obtain Merit System Board approval for positions in unclassified service.

ASSEMBLY, No. 3527

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen DUCH and ROONEY

AN ACT concerning the terms of members of sewerage authorities and utilities authorities, and amending P.L. 1946, c. 138 and P.L. 1957, c. 183.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 5 of P.L. 1946, c. 138 (C. 40:14A-5) is amended to read as follows:

5. (a) The powers of a sewerage authority shall be vested in the members thereof in office from time to time. A majority of the entire authorized membership of the sewerage authority shall constitute a quorum at any meeting thereof. Action may be taken and motions and resolutions adopted by the sewerage authority at any meeting of the members thereof by vote of a majority of the members present, unless in any case the by-laws of the sewerage authority shall require a larger number. The sewerage authority may delegate to one or more of its officers, agents or employees such powers and duties as it may deem proper.

(b) Each member of a sewerage authority shall hold office for the term for which he was appointed and until his successor has been appointed and has qualified, but the holdover period shall not exceed 60 days from the expiration of the term for which he was appointed.

(c) No member, officer or employee of a sewerage authority shall have or acquire any interest, direct or indirect, in the sewerage system or in any property included or planned to be included in the sewerage system or in any contract or proposed contract for materials or services to be furnished to or used by the sewerage authority, but neither the holding of any office or employment in the government of any county or municipality or under any law of the State nor the owning of any property within the State shall be deemed a disqualification for membership in or

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

employment by a sewerage authority, and members of the governing body of a local unit may be appointed by such governing body and may serve as members of a sewerage authority. A member of a sewerage authority may be removed only by the governing body by which he was appointed and only for inefficiency or neglect of duty or misconduct in office and after he shall have been given a copy of the charges against him and, not sooner than ten days thereafter, had opportunity in person or by counsel to be heard thereon by such governing body.

(d) A sewerage authority may reimburse its members for necessary expenses incurred in the discharge of their duties. The resolution, ordinance or parallel ordinances for the creation of a sewerage authority may provide that the members of the sewerage authority may receive compensation for their services within an annual and other limitations to be stated in such resolution, ordinance or parallel ordinances, and in that event, each member may receive from the sewerage authority such compensation for his services as the sewerage authority may determine within the limitations stated in such resolution, ordinance or parallel ordinances. The said annual or other limitations stated in any such resolution, ordinance or parallel ordinances may be amended by subsequent resolution, ordinance or parallel ordinances, as the case may be, but no reduction of any such limitation shall be effective as to any member of the sewerage authority then in office except upon the written consent of the sewerage authority. No member of any sewerage authority shall receive any compensation for his services except as provided in this subsection.

(e) Every sewerage authority, upon the first appointment of its members and thereafter on or after the first day of February in each year, shall annually elect from among its members a chairman and a vice-chairman who shall hold office, until the first day of February next ensuing and until their respective successors have been appointed and have qualified. Every sewerage authority may also, without regard to the provisions of Title 11 of the Revised Statutes, appoint and employ a secretary and such professional and technical advisers and experts and such other officers, agents and employees as it may require, and shall determine their qualifications, terms of office, duties and compensation.

(f) Whenever a member fails to attend the meetings of the sewerage authority for three consecutive regularly scheduled meetings or does not attend at least 75% of the meetings held in any calendar year, without being excused from attendance by a majority of the members of the authority, at the conclusion of such period his office shall be deemed vacant and a replacement shall be appointed for the unexpired term; provided, however, that the members may refuse to excuse only with respect to those failures to attend which were not due to legitimate illness.

(cf: P.L. 1952, c. 277, s. 2)

2. Section 16 of P.L. 1957, c. 183 (C. 40:14B-16) is amended to read as follows:

16. a. Each member of a municipal authority shall hold office for the term for which he was appointed and until his successor has been appointed and has qualified, but the holdover period shall not exceed 60 days from the expiration of the term for which he was appointed. A member of a municipal authority may be removed only by the governing body by which he was appointed and only for inefficiency or neglect of duty or misconduct in office and after he shall have been given a copy of the charges against him and, not sooner than 10 days thereafter, had opportunity in person or by counsel to be heard thereon by such governing body.

b. Whenever a member fails to attend the meetings of the municipal authority for three consecutive regularly scheduled meetings or does not attend at least 75% of the meetings held in any calendar year, without being excused from attendance by a majority of the members of the authority, at the conclusion of such period his office shall be deemed vacant and a replacement shall be appointed for the unexpired term; provided, however, that the members may refuse to excuse only with respect to those failures to attend which were not due to legitimate illness.

(cf: P.L. 1957, c. 183, s. 16)

3. This act shall take effect immediately.

#### STATEMENT

This bill limits the holdover period for a sewerage authority member or utilities authority member to 60 days from the end of his appointed term. If a successor has not been appointed and has

not qualified at the end of that 60 day period, the position shall be vacant until a successor is appointed and qualifies.

The bill also provides for the vacation of the office of a member who fails to attend a meeting of the authority for three consecutive regularly scheduled meetings, or who fails to attend at least 75% of the authority's meetings during any calendar year, unless such absences are excused by a vote of a majority of the members of the authority. The members would be required to excuse any absence that was due to a legitimate illness. The vacancy provision provided in the bill is similar to the one found in N.J.S. 40A:16-3 concerning members of a municipal governing body.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities, particularly county sewerage authorities and municipal utilities authorities.

## COUNTIES

### Authorities and Regional Commissions

Limits holdover period for members of sewerage authorities and utilities authorities.

ASSEMBLY, No. 3528

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen KLINE and DUCH

AN ACT concerning the requalification for licensing of certain sewerage and municipal utilities authority employees and supplementing P.L. 1983, c. 230 (C. 58:11-64 et al.).

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Notwithstanding the provisions of any law, rule or regulation to the contrary, each licensed operator of a system operated for a sewerage authority created pursuant to P.L. 1946, c. 138 (C. 40:14A-1 et seq.) or for a utilities authority created pursuant to P.L. 1957, c. 183 (C. 40:14B-1 et seq.), shall be required to take and pass an examination appropriate for the classification of the system he operates at least once every five years pursuant to P.L. 1983, c. 230 (C. 58:11-68 et al.). For an operator currently licensed on the effective date of this act, the five year period shall begin on the date his annual license is next renewed. For any person who becomes licensed on and after the effective date of this act, the five year period shall begin on the date he is licensed.

2. This act shall take effect immediately.

STATEMENT

This bill supplements the "Water Supply and Wastewater Operators' Licensing Act," P.L. 1983, c. 230 (C. 58:11-64 et al.) by requiring a licensed plant operator of a system operated for a sewerage authority or a municipal utilities authority to be reexamined every five years.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities, particularly county sewerage authorities and municipal utilities authorities.

AUTHORITIES AND REGIONAL COMMISSIONS

Water Supply

Requires reexamination of operator of treatment system under administration of sewerage authority or municipal utilities authority.

ASSEMBLY, No. 3529

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen HUDAK and ROONEY

AN ACT concerning the inspection of certain sewerage authority and municipal utilities authority projects, supplementing P.L. 1970, c. 33 (C. 13:1D-1 et seq.) and making an appropriation therefor.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. In addition to the powers and duties vested in the Department of Environmental Protection by section 12 of P.L. 1970, c. 33 (C. 13:1D-9), the department shall inspect any water, solid waste, sewerage, or hydroelectric system, or any combination thereof, being constructed by a sewerage authority or municipal utilities authority with the aid of State or federal grants or loans, on an unannounced, weekly basis to enforce compliance with the approved plans and specifications for the system.
2. There is appropriated to the department of Environmental Protection the sum of \$95,000 from the General Fund to effectuate the purposes of this act.
3. This act shall take effect immediately.

STATEMENT

This bill would require the Department of Environmental Protection to inspect any public water, solid waste, sewerage or hydroelectric system being constructed by a sewerage authority or a municipal utilities authority with funds from a State or federal grant or loan on an unannounced, weekly basis to ensure compliance with approved plans and specifications for the system.

This bill is part of a body of remedial legislation developed by the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities, particularly county sewerage authorities and municipal utilities authorities.

**AUTHORITIES AND REGIONAL COMMISSIONS**  
**Environment**

**Requires weekly unannounced inspections by DEP of certain sewerage and municipal utilities construction projects, appropriates \$95,000.**

ASSEMBLY, No. 3530

STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen ROONEY and DUCH

AN ACT concerning the membership of certain regional authorities and amending P.L. 1946, c. 138 and P.L. 1957, c. 183 and amending and supplementing P.L. 1960, c. 183.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. Section 5 of P.L. 1946, c. 138 (C. 40:14A-5) is amended to read as follows:

5. (a) The powers of a sewerage authority shall be vested in the members thereof in office from time to time. A majority of the entire authorized membership of the sewerage authority shall constitute a quorum at any meeting thereof. Action may be taken and motions and resolutions adopted by the sewerage authority at any meeting of the members thereof by vote of a majority of the members present, unless in any case the by-laws of the sewerage authority shall require a larger number. The sewerage authority may delegate to one or more of its officers, agents or employees such powers and duties as it may deem proper.

(b) Each member of a sewerage authority shall hold office for the term for which he was appointed and until his successor has been appointed and has qualified, but the holdover period shall not exceed 60 days from the expiration of the term for which he was appointed.

(c) No member, officer or employee of a sewerage authority shall have or acquire any interest, direct or indirect, in the sewerage system or in any property included or planned to be included in the sewerage system or in any contract or proposed contract for materials or services to be furnished to or used by the sewerage authority, but neither the holding of any office or employment in the government of any county or municipality or under any law of the State nor the owning of any property within

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

the State shall be deemed a disqualification for membership in or employment by a sewerage authority, and members of the governing body of a local unit may be appointed by such governing body and may serve as members of a sewerage authority. A member of a sewerage authority may be removed only by the governing body by which he was appointed and only for inefficiency or neglect of duty or misconduct in office and after he shall have been given a copy of the charges against him and, not sooner than ten days thereafter, had opportunity in person or by counsel to be heard thereon by such governing body.

(d) A sewerage authority may reimburse its members for necessary expenses incurred in the discharge of their duties. The resolution, ordinance or parallel ordinances for the creation of a sewerage authority may provide that the members of the sewerage authority may receive compensation for their services within an annual and other limitations to be stated in such resolution, ordinance or parallel ordinances, and in that event, each member may receive from the sewerage authority such compensation for his services as the sewerage authority may determine within the limitations stated in such resolution, ordinance or parallel ordinances. The said annual or other limitations stated in any such resolution, ordinance or parallel ordinances may be amended by subsequent resolution, ordinance or parallel ordinances, as the case may be, but no reduction of any such limitation shall be effective as to any member of the sewerage authority then in office except upon the written consent of the sewerage authority. No member of any sewerage authority shall receive any compensation for his services except as provided in this subsection.

(e) Every sewerage authority, upon the first appointment of its members and thereafter on or after the first day of February in each year, shall annually elect from among its members a chairman and a vice-chairman who shall hold office, until the first day of February next ensuing and until their respective successors have been appointed and have qualified. Every sewerage authority may also[, without regard to the provisions of Title 11 of the Revised Statutes,] appoint and employ a secretary, a treasurer, an executive director, and a chief engineer, who shall be in the unclassified service, and such [professional and

technical advisers and experts and such] other [officers, agents and] employees as it may require, [and shall determine their qualifications, terms of office, duties and compensation] who shall be in the career service.

(cf: P.L. 1952, c. 277, s. 2)

2. Section 16 of P.L. 1957, c. 183 (C. 40:14B-16) is amended to read as follows:

16. Each member of a municipal authority shall hold office for the term for which he was appointed and until his successor has been appointed and has qualified, but the holdover period shall not exceed 60 days from the expiration of the term for which he was appointed. A member of a municipal authority may be removed only by the governing body by which he was appointed and only for inefficiency or neglect of duty or misconduct in office and after he shall have been given a copy of the charges against him and, not sooner than 10 days thereafter, had opportunity in person or by counsel to be heard thereon by such governing body.

(cf: P.L. 1957, c. 183, s. 16)

3. Section 18 of P.L. 1957, c. 183 (C. 40:14B-18) is amended to read as follows:

18. Employees of municipal authorities

Every municipal authority, upon the first appointment of its members and thereafter on or after February 1 in each year, shall annually elect from among its members a chairman and a vice-chairman, who shall hold office until February 1 next ensuing and until their respective successors have been appointed and have qualified. Every municipal authority may also appoint and employ, full- or part-time, a secretary, a treasurer, an executive director, [managerial personnel, technical advisers and experts, professional employees] and a chief engineer, who shall be in the unclassified service, and persons who shall render professional services as set forth in section 5 of P.L. 1971, c. 198 (C. 40A:11-5), as the authority may determine necessary for its efficient operations[, and it shall determine their qualifications, terms of office, for periods not to exceed five years, duties and compensation and enter into contracts therefor, for periods not to exceed five years, as it deems necessary]. Such municipal authority may also appoint and employ such other [agents and]

employees as it may require [and determine their duties and compensation. The provisions of this section with regard to terms shall not apply to the positions of general counsel and consulting engineer. The appointing and employing powers of the municipal authority set forth in this section shall be exercised without regard to the provisions of [Title 11 of the Revised Statutes] Title 11A of the New Jersey Statutes; provided, however, that any municipal authority which, prior to the effective date of this amendatory act, has accepted the jurisdiction of the Department of [Civil Service] Personnel, other than by reason of compliance with a court order, shall continue to be subject to the provisions of Title 11] subject to Title 11A of the New Jersey Statutes.

(cf: P.L. 1985, c. 537, s. 2)

4. Section 5 of P.L. 1960, c. 183 (C. 40:37A-48) is amended to read as follows:

5. a. After expiration of the period of 45 days following the first publication as provided in section 3 hereof of a notice regarding creation of an authority, 5 persons shall be appointed as the members of the authority. The members first appointed shall, by the resolution of appointment, be designated to serve for terms respectively expiring on the first days of the first, second, third, fourth and fifth Februarys next ensuing after the date of their appointment. On or after January 1 in each year after such first appointments, one person shall be appointed as a member of the authority for a term commencing on or after February 1 in such year and expiring on February 1 in the fifth year after such year. Each member shall hold office for the term of appointment and until his successor shall have been appointed and qualified, but the holdover period shall not exceed 60 days from the expiration of the term for which he was appointed. Any vacancy in the membership of the authority during an unexpired term shall be filled by appointment of a person as member for the unexpired term. A copy of any resolution appointing any such members, certified by the clerk of the governing body, may be filed in the office of the Secretary of State. A copy of any such certified resolution, duly certified by or on behalf of the Secretary of State, shall be admissible in evidence in any action or proceeding and shall be conclusive evidence of due and proper adoption and

filing thereof as aforesaid and, except in an action or proceeding seeking only exclusion of the appointee from office, shall be conclusive evidence of the due and proper appointment of the members named therein.

b. Notwithstanding the provisions of subsection a. of this section and section 3 of P.L. 1960, c. 183 (C. 40:37A-46), whenever any county governed by the "Optional County Charter Law," P.L. 1972, c. 154 (C. 40:41A-1 et seq.) shall proceed to reorganize its county improvement authority pursuant to the reorganization powers granted under section 30 of that act (C. 40:41A-30), the ordinance adopted for that purpose shall prescribe the number of members of the authority, their respective terms of office, and the dates upon which their respective terms of office shall expire.

(cf: P.L.1982, c.113, s.4)

5. Section 6 of P.L. 1960, c. 183 (C.40:37A-49) is amended to read as follows:

6. Election of officers; terms; appointment of agents and employees

Every authority, upon the first appointment of its members and thereafter on or after February 1 in each year, shall annually elect from among its members a chairman and a vice chairman who shall hold office until February 1 next ensuing and until their respective successors shall have been appointed and qualified. Every authority may also appoint and employ[, without regard to the provisions of Title 11, Civil Service, of the Revised Statutes,] a secretary, a treasurer, an executive director and a chief engineer, who shall be in the unclassified service and such other [agents and] employees as it may require, [and it shall determine their qualifications, terms of office, duties and compensation] who shall be in the career service.

(cf: P.L. 1960, c. 183, s. 6)

6. (New section) Any person employed by a sewerage authority, municipal utilities authority or county improvement authority on the effective date of this act in a position assigned to the career service by this act, shall be accorded civil service status without having to meet career service qualifications for the position he holds on the effective date of this act.

7. This act shall take effect immediately.

## STATEMENT

This bill makes various amendments to the law concerning the membership of sewerage authorities, utilities authorities and improvement authorities. The bill provides for civil service jurisdiction over such authorities and specifies positions that may be assigned to the unclassified service. It also provides that the holdover period for members whose terms have expired shall not exceed sixty days.

This bill is part of a body of remedial legislation developed by the Assembly County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

## AUTHORITIES AND REGIONAL COMMISSIONS

## Public Employees and Personnel

Places certain regional authorities under civil service jurisdiction and qualifies terms of members.

ASSEMBLY, No. 3531  
STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen ROONEY and HENDRICKSON

AN ACT concerning standards of ethical conduct of authority members and establishing the State Commission on Authority Ethics in the Department of Community Affairs, and making an appropriation therefor.

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. As used in this act:

a. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

(1) To adopt and use a corporate seal;

(2) To sue and be sued;

(3) To acquire and hold real or personal property for its purposes; and

(4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

b. "Authority member" means an appointed member of an authority;

c. "Business" means any corporation, partnership, firm, enterprise, franchise, association, trust, form of self-employment, or other legal entity organized for profit;

d. "Commission" means the State Commission on Authority Ethics established pursuant to section 2 of this act;

e. "Gift" means any money or item of value received other than as income by an authority member, for which a consideration of equal or greater value is not provided in return, but shall not include any political contribution reported as otherwise required by law;

f. "Interest" means any personal, financial, economic, property or other concern amounting to a right, advantage, share, portion, part or participation coming either directly or indirectly to the authority member or to a member of the person's

household, singly or in affiliation with any person or party, if the right, advantage, share, portion, part or participation constitutes more than 1% of the total amount to be gained by, or results in more than \$2,000 in annual income to, the authority member or household member; except that any personal, financial, economic or property concern shall constitute an "interest" if the concern is contrary to the policies, welfare or benefit of the authority or is contrary to the public duties and responsibilities of the authority member;

g. "Loan" means each amount of money owed by the authority member in excess of \$1,000 and the amount representing the interest thereon, excluding any money owed in installments resulting from retail transactions, money owed to any financial institution regulated by the State or federal government, and any money owed to a member of the person's household;

h. "Member of household" means the spouse or an authority member residing in the same domicile and any independent children;

i. "Person or party" means any natural person, association, corporation, estate, partnership, proprietorship, trust or other legal entity; and

j. "Political contribution" means any contribution or money or other item of value, or obligation therefor, required to be reported pursuant to "The New Jersey Campaign Contributions and Expenditures Reporting Act," P.L. 1973, c. 83 (C. 19:44A-1 et seq.).

2. a. There is established a State Commission on Authority Ethics within the Department of Community Affairs, which shall consist of:

(1) The Commissioner of the Department of Community Affairs or his designee; and

(2) Four public members: two appointed by the Governor, one appointed by the President of the Senate and one appointed by the Speaker of the General Assembly. At least one of the four public members shall be serving at the time of appointment as an appointed authority member. The four public members shall be qualified for their appointments by experience in, and knowledge of authorities and by virtue of their known and consistent reputation for integrity. No more than two of the appointed members shall be of the same political party.

b. The Governor shall designate one of the public members to serve as chairman of the commission.

c. The public members of the commission shall serve for terms of five years, except that of the members first appointed, the member appointed by the Speaker of the general Assembly shall serve for a term of one year, the member appointed by the President of the Senate shall serve for three years, and the members appointed by the Governor shall serve for five years. Vacancies in the public membership shall be filled in the manner of the original appointment but only for the unexpired term.

d. Members of the commission shall serve without compensation, but shall be reimbursed for necessary expenses incurred in the performance of their duties.

3. Within 180 days of the effective date of this act, the commission shall adopt a code of ethics for all authority members which shall substantially relate to the general standards provided herein. After adoption, copies of the code of ethics shall be sent to each authority for distribution to all authority members.

4. a. The commission shall hold a public hearing in Trenton, Atlantic City and Newark on the code of ethics within 30 days of the adoption thereof. The commission shall cause the code of ethics and notice of the date, time and place of the public hearings to be published in at least five of the newspapers circulating within the State. The publication shall occur not more than 15 nor less than five days before each public hearing is to be held.

b. Not more than seven days after the final public hearing, the commission may amend or supplement the code of ethics as it may deem necessary. Any amendments or supplements adopted shall be published within 14 days of the final public hearing and in the same manner as provided for the code in subsection a. of this section.

5. The code of ethics shall take effect and be applicable to all authority members 30 days following the date of the final public hearing or the date of the adoption of amendments or supplements thereto, whichever is later.

6. The code of ethics shall substantially conform to the following general standards:

a. No authority member or members of his household shall have an interest in any organization, profit or nonprofit, or

engage in any business, transaction or professional activity, which is in substantial conflict with the proper discharge of his duties in the public interest;

b. No authority member shall participate in any action or decision of the authority regarding the awarding of a contract, or regarding any other regular action taken concerning a business, trade or occupation in which he or a member of his household has an interest in or is a party to;

c. No authority member shall act in an official capacity regarding any authority matter in which he, a member of his household or a business or other organization with which he is associated has a direct or indirect concern or interest that might reasonably be expected to affect his objectivity, independence or judgment;

d. No authority member shall undertake any employment or service, for which he may or may not be compensated, that might reasonably be expected to affect his objectivity and independence of judgment during the exercise of his official duties;

e. No authority member shall use or attempt to use his position or any information he may receive which is not generally available to the public, to secure unwarranted privileges or advantages, financial or otherwise, for himself or others;

f. No authority member, member of his household, or business with which he is associated or in which he has an interest shall solicit or accept any gift, favor, loan, political contribution, service, employment, promise of future employment, or other item of value based upon understanding that any gift, favor, loan, political contribution, service, employment, promise of future employment, or other item of value was given or offered for the purpose of influencing him, directly or indirectly, in the discharge of his official duties or for any service, advice or assistance provided by the authority member as part of his official duties;

g. Nothing shall prohibit any authority member or a member of his household, from representing himself, or himself and members of his household, in negotiations or proceedings concerning his, or their, own interest in real property; and

h. No authority member shall, within two years next subsequent to the termination of his term of office, hold, directly or indirectly, any interest in, or hold employment with, or represent, appear for or negotiate on behalf of a person, firm or

corporation which has a contract with the authority, or which had a contract with the authority during the member's term of office, for the provision of goods or services in an amount exceeding \$50,000 for the term of the contract.

7. In addition to promulgating a code of ethics, the commission shall have the following powers:

a. To conduct investigations, hold hearings, compel the attendance of witnesses and production of any books and papers as the commission shall deem necessary, proper and relevant to a matter under investigation;

b. To administer oaths and examine witnesses under oath;

c. To initiate, receive, hear and review complaints regarding violations of the code of ethics by an authority member;

d. To render advisory opinions as to whether or not a given set of facts and circumstances would constitute a violation of a provision of the code;

e. To enforce the provisions of the code of ethics and to impose any penalties for the violation thereof as authorized by this act;

f. To forward to the county prosecutor any information concerning violations of a code of ethics which may become the subject of criminal prosecution or warrant the institution of other legal proceedings;

g. To formulate such rules and regulations as are necessary to perform its duties; and

h. To rule, upon request of any authority member or any State, county or municipal department, division or agency, on any conflict which may arise between the standards of conduct set forth in the code of ethics adopted pursuant to this act and any standards of conduct for authority members set forth in any State rule, regulation, order or directive.

8. Whenever an authority member determines that any action he may take in the performance or exercise of his duties, functions or responsibilities as an authority member, may constitute a violation of the code of ethics, the authority member shall file a statement of possible conflict of interest and request an advisory opinion from the commission regarding the statement. The statement shall be made on a form prepared and distributed by the commission and shall contain the following information:

- a. Name of the authority member and of the authority;
- b. A brief description of the action or actions which may result in the possible conflict of interest;
- c. A description of the personal interest the authority member has in the result of any action to be taken which may impair or influence his objectivity or independence in the performance or exercise of his duties; and
- d. A statement on the manner in which the authority member intends to act in the circumstance presenting the possible conflict.

9. The commission shall render, within 30 days of receipt of a statement, an advisory opinion as to whether or not the given set of facts and circumstances would constitute a violation of any provision of the code of ethics, provided that an extension of time in the rendering of the opinion may be agreed to by both the authority member and the commission. The failure of the commission to render an advisory opinion within the time fixed or agreed to shall preclude the commission from instituting any proceeding against or imposing any penalty on the authority member who, as a result of acting in the manner described in the statement, violated the code of ethics, provided that if the information provided in the statement in addition to any relevant information not provided in the statement cause a violation of the code of ethics, the commission may act upon that violation.

10. The commission shall not render an advisory opinion, conduct any hearings or issue any ruling on a matter within its jurisdiction that is pending before any court of law of this State. If the commission received a request for an advisory opinion or a ruling on a matter that was pending before a court and the matter is no longer before a court, the commission is not precluded from acting upon a violation of a code of ethics because the commission did not render an opinion pursuant to the provisions of section 9 of this act.

11. The commission shall, upon receipt of a signed written complaint by any person alleging that a conduct of an authority member is in violation of the code of ethics, initiate an investigation concerning the facts and circumstances set forth in the complaint. Upon receipt of a complaint, the commission shall determine within 30 days whether or not the complaint is frivolous or without factual basis. If the complaint is determined

to be frivolous or without factual basis, the commission shall within three days of that determination, notify the complainant and the authority member of its determination. If the commission shall determine within 30 days that a reasonable doubt exists as to whether or not the authority member may have violated the code of ethics the commission shall notify the authority member immediately of its determination and:

a. Conduct a hearing concerning the possible violation within 30 days of its determination and conduct any additional hearings it may deem necessary thereafter;

b. Notify the authority member that the may submit a statement or any other relevant information concerning the complaint; and

c. Collect or receive any other information pertinent to the possible violation.

The commission shall, by majority vote of its full membership, determine whether or not the authority member has violated the code of ethics within 30 days following the close of the hearings. If the commission shall determine that the authority member has violated the code of ethics, the commission may, by majority vote of its full membership impose any penalties it deems appropriate within the limitations established in section 13 of this act and shall notify the authority member in writing of any penalties within three days of imposition. If the commission shall determine that the authority member has not violated the code of ethics, the commission shall set forth its reasons in writing to the complainant and the authority member within 30 days of that determination.

12. Whenever the commission shall determine that the facts and circumstances set forth in any complaint or discovered during the investigation of any complaint, may become the subject of criminal prosecution or may warrant the institution of other legal proceedings, the commission shall forward to the county prosecutor all information which the commission possesses with regard thereto.

13. a. Any authority member found guilty by the commission of violating the code of ethics shall be fined not less than \$100 nor more than \$500 and may be suspended from his position by order of the commission for a period of not more than one year.

b. If the commission determines that the conduct of the

authority member constitutes a willful and continuous disregard of a code of ethics, the commission may, by majority vote of its full membership, order that the authority member be removed from his position.

When voting to remove an authority member from his position, the commission may, by majority vote of its full membership, bar that authority member from holding any public office or employment for a period not exceeding five years from the date on which he was so removed.

14. Notice of the time, date and place of all public hearings conducted by the commission, unless otherwise provided herein, shall be published in at least two newspapers circulating in the county or counties in which the authority to which the concerned authority member was appointed is established. The publication shall occur not more than 15 nor less than five days before the public hearing is held.

15. Any person aggrieved by a finding, decision or determination of the commission is entitled to institute a civil action in a court of competent jurisdiction for injunctive relief to restrain the imposition of any penalty imposed by the commission for any violation of a code of ethics, for which the court may proceed in a summary matter. Neither the institution of an action, nor any of the proceedings therein, shall relieve any person from other fines or penalties imposed for a violation which is not subject to civil action proceedings.

16. a. All statements and information received by the commission shall be available upon request to any federal, State or county prosecutorial agency for the purpose of conducting any investigation relating to the institution of criminal or other legal proceedings.

b. All statements, complaints, requests or other written materials filed with the commission, and any rulings, opinions, judgments, transcripts or other official papers prepared by the commission, shall be preserved for a period of five years from the date of the filing or preparation, as the case may be.

17. There is appropriated from the General Fund to the Department of Community Affairs the sum of \$95,000 to implement the provisions of this act.

18. This act shall take effect 60 days following enactment, except that section 2 shall take effect immediately.

## STATEMENT

This bill would establish a State Commission on Authority Ethics in the Department of Community Affairs for the purpose of promulgating and enforcing a code of ethics for appointed members of regional authorities. In addition to promulgating a code, the commission may receive complaints and investigate possible violations of the code, render advisory opinions on possible violations, and impose penalties for willful violations.

The bill would permit any citizen to file a written complaint with the commission concerning the possible violation of the code by an authority member. If the commission determines that the complaint is not frivolous, the commission shall hold a hearing and permit the authority member to submit any relevant information concerning the complaint. The bill further permits that the commission may impose a fine up to \$500 for any violation and may suspend an authority member from his position for a period of not more than a year. The commission may also order that an authority member be removed from his position. The bill appropriates \$95,000 to the Department of Community Affairs to fund the establishment of the Commission.

## AUTHORITIES AND REGIONAL COMMISSIONS

## Ethics and Financial Disclosure

Establishes the State Commission on Authority Ethics, appropriates \$95,000.



ASSEMBLY, No. 3532

STATE OF NEW JERSEY

INTRODUCED JUNE 29, 1988

By Assemblymen DUCH and ROONEY

AN ACT concerning the filing of financial disclosure statements by members of authorities and supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. As used in this act:

a. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

(1) To adopt and use a corporate seal;

(2) To sue and be sued;

(3) To acquire and hold real or personal property for its purposes; and

(4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof;

b. "Division" means the Division of Local Government Services in the Department of Community Affairs;

c. "Gift" means any money or item of value received other than as income by an authority member, for which a consideration of equal or greater value is not provided in return;

d. "Income" means any earned or unearned money or item of value received or to be received from one of more sources totaling amounts in excess of \$1,500.00, and received in the form of a fee, expense, allowance, forgiveness, royalty, bonus, salary, rent, capital gain, dividend or any other form of compensation or combination thereof;

e. "Loan" means each amount of money owed by an authority member in excess of \$1,500.00 and the amount representing the interest thereon, excluding any money owed in installments resulting from retail transactions and any money owed to a member of the person's household; and

f. "Member of household" means the spouse of an authority member residing in the same domicile and any dependent children.

2. Each authority member shall file a financial disclosure statement with the division on May 1 following the transmittal of the forms pursuant to section 3 of this act, and thereafter, no later than May 1 of each year, except that no authority member holding an appointive position on the effective date of this act is subject to the provisions of this act until the time of his reappointment.

3. Within 90 days of the effective date of this act, the division shall prepare and transmit to each authority member the form for the filing of financial disclosure statements. The form shall be structured in a manner and form determined by the division and shall provide for the following information, and any other information it may deem necessary to be disclosed by an authority member:

a. The sources of income received by an authority member or a member of the household thereof in the preceding calendar year;

b. The source and amount of any gifts received by an authority member or a member of the household thereof in the preceding calendar year which singly or in the aggregate have a value of \$250.00 or more;

c. The name and address of all businesses and labor unions in which the authority member or member of the household thereof has served or is serving as an officer, director, owner, trustee, employee or partner, or with which the authority member or member of the household thereof has had or has any fiduciary relationship during the preceding calendar year;

d. The name and address of each business in which the authority member or a member of the household thereof, holds, or has held in a preceding calendar year, stocks, securities or other ownership interest amounting to 10% or more of the stock, securities or other ownership interest in the business; or in which the authority member or member of the household thereof maintains, or has maintained in the preceding calendar year, the right upon liquidation or dissolution to receive 10% or more of the net assets of the business;

e. Each creditor with whom the authority member or member of the household thereof has or had, during the previous calendar

year, a loan and the amount of the loan and the interest rate thereon; and

f. The address and lot and block number of all real property in the State in which the authority member or a member of the household thereof has or had in the previous calendar year any direct or indirect interest.

4. a. The division shall review each financial disclosure statement and determine whether or not the statement is complete and accurate. Upon review, the division may issue an advisory opinion to the authority member and the governing body appointing the member stating that certain income, loans or gifts give rise to an appearance of conflict with the member's service as an authority member. Any advisory opinions issued by the division shall be public records and shall remain on file for five years from the date of issuance.

b. The division may impose and collect fines from any authority member it determines has willfully and knowingly failed or refused to file a financial disclosure statement or has willfully and knowingly filed a financial disclosure statement which is false, inaccurate or incomplete in any substantial and material manner or particular. A fine shall not be less than \$500, nor more than \$5,000.00. Any fines imposed and collected pursuant to this act shall be used by the division to effectuate the purposes of this act.

5. The division may adopt any rules and regulations pursuant to the provisions of the "Administrative Procedure Act," P.L. 1968, c. 410 (C. 52:14B-1 et seq.) as it may deem necessary to effectuate the purposes of this act.

6. This act shall take effect immediately.

#### STATEMENT

This bill would require members of authorities to file financial disclosure statements with the Division of Local Government Services in the Department of Community Affairs. The source of income in excess of \$1,500 and gifts in excess of \$250 would be reported to the division.

This bill is part of a body of remedial legislation developed by

the County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

#### COUNTIES

##### Authorities and Regional Commissions

Requires financial disclosure statements by members of authorities.

ASSEMBLY, No. 3534  
STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen HUDAK and ROONEY

AN ACT concerning conflict of interest by members of certain authorities, amending P.L. 1957, c. 183 and P.L. 1960, c. 183, and supplementing P.L. 1946, c. 138 (C. 40:14A-1 et seq.).

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. Section 15 of P.L. 1957, c. 183 (C. 40:14B-15) is amended to read as follows:

15. a. No member, officer or employee of a municipal authority shall have or acquire any interest, direct or indirect, in the utility system or in any property included or planned to be included in the utility system or in any contract or proposed contract for materials or services to be furnished to or used by the municipal authority, but neither the holding of any office or employment in the government of any county or municipality or under any law of the State nor the owning of any property within the State shall be deemed a disqualification for membership in or employment by a municipal authority, and members of the governing body of a local unit may be appointed by such governing body and may serve as members of a municipal authority.

b. Any member of a municipal authority who shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family or through any partner or associate, any gift, favor, service, employment or offer of employment or any other thing of value which he knows or has reason to believe is offered to him with intent to influence him in the performance of his public duties and responsibilities shall be guilty of misconduct in office.

(cf: P.L.1957, c. 183, s. 15)

2. Section 10 of P.L. 1960, c. 183 (C. 40:37A-53) is amended to read as follows:

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

10. Removal of members of authority

a. A member of an authority may be removed by the governing body of the county for incapacity, inefficiency or neglect of duty or misconduct in office or other disqualifying cause and after he shall have been given a copy of the charges against him and, not sooner than 10 days thereafter, been afforded opportunity for a hearing, in person or by counsel, by such governing body with respect to such charges.

b. Any member of the improvement authority who shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family or through any partner or associate, any gift, favor, service, employment or offer of employment or any other thing of value which he knows or has reason to believe is offered to him with intent to influence him on the performance of his public duties and responsibilities shall be guilty of misconduct in office and subject to removal from office pursuant to subsection a. of this section.

(cf: P.L. 1960, c. 183, s. 10)

3. (New section) Any member of a sewerage authority who shall accept from any person, whether directly or indirectly and whether by himself or through his spouse or any member of his family or through any partner or associate, any gift, favor, service, employment or offer of employment or any other thing of value which he knows or has reason to believe is offered to him with intent to influence him in the performance of his public duties and responsibilities shall be guilty of misconduct in office and subject to removal from office pursuant to subsection e of section 5 of P.L. 1946, c. 138 (C. 40:14A-5).

4. This act shall take effect immediately.

STATEMENT

This bill provides that the acceptance of a gift or favor by a member of a sewerage authority, utilities authorities or county improvement authority that was offered with the intent to influence the member's public duty, shall be misconduct in office, for which the member may be removed from office.

**AUTHORITIES AND REGIONAL COMMISSIONS**

**Ethics and Financial Disclosure**

**Provides that acceptance of gift or favor by members of certain authorities, which was offered to influence duties, shall be misconduct in office.**



ASSEMBLY, No. 3535  
STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen KLINE and HUDAK

AN ACT concerning the accumulation and payment of vacation and sick leave time to employees of regional authorities, and supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. The Legislature declares it to be the public policy of the State that public employees be allowed to accumulate a fair and reasonable amount of vacation and sick leave time, but that any supplemental compensation paid upon retirement based upon accumulate vacation and sick leave time be limited to a reasonable amount and be pursuant to a uniform standard for all public employees, and that payments in excess of a reasonable limitation as established by the Legislature are against public policy.

2. "Authority" means a body, public and corporate, created by one or more municipalities or counties pursuant to any law authorizing that creation, which law provides that the public body so created has at least the following powers:

- (1) To adopt and use a corporate seal;
- (2) To sue and be sued;
- (3) To acquire and hold real or personal property for its purposes; and
- (4) To provide for and secure the payment of its bonds or other obligations, or to impose charges for the use of its facilities, or any combination thereof.

3. Employees of an authority, unclassified and career service, under civil service jurisdiction or not under civil service jurisdiction, shall receive sick and vacation leave only as provided for political subdivision employees pursuant to N.J.S. 11A:6-3 and N.J.S. 11A:6-5. If supplemental compensation is paid for accumulated sick leave it shall be calculated and the maximum payment shall be limited, after the effective date of this act, as provided in N.J.S. 11A:6-19.

4. This act shall take effect immediately.

#### STATEMENT

This bill limits vacation and sick leave time awarded to employees of regional authorities to the amount provided by N.J.S. 11A:6-3 and N.J.S. 11A:6-5 to employees of the various political subdivisions of the State, such as counties and municipalities. The bill also puts a cap on the amount of supplemental compensation that may be paid to an authority employee for accumulated sick leave. The limit would be the same as provided for State employees, which is currently \$15,000. An employee would not be allowed to accumulate more than one year's vacation time, but sick leave may be accumulated without limit. Sick leave is a form of insurance against loss of income if the employee has an extended illness. The accumulated sick leave represents days of work for which the employee has already been paid. To pay again for the same days upon retirement, without a reasonable limit, is not fair to the general public whose taxes support such payment.

This bill is part of a body of remedial legislation developed by the Assembly County Government and Regional Authorities Committee arising out of a series of public hearings conducted by the committee on the structure and operation of regional authorities.

#### AUTHORITIES AND REGIONAL COMMISSIONS

##### Local Officers and Employees

Places limit on amount of supplemental compensation that may be paid authority employees for accumulated sick leave.

ASSEMBLY, No. 3536  
STATE OF NEW JERSEY

INTRODUCED JULY 2, 1988

By Assemblymen HENDRICKSON and ROONEY

1 AN ACT concerning the sale of bonds by authorities and  
supplementing P.L. 1983, c. 313 (C. 40A:5A-1 et seq.).

3

BE IT ENACTED by the Senate and General Assembly of the  
5 State of New Jersey:

1. "Authority" means a body, public and corporate, created by  
7 one or more municipalities or counties pursuant to any law  
authorizing that creation, which law provides that the public body  
9 so created has at least the following powers:

- 11 (1) To adopt and use a corporate seal;
- (2) To sue and be sued;
- 13 (3) To acquire and hold real or personal property for its  
purposes; and
- (4) To provide for and secure the payment of its bonds or other  
15 obligations, or to impose charges for the use of its facilities, or  
any combination thereof.

17 2. Sale of bonds

All bonds shall be sold at public sale upon sealed proposals,  
19 except that bonds may be sold at private sale:

a. Without any previous public offering

21 (1) if constituting all or part of an authorized issue of \$100,000  
or less, or

23 (2) if sold to any board, body, agency, commission,  
instrumentality, district, authority or political subdivision of any  
25 local unit, or of the State, or of the federal government; or

b. If no legally acceptable bid is received at advertised public  
27 offering, such bonds or any of them may be sold within 30 days  
after the advertised date for public bidding, provided, however,  
29 that no bonds shall bear interest at any rate of interest which is  
higher than the rate or maximum rate specified in the notice of  
31 sale, or contain substantially different provisions from those  
specified in said notice.

33 Any purchaser of bonds at private sale, other than a public  
body, shall deposit a certified or cashier's or treasurer's check  
35 drawn upon a bank or trust company in an amount equal to 5

1 percent of the amount of bonds purchased and such amount shall  
be applied as in the case of a deposit made at public sale.

3 Any private sale of bonds shall be made or confirmed by  
resolution of the authority adopted by not less than a 2/3 vote  
5 of the full membership thereof, setting forth the date,  
maturities, interest rate and price of the bonds and the name of  
7 the purchaser.

3. Sale of bond anticipation notes or capital notes

9 All bond anticipation notes or capital notes may be sold at  
private sale pursuant to resolution of the authority, or by a  
11 financial officer of the authority expressly designated by  
resolution to sell such notes. The financial officer making any  
13 such sale shall report in writing to the authority at the next  
meeting thereof as to the principal amount, interest rate, and  
15 maturities of the notes sold, the price obtained and the name of  
the purchaser.

17 4. Minimum price for obligations

No obligations shall be sold for less than par value and interest  
19 accrued to date of delivery.

5. Publication of notice of sale of bonds

21 A public sale of bonds shall be advertised at least once at least  
seven days prior thereto in a newspaper qualified for publication  
23 of a bond resolution of the authority and in a publication carrying  
municipal bond notices and devoted primarily to financial news or  
25 the subject of State and municipal bonds and published in the City  
of New York or in New Jersey.

27 6. Contents of notice of sale of bonds

A notice of public sale of bonds shall set forth:

29 a. the principal amount, date, denomination and maturities of  
the bonds offered for sale;

31 b. the rate or rates of interest or maximum rate or rates of  
interest to be borne by the bonds;

33 c. the terms and conditions of such public sale;

d. such other provisions as may be determined by the authority.

35 7. Sale of bonds

a. All bidders shall be required to deposit a certified or  
37 cashier's or treasurer's check, drawn upon a bank or trust  
company, equal to not less than 2 percent of the bonds to secure  
39 the authority in part from any loss resulting from the failure of

1 the bidder to comply with the terms of his bid, or as liquidated  
damages for such failure.

3 b. All bids for bonds shall be publicly opened and announced at  
the advertised time and place of sale. Such bids as comply with  
5 the terms of the notice of sale shall be considered, and any bid  
not complying with the terms of such notice may be rejected. All  
7 bids received may be rejected.

c. Bonds of two or more issues may be sold on the basis of  
9 combined maturities, or the maturities of each issue offered for  
sale.

11 d. Bonds may be offered for sale at a single rate of interest, or  
bidders may be requested to name a single rate of interest, but no  
13 proposal shall be considered which offers to pay less than the  
principal amount of bonds offered for sale or which names a rate  
15 of interest higher than the lowest rate of interest stated in any  
legally acceptable proposal. As between proposals naming the  
17 same lowest rate of interest, the proposal offering to accept the  
least amount of bonds shall be accepted, the bonds to be accepted  
19 shall be those first maturing, and as between such proposals, the  
proposal offering to pay the greatest premium shall be accepted.  
21 The amount of premium bid for the bonds shall in no event exceed  
\$1,000 for the principal amount of bonds offered for sale. In  
23 order to effect the foregoing, a sufficient number of the last  
maturing bonds shall be of the denomination of \$1,000 or less.

25 e. Bonds may be offered for sale at different rates of interest  
for the same issue or different rates of interest for different  
27 issues, or parts thereof, or bidders may be requested to name any  
such rates of interest. No proposal shall be considered which  
29 offers to pay an amount less than the principal amount of bonds  
offered for sale or under which the total loan is made at an  
31 interest cost higher than the lowest net interest cost to the  
authority under any legally acceptable proposal. Such net  
33 interest cost shall be computed in each instance by adding to the  
total principal amount of bonds bid for, the total interest cost to  
35 maturity in accordance with such bid and by deduction therefrom  
of the amount of premium, if any, bid.

37 f. The authority may establish additional terms or conditions  
of sale.

39 8. Sale of bonds at one time or in installments

1 Any issue of bonds may be sold at one time or in installments  
2 at different times. The maturities of an installment of bonds  
3 offered for sale when combined with all maturities of the issue  
4 previously sold, shall be such as to comply with requirements as  
5 to maturities of a single issue of bonds. Any unsold part of an  
6 issue or installment may be sold notwithstanding that the  
7 maturities thereof, when considered alone, do not comply with  
8 such requirements.

9 9. Power of financial officer to sell bonds

10 The authority, by resolution, may designate a financial officer  
11 of the authority to sell and award bonds in accordance with the  
12 advertised terms of public sale. The financial officer making any  
13 such sale shall report in writing to the authority at the next  
14 meeting thereof as to the principal amount, interest rate, and  
15 maturities of the bonds sold, the price obtained and the name of  
16 the purchaser.

17 10. This act shall take effect immediately and shall be  
18 applicable to the sale of bonds by all authorities, notwithstanding  
19 the provisions of law pertaining to any specific authority enacted  
20 prior to the effective date of this act.

21  
22 STATEMENT

23  
24 This bill requires all regional authorities to sell their bonds at  
25 public sale and at the lowest net interest cost. It closely follows  
26 the provisions concerning the sale of bonds by counties and  
27 municipalities as set out in the "Local Bond Law" (N.J.S. 40A:2-1  
28 et seq. ). The bill excepts bond issues of less than \$100,000 and  
29 bonds sold to State, federal or local governments, from its  
30 provisions.

31 This bill is part of a body of remedial legislation developed by  
32 the Assembly County Government and Regional Authorities  
33 Committee arising out of a series of public hearings conducted by  
34 the committee on the structure and operation of regional  
35 authorities.

36  
37 AUTHORITIES AND REGIONAL COMMISSIONS

38 Local Budget and Finance

39 Requires regional authorities to sell their bonds at public sale.

ASSEMBLY, No. 2694

STATE OF NEW JERSEY

INTRODUCED MARCH 7, 1988

By Assemblymen ROONEY and BAER

AN ACT concerning salary ranges to be established by municipal utilities authorities and supplementing P.L. 1957, c. 183 (C. 40:14B-1 et seq.)

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. This act shall be known and may be cited as the "Municipal Utilities Authority Salary Disclosure Act."

2. Every municipal utilities authority established pursuant to P.L. 1957, c. 183 (C. 40:14B-1 et seq.) shall establish a salary range for all positions of employment which are in the unclassified service of civil service. Each salary range shall have a maximum salary which shall be no more than 15% greater than the starting salary for that particular range. The salary ranges for each position, and any change in the salary ranges, shall be published at least once annually in a newspaper of general circulation within the county and municipality where the authority is located.

3. Appointments to positions for which a salary range has been established pursuant to section 2 of this act, any change in the salary ranges, and any increase of an employee's salary which is in excess of 9% of the employee's base salary, shall be made at a meeting which is open to the public, and by a vote of not less than a majority of the entire membership.

4. This act shall take effect immediately and all salary ranges required by sections 2 of this act shall be established within six months of the effective date of this act.

STATEMENT

This bill requires municipal utilities authorities to establish salary ranges for all unclassified positions. Each range shall have a spread of no more than 15% from starting to maximum salary. The ranges shall be published annually. All appointments to an unclassified range position, any change in the salary ranges and

any increase of an employee's salary within the range in excess of 9% of the base salary, shall be at a public meeting and by at least a majority vote of the full membership of the authority. Municipal utilities authorities will have six months from the effective date of the act to established the required ranges.

#### MUNICIPALITIES

##### Public Utilities

Requires municipal utilities authorities to establish and publish salary ranges.

ASSEMBLY, No. 2887  
STATE OF NEW JERSEY

INTRODUCED APRIL 18, 1988

By Assemblymen ROONEY, SCHUBER, Baer, Mazur, Gill  
and Duch

AN ACT concerning certain trips by local officials and  
supplementing Title 40 of the Revised Statutes.

BE IT ENACTED by the Senate and General Assembly of the  
State of New Jersey:

1. This act shall be known and may be cited as the "Local  
Government Junket Disclosure Act."

2. As used in this act, "qualified entity" means any county or  
municipality, and any authority, board, commission or other  
instrumentality thereof.

3. Each qualified entity shall, in its annual budget, specifically  
identify the amount to be appropriated for the current year to  
defray the costs of overnight trips by officials and employees.

4. Each trip by an official or employee of a qualified entity,  
which involves more than two nights' lodging at the expense of  
that entity, shall be approved by the governing body of that  
qualified entity by majority vote of its full membership, at a  
regularly scheduled public meeting of the entity or a special  
public meeting advertised at least five days in advance in a  
newspaper enjoying general circulation in the county,  
municipality, or area of service of the entity, as the case may  
be. In the case of a qualified entity which has no governing body,  
the management of the entity shall provide notice of the approval  
of a trip involving more than two nights' lodging at the expense  
of the entity. Such notice shall be provided at least five days in  
advance of the day of departure for the trip, in a newspaper  
enjoying general circulation in the entity's area of service.  
Nothing in this section shall be construed to prohibit the approval  
of more than one trip at any given meeting or the provision of  
notice of approval for more than one trip.

5. At the time appropriate to the budget year of each qualified  
entity, the governing body of that entity shall approve the total  
amount expended for overnight trips during that budget year, at a  
regularly scheduled public meeting of the entity or a special

public meeting advertised at least five days in advance in a newspaper enjoying general circulation in the county, municipality, or area of service of the entity, as the case may be. In the case of a qualified entity which has no governing body, the management of the entity shall provide notice of the approval of the appropriate amount in a newspaper enjoying general circulation in the entity's area of service.

6. This act shall take effect immediately, and section 3 shall apply to each appropriate budget year beginning after the effective date of this act.

#### STATEMENT

This bill, entitled the "Local Government Junket Disclosure Act," provides mechanisms for monitoring trips by officials and employees of counties, municipalities, and local authorities, boards, commissions and other instrumentalities. Essentially, the bill requires: that budget information be provided on such trips; that, where appropriate, such trips be voted on in order to be authorized; and that the total expenditures for such trips be approved by the appropriate entity.

In addition to providing for monitoring and public information, the bill is intended to discourage excessive expenditures on trips and conventions by public bodies.

#### LOCAL BUDGET AND FINANCE

##### Public Employees and Personnel

Establishes monitoring and reporting requirements for local junkets.

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**ASSEMBLYMAN JOHN E. ROONEY (Chairman):** Good evening. We are going to try to group the bills into categories, and see if we can get testimony specific to all of them. We will take individual testimony, specific testimony, but it will probably be as a group. At this point in time, I don't think we are going to be looking at -- saying there is a particular bill up. If you have a particular bill that there are comments or questions on, we want to hear it. I am not going to go through them as a bill list right now. We may do that at another session in Trenton.

The only person I have signed in is Don Philippi, from the IFPTE on A-3530. I also noticed that there is a written statement here from Ellen Gulbinsky, Executive Director, Authorities Association of New Jersey. We'll have Don first, on A-3530. Don, please sit at the table.

**D O N A L D R. P H I L I P P I:** Thank you, Mr. Chairman and members of the Committee. My name is Donald Philippi, Business Manager for Local 195, International Federation of Professional and Technical Engineers, AFL-CIO. We represent some 8000 State employees in the operations maintenance services units within the State. I am particularly here tonight because I represent employees at the Cape May County Municipal Utilities Authority.

Originally, when that Authority was created, and many other authorities, we believed the legislation was very clear that said the employees who worked there would be under Title 11 Civil Service. Many of those agencies and authorities proceeded and had employees under Title 11. Some went to court to try to prevent, or change the language in the bill, saying that it didn't require them to have employees under Title 11. Those court cases were heard, and finally a decision came out. It was ruled that employees at utilities authorities should be under Title 11. So, to get around being under Title 11, there was a bill put in by Senator Lynch, which would take the

utilities authorities clearly out of Civil Service. That was passed, I believe, at the end of 1986.

It created some serious problems for our union and the employees at the Cape May Utilities Authority. We had originally planned that its employees would be under the Department of Civil Service. We had made plans through our negotiations on certain language and procedure, and began to look into getting our job descriptions lined up with the Department of Personnel now -- to institute job descriptions. Then all of a sudden this bill is passed, knocking it out.

We believe clearly that these employees should be under Title 11 for many reasons. Of course, one main reason is not just the amount of money the authorities handle; it is the qualifications for bringing employees into an authority. We believe a testing procedure should be used to meet the qualifications for the job descriptions needed to operate these authorities. They are operating quite a bit of extensive equipment -- heavy equipment -- and you should have qualified people. Testing should be done by the Department of Personnel to find out what qualifications are necessary.

The next most important thing is, how are people promoted if there is really no way for them to be tested to be promoted? Is it to be done by whose friend you are at the authority? What does that do? It creates problems amongst all of the employees, when things like that start happening. We think it is better to have a testing procedure for promotions. It will be clear that the people who pass those tests are the most qualified, and the ones who should be appointed to those positions.

For those reasons, we support Assembly Bill 3530, and urge you to release it as soon as possible to place the employees within these authorities under Civil Service. We think these agencies will work a lot more efficiently if they are under Title 11.

Thank you very much.

ASSEMBLYMAN ROONEY: Thank you, Mr. Philippi. That happens to be my bill, and I appreciate your support of it. The purpose of the bill is exactly as you stated. There are many situations in these authorities that have developed over patronage situations, rather than on merit. I am totally interested in a merit system. If a person is qualified, there should be those qualifications up-front, and a person should be promoted on merit. If they can do the job, and demonstrate that they can do the job, that is the way it should be, not because they are someone's friend. I appreciate the fact that you brought that up.

My co-sponsor on that bill is Assemblyman Duch, who is sitting up here with us tonight. We are both interested in that. There are other parts of the bill also. It limits the holdover period of commissioners. It is not to exceed 60 days from the expiration date. This would prevent commissioners from just going on ad infinitum. They would have to be appointed. These are things I think Mr. Cimino is interested in, because in situations where there is a holdover, you might have a county executive of one party and the freeholders of another party, who can't get together. It becomes a vacancy at the end of the 60 days. That would stop this holdover situation.

There are other aspects of the bill we should go into, but the main thrust of the bill, as you say, is that it should be a merit system. People should be qualified for these positions. We are paying good money in the public sector today. It is not like it was many, many years ago. These jobs are paying good money. They are competitive with private industry. We, as the public, should get what we pay for. So, I thank you very much for your help.

Is there anyone else on A-3530, as long as we started on that particular bill? I know the Department of Personnel is here.

UNIDENTIFIED SPEAKER FROM AUDIENCE: We are not prepared to speak on anything at this time. Probably at the next hearing.

ASSEMBLYMAN ROONEY: Right. One of the things -- and I have said this before -- is, if there are alternatives to this-- If some of the authorities feel they do not want to go with the Civil Service System, fine. Come up with alternatives for us. I haven't read any of the testimony that is up here -- the written testimony -- but I would hope that we are all going to work together to make it better. I would not like to see testimony that says, "We are not in favor. We are going to oppose you up and down the line." What I would rather see is-- Tell me another way of doing what we are trying to do. We are trying to assure the public that they are getting what they pay for; that they are getting qualified people. I am just taking this bill as an example. If you can come up and say, "Instead of going Civil Service, we are going to take the Civil Service type of qualifications. We will give a test. We will have qualifications, job descriptions, and other things. It will be on record that in order to be a clerk-typist, in order to be a sewerage plant operator, in order to be a plant engineer, you must have these qualifications." That is what we are interested in. It does not have to be a Civil Service System, but it should at least be the equivalent.

In order to receive a promotion within an authority that is non Civil Service, they should also show that the person is qualified to move up the ladder. I would like to see it all under Civil Service, because I think the Civil Service Reform Act helped us quite a bit. I think it got rid of a lot of things that we felt were wrong with Civil Service -- maybe not everything, but a lot of the things. I think we can build on that, and can now get a better system all around.

Yes, it's my bill, and I'm prejudiced. I just had Mr. Philippi, and I have the Authorities Association of New Jersey

testimony. Ellen, would you like to come up and testify?  
(affirmative response)

**E L L E N G U L B I N S K Y:** Thank you, Mr. Chairman, members of the Committee. The Authorities Association would like to thank you for the opportunity to testify and to respond to the package of reform bills you have put together.

The Authorities Association, just for your information, if you are not familiar with the organization, is an organization of professional managers of the water, wastewater, and solid waste authorities. We do not include, at this time, transportation authorities, the highway authorities, or any of the State authorities. These are just the MUAs, the SAs, and the improvement authorities. Primarily our authorities are all organized under 40:14A, 40:14B, and 40:37A, which are the improvement authorities. Most of our members are all dealing with the environmental issues. So when I speak to you about them, I am speaking to you from this perspective -- okay? -- from that perspective only.

The bills being discussed today all raise the basic question: Is more restriction needed on authorities in New Jersey? In reviewing this question, one reflects on recent headlines, which have pointed out particular trouble spots of particular authorities. It is erroneous to conclude that if one authority is carrying on a questionable practice, all authorities are likewise doing so. State authorities all have special enabling legislation and a separate body of oversight mechanisms, as do the transportation authorities, the recreation authorities, the development authorities. I am only responding to the recommendations in these 18 bills, based on the perspective of Title 40:14A and Title 40:14B, and the Improvement Authority Law, 40:37A.

In general, the Authorities Association objects to being lumped together with all authorities and being asked to duplicate or overlay checks and balances which are already in

place for our members. The basic premise of the bills, which is to combine all authorities under one general definition and enumerate practices which all must follow for the general good, is erroneous and does not consider the very special purposes for which each of the various authorities is created. The emphasis should be on whether the authority performs its mandate and functions in the interest of the citizens that it is to serve. This is the real acid test. If an authority falls short, the law already provides for removal of the commissioners by the creating body, whether it is the New Jersey Legislature, the county, the municipality, or a special commission that ordained the authority.

The courts also ruled on poor practice and abuse of power. This should be used as a vehicle to address the specific changes needed in a particular authority. AANJ does not feel that broad-based and broad-brush legislation will serve the citizens who are served by the authorities. This is our main concern, and in all of our testimony this is the concept and the premise that is in the back of our minds. We are concerned that we want to serve the citizens through the authorities.

Let me just go through a little bit of history of the authorities. The counties and the municipalities recognized that separate autonomous bodies called authorities would better serve the needs of the community by providing a constant source of funds to handle large facility projects, and to maintain those facilities. We are talking about projects that require large dollar amounts to keep them going. The authorities charge fees to maintain the water, wastewater, and solid waste systems. These fees are free of the line item budget cuts, which county and municipal governments often must take when they have to maintain their tax structure. In the past, our infrastructure, nationally and in New Jersey, became so poorly maintained that it was crumbling. Large dollar amounts are

still needed to recover. I believe I heard the Department of Environmental Protection quote us at \$4 billion still needed to recover.

The authority law ensures that these systems do not crumble again by providing an autonomous entity to operate and expand these vital systems. The bonding capability of authorities has enabled swift planning and construction of major treatment plants and landfills. The difficult siting questions which have been the demise of many politicians, have been relegated to the authority commissioners who are appointed. They are not elected. They have to make these decisions. Politically, some of the governing bodies feel that this was a good move to do this, so that the decisions could be made viewing the science of the location and the siting, and then the decision being made based on just those particular parameters.

The NIMBY syndrome continues to impede progress on environmental solutions to disposal questions. Authorities have made, and will continue to make these difficult decisions which municipal governments, due to their make-up, cannot seem to make. We cannot allow our citizens to be buried in garbage and sludge. Autonomous authorities must remain in place to handle these critical issues. Municipal capital budgets cannot be dedicated to these purposes without restrictive consequences on all their other services, because it would take up all of their bonding money just to handle these particular services.

So, authorities fill that gap. By and large, they have done a good job. I would say that New Jersey would not be where it is today with our environmental quality as it is, if it were not for the fact that the authorities -- the law was passed and the authorities were put into place to handle a lot of these difficult situations.

A glaring example of the confidence that New Jersey leaders have in authorities was demonstrated when Governor Kean

proposed the Coastal Commission. His advisers saw a complexity of problems, and knew that the only mechanism for solving shore problems would be an authority. There is a great deal more work for authorities to do, and it is important that the Legislature realize that flexibility and autonomy are vital and basic to the ability to get the job done. Water, wastewater, and solid waste authorities are restricted by many laws and regulations. I am just going to go through some of them to let you know where we are with that.

We have enabling laws, and in those enabling laws they talk about the powers of the authority, the appointing body, the terms of office, and the removal of those commissioners. Those are all listed in the pieces of legislation that started the authorities -- the whole procedure, as far as their budgeting is concerned. Later on, there were other acts added on. For instance, the Local Authorities Fiscal Control Act. That was another one in detail. The law itself and the regulations say exactly what the authorities must show in their budgets, and who must look over those budgets. Those budgets really reveal all, as far as showing you their capital procedures and who are on their staff. In those budgets, they have to put the salaries of the individuals they are assigning. That is also an audit requirement, too, which follows up as a result of the Authorities Fiscal Control Act. So, through a close reading of the budget, lots of information about the authority is already distributed.

The Public Contracts Law is also something the authorities are responsible to react to, or are restricted by -- the Open Public Meetings Act, the State Right-to-Know Act. Also, on top of this, the budgets of the authorities are reviewed, and their bonding, whenever they go for a capital facility by the Local Finance Board. The Commission on Ethical Standards has now also taken up the authorities for the conflict of interest and looking at who is on the authority,

disclosure-- Those issues are now all covered under the Executive Commission on Ethical Standards.

A secondary restriction exists in bonding resolutions. Many times an authority has to carry certain kinds of insurances, certain restrictions on what it does, based on its obligations to its bondholders. Contracts with towns that are served indicate what kind of input and how it can be delivered and how responsive you need to be to your participants. The authority bylaws are also another restrictive element that also layers on top of how an authority must function.

Keeping this list of laws and agreements in mind, it is difficult to believe that authorities are constantly fighting an image of having uncontrolled power. Perhaps the myth was perpetuated by other types of authorities, other than water, wastewater, and solid waste authorities, but certainly there seems to be-- Almost all of the areas are covered with these rules and with these particular agreements.

Now I would like, if you don't mind, to go into the bills in particular.

ASSEMBLYMAN ROONEY: May I ask one thing: Go into each individual bill, but then the Committee would like to address a bill before you go on to the next bill, just so we can have-- You know, rather than have you just give the statement. I think it would be easier that way.

MS. GULBINSKY: Okay. I had hoped that some of the attorneys who work with the Association could be here today.

ASSEMBLYMAN ROONEY: They will have another opportunity.

MS. GULBINSKY: There is a possibility I may need to come back to you with some information. Okay?

A-3518: This would require an authority to submit yearly financial master plans to the governing body creating it. Such plans are already part of the budgets reviewed by the

Division of Local Government Services under the capital budget. As an informational requirement at the time of request, the authority would have no problem giving this copy of the budget -- the capital budget portion of it -- to the appointing body. However, if the intention of the legislation is to hold the authority to this plan and forbid any additional projects from being considered, it would negate the ability of an improvement authority to assist municipalities on a timely and immediate basis.

For instance, there was a situation -- that I became familiar with -- in which a firehouse asked an improvement authority to help out with expansion of the firehouse. It was necessary to wait. Under this legislation, if a master plan had to be changed and approved, by the time you would wait for the bonds to go out, you would be in a different economic situation and the bonds could cost more money. The project's time loss would also mean that the project could cost more money.

So the responsiveness of the improvement authority is one of its greatest assets, and we feel that this should be maintained so that it can respond to the communities the improvement authority serves.

ASSEMBLYMAN ROONEY: I am going to give Mr. Cimino the opportunity, since that is his bill, and I happen to be co-sponsor with him.

ASSEMBLYMAN CIMINO: Thank you, Mr. Chairman. Ellen, let me say that the intention of the legislation is not to totally hamstring the flexibility of improvement authorities. Quite frankly, having been a former freeholder, and having recommended to the municipalities in Mercer County that they ought to avail themselves of the ability to use the improvement authority, that would be adverse to what I really feel is the intention of the legislation.

kind of rate shock that we have been experiencing in solid waste and sludge. It is going to get worse, because the sludge disposal is going to be really expensive when we get out of the ocean. This is the same path we took when we were landfilling. The same low-cost landfill is now-- We're out-of-state. Resource recovery-- We are going to have the same thing with sludge.

MS. GULBINSKY: Okay. Two things come to mind as I am listening to your comments. First of all, it is my understanding that the Division of Local Government Services-- When they review the budgets of the improvement authority, one of the things they are looking for is the ability of the authority: Has it overextended itself? So, the fact that they don't red flag something like that would indicate-- They are the entity that is supposed to make that evaluation for you. They send back comments on the budget, and then the improvement authority commissioners have to sign off on that before they finally adopt that budget. Those items are all public record, because they go in-- They are adopted under the Open Public Meetings Act, so the freeholders could look at those recommendations to see if the DCA requirements have been followed, as suggested.

I see what you're saying, that you are looking at the overall and the amount of money that is being bonded, and what it is going to do to the tax structure like that. I am not sure this is the mechanism. I will take that back to the members of the organization to come up with a suggestion.

ASSEMBLYMAN ROONEY: Thanks a lot.

MS. GULBINSKY: The other thing I just wanted to remark on was the particular situation that you gave an example of, Assemblyman Rooney, with the sludge disposal. One of the problems with some of the projects that have occurred is that the regulations have never been set on what you may or may not do. In some of the situations, I have to say that I have

sympathy for the authorities trying to plan long-range master plans. This is the thing we constantly say every time we go before DEP, "Gee, you can't keep changing horses in the middle of the stream. You have to tell us where you're going, what may we do, what may we not do." You can do one thing today because, you know, it's Tuesday, and on Friday, you can't do that any more. So, you set your people in motion, and authorities have been burned many times. Going into plans, they have had site surveys; they have had all kinds of engineering done, with the hopes of going into a certain procedure, only to find out later either the Federal government or the Department of Environmental Protection has changed its mind. And that money has been wasted. The result has been that everybody has passed on these war stories, and they are slow to move on planning, because of the fact that unless-- It is like nailing Jello to the wall. You know, until you finally have it organized and it's down there exactly what is required of you and how to go about doing it, these authorities are saying, "Gee, am I wasting the public's money by planning, when the Federal government has not made up its mind yet what I may do?"

ASSEMBLYMAN ROONEY: As a former municipal official -- a former mayor -- as part of our budget we had to give Local Government Services our five-year plan as to what we were looking at down the road, whether it was street improvements-- These are things that we knew about that were going to have to be done. The same as sludge. We have known that we were going to have to get out of the ocean for the last three years, at least. In fact, I was Chairman of that Committee -- the Sludge Management Committee. I could have given you the process they were going to use. I could have told you what the engineering costs were going to be. You would have known the whole thing two years ago. I could have had it done two years ago. They chose to wait because of other things that were happening.

The thing we are trying to do is the same as the local municipalities having to give a five-year plan. I think the financial master plan for these authorities, who spent hundreds of times more than a local municipality-- These authorities should have a financial master plan. It should be one of the simplest things they do. If they are paying the kind of prices they are paying for an auditor, this is the least of the things he should do. Just something that says, "This is what our plan is going to be for the next few years." It should have input from everyone. Every one of those commissioners, when they come in at the beginning of the year, or whenever the budget is done, should have right in front of him, "Here's our plan. Here's our indebtedness. Here's your picture. Here's your financial statement. This gives you a good idea." If you have any smarts in finances at all, that should give it to you in a nutshell. As a Commissioner of the Bergen County Utilities Authority, I never got anything even resembling that. This would do it. Mr. Cimino is the one who put it in. I think it is a great idea. That is why I signed on as a co-sponsor.

I would think that out of the package, this is probably one of the premium bills. I think the public would support this, because they want to know what they are going to be paying for down the line a few years. They don't want surprises. I don't think we need any surprises any more. Let's show these people that there are some people with planning minds, who know what they are going to be looking at down the road. I think it is a good bill. We may differ, but let's see what we can come up with as a compromise. Maybe you have some suggestions.

ASSEMBLYMAN DUCH: Is your concern about deviation from the so-called master plan? I don't think it is really cast in stone, you know, that you are going to have to adhere to a five-year master plan, or whatever. I think there is plenty of room for deviation on that.

ASSEMBLYMAN ROONEY: Municipalities do it all the time.

ASSEMBLYMAN CIMINO: Sure. As a matter of fact--

ASSEMBLYMAN DUCH: They just project it, that's all.

ASSEMBLYMAN ROONEY: Yeah, projection.

MS. GULBINSKY: If that were projected, I--

ASSEMBLYMAN CIMINO: --county budgets, in their capital improvement programs, do it all the time. I can recall any number of traffic lights that have been set in stone in the 1980 budget, or the 1981 budget, that never got developed because a more pressing priority came along. But what it does-- It also gives -- again, I go back to the elected officials-- You know, I'm sure I am prejudiced, but I hold them to be dear, because they are the ultimate strikers of the taxpayers' purse. It gives them an opportunity to weigh on this hand what the bonded indebtedness is within an improvement authority, which is almost a sight unseen situation, and then again you have the county improvement program over here, and all of a sudden all of this comes to me; somebody has to pay that bill. I think it is the taxpayers, and they ought to really have a handle on what's happening.

ASSEMBLYMAN ROONEY: Why don't we move on to the next bill? I think we beat that one up pretty good.

MS. GULBINSKY: All right. A-3519 requires local authorities to hold public hearings on their annual budgets. It is my understanding that public hearings are held whenever there is going to be a change in the user fees, and that is followed. Annually, budgets are adopted at public meetings. That is according to the Administrative Code 5:31-2.3, which are announced as per the Open Public Meetings Act. Those meetings are announced in that method. So, most authorities already send copies of budgets to local government units, and they are always available upon request, as per the State Right-to-Know Act. Why pass this legislation on a situation that can be resolved by a letter, where all you have to have is

the clerk of the municipality say, "Please send me a copy," or just write one time to the authority, and say, "We would like to receive a copy of your minutes all the time"?

ASSEMBLYMAN ROONEY: Just to answer quickly, the Division of Local Government Services asked for this bill. They wanted this particular bill. We asked them to come down to make suggestions as to legislation they were looking for. This is one of theirs. As far as we are concerned, I have no problem with it. Each municipality has to do it. This is exactly the way the municipalities do it.

MS. GULBINSKY: Yeah, that is our procedure.

ASSEMBLYMAN ROONEY: Basically, all they are looking for is the same thing. They want the same procedure. I will give you a good example of why. One of the budget hearings that BCUA held was during Christmas week one year. Now, you know damned well you're not going to get anybody out during Christmas week to listen to a budget hearing at BCUA. I don't care how bad the budget is. You're just not going to do that. I think what is going to happen is, it will stop that. It will put it in the regular process, and it will be a lot different. So, complain to Mr. Skokowski, when you see him again, on that one.

I have no problem with that one either. I don't think anyone on this Committee has a problem with that. We all here, I can say without any hesitation, come from local elected service. We know what we went through, and we don't think the authorities should be exempt from it. They should go through the same procedure as we did.

MS. GULBINSKY: They do. That is my understanding. How do you say it is different?

ASSEMBLYMAN ROONEY: No, you don't have the budget hearings the same as the-- Like you're saying, when you have a rate increase, the rate increases are done at the end of the year for the new year, and they are held at Christmas time. On A-3520?

MS. GULBINSKY: Okay. A-3520 provides that the governing body of an authority may veto minutes. This provision negates the very purpose of an autonomous authority. To pass this bill is the equivalent of repealing the authorities law. This is the one that we are most concerned with.

Bond covenants would be abridged with this procedure, and the future ability of the authorities to sell bonds would be severely adversely impacted. The Authorities Association of New Jersey strongly objects because this bill is not in the best interest of the public. It would just negate the law -- the functioning of the authority to do it this way.

ASSEMBLYMAN ROONEY: This was a bill specifically requested by the County Executive of Bergen County. It was also requested by the County Executive of Mercer County, and the County Executive of Atlantic County. They spoke at our public hearings on it in favor of the bill. One of the aspects we added to that was, rather than have just the county executive as the sole person who vetoes the minutes, we added the fact that a two-thirds vote of the freeholders could overrule the county executive. In other words, to concur with the county executive's veto would require a two-thirds vote of the freeholders. In those counties that did not have a county executive, we felt they should also have the ability to override minutes, and a two-thirds vote of that particular situation-- If you had freeholders only, two-thirds would be required to override the minutes.

To be honest with you, I have no problem with this bill at all, for the simple reason that I have seen the fact that there aren't even minutes available to the counties, in some cases, from these authorities. I have seen hires being made, and the county executive doesn't know about it for two or three months after.

MS. GULBINSKY: I think those are unique situations, because the information is there. When the minutes are put together, all that is attached into the minutes, and it is available. It is public information. If it is happening in one case, the one case should be corrected. But a State law that goes to everybody and says, "Now you are going to veto the minutes that are going on--" Now you no longer have an autonomous body.

ASSEMBLYMAN ROONEY: I think this does exempt collective bargaining. If it doesn't, it should, because we did have that particular decision by one of the judges in Bergen County who had looked at the law. He said the only way he would go with it would be if it eliminated collective bargaining. If that is done, that should not be overridden. That should be exempt.

MS. GULBINSKY: How will you sell bonds on a large project, when at the last minute you have everybody able to come in and say, "No more, we won't do this"?

ASSEMBLYMAN ROONEY: To be honest with you, I have never seen it as a bonding issue that has been vetoed or been threatened to be vetoed or be opposed. It has not been the bond issues. That has never been the case in the situation I have seen.

MS. GULBINSKY: When you're talking siting and we're talking these issues now with incinerators and that kind of thing, that is when it comes right in at the eleventh hour. Right now, the freeholder board can say, "The authority has chosen this site. We have to put our garbage someplace, and this is the way it is going to be." When they now have two-thirds majority to come in and overrule that, they are no longer insulated. They are going to move. They are going to be responsive to public pressure like that. This is going to be very dangerous, as far as our garbage crisis is concerned, and our sludge disposal methods. We, right now, are way behind in time trying to do those.

ASSEMBLYMAN ROONEY: There is an answer. There is a compromise, I think, that we could look at, exempting certain things such as siting, such as many of the things that a board should be autonomous -- for the reasons that they should be autonomous. Siting is one perfect example. But some of the other things that are done as to the hires, the directions they go-- I think there should be some control by the freeholder board, or by the county executive, or both.

ASSEMBLYMAN CIMINO: If I understand, Mr. Chairman, the legislation does not call for the freeholder board to veto the minutes. The legislation calls for the county executive to veto the minutes and if, in fact, the county executive approves the minutes, there is no mechanism here for the freeholder board to overturn that.

ASSEMBLYMAN ROONEY: There was supposed to be a mechanism where there was no county executive, the freeholder board by two-thirds vote--

ASSEMBLYMAN DUCH: It is.

MS. GULBINSKY: I haven't seen the amendment, so I am taking it based on the description I have.

ASSEMBLYMAN ROONEY: And boards of freeholders, yeah. Here it is: "The veto of the chief executive may be overridden by the board--" Okay. It should be in here. "In the absence of a county executive, the board of freeholders, by a two-thirds vote, could override it." So again, we are listening to testimony. These are not cast in concrete. That was one of the recommendations I made, to give the board of freeholders, where there is no county executive, also the authority to override.

I'll give you a good example, in Bergen again. My good example of the worst, but this happens to be a good example. The County Executive's home town was once selected as the site for a residual landfill, and under great pressure. He was there. Let's say this had been in effect, with the veto

power of the county executive, but also the override of the freeholders. The freeholders would have overridden him. There is no question, even if he did it on the basis of being the one person who could do it in his hometown. I really believe that he would not have vetoed that siting, because it was in the best interest of the county. I believe the freeholders would not have allowed him-- In the event it wasn't in the best interest of the county, according to him, I think the freeholders would have overridden him, because they come from all parts of the county. They would have said, "You have to site it somewhere," and that was the best site. In that case, that authority wasn't doing what they normally do, according to me.

MS. GULBINSKY: Okay.

We can discuss this one further, but there has to be some control. There has to be some control.

ASSEMBLYMAN DUCH: You know, Mr. Chairman, I agree with Ellen to a great degree. We appointed this authority, and we're really tying their hands to such an extent that they are not autonomous any more. If you read this, and listen to her explanation-- I think I have a little bit of a problem with that. Perhaps maybe we can loosen it up a little bit. I think it is just too tight right now.

ASSEMBLYMAN ROONEY: Yeah, I think maybe there are certain areas where they should have exclusive power.

ASSEMBLYMAN DUCH: I think they should have spelled it out.

ASSEMBLYMAN ROONEY: Yeah. We can define those areas where they cannot be overridden. That may be a good compromise.

ASSEMBLYMAN DUCH: I think her point is well taken.

ASSEMBLYMAN ROONEY: Yeah, siting situations, other situations.

MS. GULBINSKY: Shall I continue?

ASSEMBLYMAN ROONEY: Yes.

MS. GULBINSKY: Okay. Assembly Bill 3521 requires improvement authorities to submit semiannual reports to the board of chosen freeholders on certain projects. If an authority failed to submit a report, the freeholders can hire an expert to compile such a report at the authority's expense. This requirement is unnecessary overkill and obviously more of a political problem than a procedural legal problem. N.J.S. 40:37A-52 provides that the county executive or freeholder president may serve as ex officio members of an improvement authority. In performing this duty, the ex officio member can keep the board of freeholders apprised of events, and can provide copies of timely reports as they evolve.

One semiannual report cannot take the place of these more frequent and detailed reports. It would be our opinion that the semiannual report would be so watered down that it really would not be instructive. The better method would be to have liaison people sitting on each board, with the responsibility to take back the important information to the appointing body and the governing body. That way they would stay on top of developments of a project as they are going along.

ASSEMBLYMAN ROONEY: My feeling is that there are so many projects going on, that I would rather see a written report -- a status report. In fact, the commissioners generally get this. If they would just pass it on to the freeholder board, that would be satisfactory, as far as I am concerned.

MS. GULBINSKY: Sure. That's public record. Just ask, and it's there.

ASSEMBLYMAN ROONEY: Skip?

ASSEMBLYMAN CIMINO: Well, I would like to say that in my time in government it was all that easy. It hasn't been. I have seen situations where that information has been extracted by pulling teeth. Perhaps that situation does not occur --

does not exist any longer, but any time you have-- To some degree, I think you are absolutely correct in your assessment. It is a political problem. But when a political problem becomes a governmental problem, it is a problem for everybody. I have seen that happen; I have seen it occur. It can occur again in the future at some point in time. I think that is why you need some kind of a more formalized reporting requirement, rather than having to drag the county improvement authority before the board of freeholders and trying to extract, tooth by tooth, you know, inch by inch, the information the board of freeholders needs to be able to make a judgment, or to have some surprise decision laid upon the board at some future point. That really, I think, is important.

I agree with you. I wish you didn't have to do anything like that. It has just been my experience that when you mandate something like this, it has more opportunity to occur, rather than not occur. It would be nice if all of the information was always forthcoming as quickly as everyone thinks it should be.

ASSEMBLYMAN ROONEY: Next?

MS. GULBINSKY: Okay. A-3522 requires commissioners of authorities to be citizens and have B.A. degrees or substitute experience on another board year for year in lieu of the B.A. degree. After January 1, 1991, all boards will have an engineer, an environmental scientist, and a finance person. This bill is an insult to the elected officials who presently appoint authority members. They know best what talents exist in their community and what balance of expertise and experience they wish to see on a commission. To specify areas of expertise may preclude the general public member from participation, when he really most represents the community being served.

No doubt the New Jersey Counties Association and the New Jersey League of Municipalities are going to have more

details on this, but basically I know of one situation where we have an authority with 110 households. It is a collection system. It's a farming area; they are all dairy farmers. The whole community is dairy farmers. They wouldn't have anyone who could serve, based on the requirements here. I know Assemblyman Rooney and I have had this discussion on the fact of why there is a need for certain expertise. But the Association feels that you can call for your expertise in the consultants you hire. A bill like this, where it is actually specified, can make a tremendous hardship on a community like that rural community with a collection system, where you just cannot fill the bill. You just can't fill the bill here. So, that is the danger of it. In large populous areas where you have millions of people to pull from, it's probably no problem. But what do you do in rural America -- in rural New Jersey?

ASSEMBLYMAN ROONEY: I think the answer to that is that you do have a step level of counties -- first, second, and third class -- in areas. You specify which areas. I am not concerned with the small collection system and the people who are running it. They are probably running it better than any of these engineers or scientists or whatever who run it. What I am concerned with is that you get these multi-, multi-million dollar authorities, and you have people sitting on the board who really are totally incapable of even comprehending the items of business that are going through that board. What they are doing is relying totally on the outside consultants, when they have no expertise of their own.

I would rather see people who are interested, who have the technical expertise, sitting as commissioners. Some of these commissions pay reasonably good salaries, or stipends for the expertise, not a lot -- \$5000, \$10,000 -- but for a lot of them that are once a month-- It's not a bad meeting night at \$500 a night, or something like that. It isn't a bad deal.

The thing I would like to see is the larger authorities having-- Maybe we can compromise in the class of counties -- looking at it that way. Again, that is Assemblyman Kline and Assemblyman Hudak's bill, so I'll let George speak on it.

ASSEMBLYMAN HUDAK: All I can say is, I happen to agree with what Ellen is saying to some degree. I think there is room for a compromise on this. Again, her point is well taken. I think we really have to take a much closer look at this particular bill, in relationship to what she explained about the small authority. When you're creating and lending your name to some of these bills, you don't realize, down the road, what some of the problems are. That is why we are having this hearing. I certainly appreciate your comments. I totally agree with you that this bill has to be looked at a lot more closely, with perhaps some changes being made. I know there will be some changes made. That is my perspective anyway.

ASSEMBLYMAN ROONEY: Yeah, I agree that, yes, in a small collection system -- in a small authority -- where you are not really dealing with the problems -- with going out to bonding and going out and hiring engineers for three-quarters of a million dollars a year-- You know, yeah, you can have people sit on it, and they will probably do a better job because, first of all, it is theirs, and they are closer to the source. They're worrying about their own money. They see it directly. In a rural community, a person, when he looks at a cost, says, "Hey, that affects me," but when you get somebody in a class one county who looks at 70 towns and looks at a population of a million, it's, "Oh well, what's another million or two million dollars here or there?" The concern isn't that great.

I would like to see more expertise on the larger boards, the ones that are spending the big bucks. So, yeah, we can compromise, I think.

ASSEMBLYMAN HUDAK: I don't think you would object to some of that language he just mentioned.

MS. GULBINSKY: Well, I also feel-- I would think that the appointing body should be as aware of this as you are, aware of who they are appointing for the job that is there. They should know very well what is needed to make decisions by virtue of the kinds of projects that are going on. It should happen, based upon what you have now, that the appointing body should take the responsibility and definitely look at credentials, ask for resumes, and that kind of thing. Perhaps that can be handled internally through the methods of appointment. I don't know exactly how that is done in the county method -- on the county board. Do you have any guidelines on that? Did anything happen on that with guidelines?

ASSEMBLYMAN HUDAK: Methods of employment are generally whose friend the person is. They don't talk about qualifications. What we want to see is-- We can get that official appointing authority off the hook that it would like to be off. It would like to be off the hook in saying, "We have to appoint someone according to this legislation. We have to look for these types of qualifications." And doing so, it can say, "We don't have to go for the political choice -- a totally 100% political choice. We have to do it." They can use that -- that excuse, if you will, when it happens. That's life in politics.

ASSEMBLYMAN DUCH: I think you're right. I agree with that.

MS. GULBINSKY: A-3523 provides for removal of members who miss three consecutive meetings. This bill is in conflict with N.J.S. 40:14A-5, which states that a member of a sewerage authority may be removed only by the governing body by which he was appointed, and only for inefficiency or neglect of duty or misconduct in office. Therefore, improper attendance is

covered under the statute. That could be defined as neglect. To have the appointees, in this case, able to oust the individuals appointed by a governing body, would really be inappropriate.

ASSEMBLYMAN DUCH: I would like to respond to that. What I would say is this: I had a situation where I served as the mayor of a community for eight years. As the mayor of the community, I could tell you my councilmen's attendance records backward and forward. I could tell you whether they missed three meetings or not. The housing authority, where I appointed one member, and participated in the appointment of six other members-- I couldn't tell you their attendance records at all. I reviewed their minutes regularly when they were sent to me, but whether or not they missed three consecutive meetings, because of all of the other activities that were taking place in city government-- Whether or not they missed three consecutive meetings, or 75% of the meetings in a given year, is difficult for a public official to keep track of.

But someone who is actually on the body -- who sits on that body -- knows whether or not that person is performing in a responsible manner. If he is not performing in a responsible manner, the idea is to define exactly what neglect is, or the inefficiency of service. What we're saying is, if you are not there at 75% of the meetings, or miss three meetings in a row without an excused absence or an illness or a death in the family, or something such as that, then perhaps you are not interested, and you should be removed, particularly in the instance that the Chairman said before -- in the instance of a committee or a commission that meets once a month at a salary of \$5000 a year. It is an embarrassment, and it's wrong. What we are attempting to do is cut down on that.

It is a self-regulating kind of a thing, where the authority members themselves keep track of what's happening and

there is a responsibility to each other. They know they are watching each other. That is the rationale behind that.

ASSEMBLYMAN ROONEY: The local municipal officials are required to have attendance. I think it is eight consecutive meetings, although it is not regular meetings -- I think they include other types of meetings -- and they're out, except for illness. So, I don't think authorities should be exempt from that same requirement. The municipal officials have to have attendance.

MS. GULBINSKY: Is that a State requirement, or just by--

ASSEMBLYMAN ROONEY: It's a State law.

MS. GULBINSKY: A State law?

ASSEMBLYMAN ROONEY: Yeah. I think it is eight consecutive meetings. Does anybody--

ASSEMBLYMAN HUDAK: Are you talking about elected officials?

ASSEMBLYMAN ROONEY: No, appointed officials.

ASSEMBLYMAN HUDAK: Oh, okay. You can't remove--

ASSEMBLYMAN ROONEY: Planning board members, or-- In fact, I think elected, too.

ASSEMBLYMAN DUCH: There is a provision for elected officials.

ASSEMBLYMAN ROONEY: For elected officials, too. In fact, there was one recently. In Bergen County there was someone who had not shown up for many months. The council was-- Was it Fair Lawn?

ASSEMBLYMAN DUCH: A council member being--

ASSEMBLYMAN ROONEY: Absent for many months.

ASSEMBLYMAN HUDAK: And the council was considering--

ASSEMBLYMAN DUCH: In Wayne also.

ASSEMBLYMAN ROONEY: That's where it was, Wayne.

ASSEMBLYMAN DUCH: Councilwoman Palmasonno (phonetic spelling), I think her name was.

ASSEMBLYMAN ROONEY: Right, that's the one. That is the one I'm thinking of. So, there are requirements for both elected and appointed officials.

MS. GULBINSKY: Okay. If there are universal requirements, we will let the Counties and the League of Municipalities decide what their comments would be about this, because they are the ones under governing bodies.

A-3524 provides that county improvement authorities notify boards of freeholders when appointing a supervisory employee. Minutes of the improvement authorities must contain positions and salaries as required by N.J.A.C. 5:31-2.1G. Therefore, a reading of the minutes will provide this information. Employee contracts and collective bargaining agreements are also part of the public record and are fully accessible to the governing body.

ASSEMBLYMAN CIMINO: That's accurate. Minutes of the improvement authorities do provide that. The legislation calls for the improvement authority to notify the board of freeholders of its intention to appoint or promote a person in a supervisory position. So, their not knowing it after the fact-- They, in fact, are being informed prior to the action occurring. That is really the intention. Again, the only thing I can do is draw on my own experience witnessing bodies popping up that, you know, you never even knew were going to be there. They popped up out of nowhere, and were on the payroll. It's nice to know in advance.

ASSEMBLYMAN ROONEY: As you see, I am a co-sponsor on this bill, also. I agree. Again, minutes are never available until the night of the meeting. I went down to the BCUA last Thursday night, and even at the start of the meeting, I had to scramble for a set of minutes. They were hot off the press. Appointments were on there where, you know, there was no prior knowledge of them.

So, these are things that-- I think Assemblyman Baer may have a bill in dealing with Sunshine Law notification. At least 48 hours prior to a meeting, the agenda has to be posted. Also, another thing I will get into, is different legislation where a work session -- a public scheduled work session with 48 hours' notice, was turned into a special meeting for voting on items that were not emergency and didn't have any special nature whatsoever. They could have been voted on at the regular meeting, but there was no requirement for public notification of that special meeting, just notifying the press. The press has a right--

MS. GULBINSKY: Forty-eight hours beforehand.

ASSEMBLYMAN ROONEY: Yeah, and the press doesn't print it, so people don't know. That, to me, is skirting the law. This is one of the things I would like to see, and I would like to see it expanded to where a lot of other things would be 30 days' notice, or at least the work session notice -- from the time of the work session. Too often, work sessions go into personnel -- so-called closed personnel meetings. The public never finds out anything until the night of the meeting, when it is too late. So, again, I am co-sponsor of that bill.

MS. GULBINSKY: Okay. A-3525 directs the Director of the Division of Local Government Services to promulgate minimum qualifications for executive director. This bill lumps all authorities together which, as has already been stated, does not accurately reflect what authorities do. Just as the functions of authorities differ, so should the appropriate criteria for the executive director. Authorities hire professionals to provide the particular expertise needed for the authority needs. An executive director need only be a good manager who calls in the appropriate professionals. Good managers come with all kinds of backgrounds. I don't know how DCA will determine the universal criteria for this diverse situation. I refer back to my situation before -- the big and

little authorities -- because that local authority is certainly not going to have sophisticated financing, you know, that kind of thing. It is a simple budget. So the requirements of the executive director would differ, depending on the size and the requirements, and what building projects and that kind of thing are going on within the authority, what they have oversight over.

ASSEMBLYMAN HUDAK: Well, again, we are looking for some flexibility, of course. We still want some minimum requirements. I think that is very important. Again, your point is well taken, if you have a very small authority which really doesn't have much of a budget. But we're talking about some of the larger authorities, which have a lot of responsibility. I think it is only in order to have the man or the woman who is running that particular authority have some basic qualifications -- minimum qualifications -- and, as you pointed out before, have some managerial skills. Maybe that is about all we are looking for, I don't know. But I think some of that should be spelled out. But again, Ellen, your point is well taken. The smaller authorities--

ASSEMBLYMAN ROONEY: Some of our comments are: "At the Director's discretion, working experience may be substituted for the specialized college education." That is the flexibility. It is at the Director's discretion. So, we are leaving some flexibility. Yeah, we may want to differentiate the larger counties from the smaller counties. That is perfectly valid reasoning.

ASSEMBLYMAN HUDAK: Some qualifications built in show the managerial skills, you know, involved in that particular position. Again, I think, though, we can go a long way in satisfying some of the things that Ellen is unhappy with relative to the smaller authorities. Again, we can work on that end, if we put some other controls in.

MS. GULBINSKY: A-3526 requires certain authorities to obtain merit system board approval for positions in unclassified service. AANJ feels that the Civil Service Law in existence applies to all governmental entities in its jurisdiction. If the requirement in this bill is already a statewide Civil Service requirement, authorities will comply because it is part of the Civil Service requirements. But authorities should not have Civil Service requirements in excess of what other Civil Service participants are doing. So, if this bill is consistent with what everybody else under Civil Service is doing, we have no problems with it. But if we are singled out separately to do something that other governmental entities are not doing--

ASSEMBLYMAN ROONEY: Again, this was a bill to correct a lot of the loopholes in the Civil Service structure and basically to close them. Civil Service says you can have one unclassified position per department, and all of your management people are in the unclassified service. I'll give you a good example -- my best example of the worst. In an authority of approximately 300 people, we have 50 unclassified positions. Now, there are only 10 departments at best. That means there are 40 unclassified managers. That is just not true. These were positions that were put in in a patronage situation. Civil Service right now is investigating. The union is filing grievances against the positions, and eventually it may be checked. But what we are trying to do is give another look-see at a merit system board, to say, yes, the authority is correct, or they are wrong.

Right now, the Civil Service System may be bogged down with some of the problems we have. But what we are trying to do is eliminate it. The unclassified, in a lot of cases, are the unqualified, are the patronage positions. These are the ones we really have problems with. These are the ones that, you know-- There is where the rub is. That is where the

patronage people go, into the unclassified category. We've got to show the public that this is where we are going to come down. We are not going to be putting people on the payroll who are not earning their keep.

There's got to be some way to do it. If you have a better way, we are willing to talk to you.

MS. GULBINSKY: I think that is a double-edged sword. I hear it from the other side, where the manager needs an individual with particular qualifications, and Civil Service doesn't have a test. Civil Service--

ASSEMBLYMAN ROONEY: Great. That is why a merit system board is the place to go for him, to go beyond the Civil Service test or the categorization. That is why we are creating this board.

MS. GULBINSKY: Or, the qualification that is there, or the salary that is there, is not commensurate with what is being offered out in private industry. So you can't attract that individual in. Those are some of the things I have heard that have been problems with Civil Service -- the slow movement of the whole system that way. That has been the subject of two Governors trying to reform Civil Service and trying to do something with it. Frankly, you know, later on, when you refer to the other part of Civil Service, I can understand why a number of the authorities that were left out of the Civil Service requirement, fought very valiantly to stay out of it, because they feel that they have good, trained, hard-working personnel, based on the fact that they are not under Civil Service. That is their feeling, that they have done well by virtue of the fact that they have not had to conform to the red tape that is involved in Civil Service, but instead established their own job descriptions and their own criteria, and are functioning well, based on the fact that they move their people ahead and train their people and so forth.

As I said, it is a double-edged sword here with Civil Service. I understand what you are trying to correct by the system, but I have seen as many abuses through this system where you are forced to hold on to somebody who no longer is retraining and keeping up with the needs and expansions of what is going on, and they are entrenched in Civil Service. They are not functioning for you, but they are protected. So, it's two-edged. We could go on for days. I'm sure the Legislature has done that.

ASSEMBLYMAN ROONEY: Yeah, I think there is a major debate brewing on that one.

MS. GULBINSKY: They have done it for days, too, yes -- for years -- trying to decide what to do about that.

ASSEMBLYMAN ROONEY: Again, that is something-- I think the merit system board is good. The argument you make, whether everyone should be under Civil Service or not-- That's another argument. The alternative is to give me the qualifications, the job description, that I am looking for, not to take a system that is not Civil Service. Civil Service, in order to come into it, you have to prove that you have the qualifications up-front. Then, in order to advance through it, you have to pass the tests that they establish. To me, that is a good way to do it. If you want to do it your own way and still have those qualifications and the merit increases, and the show me type of thing, I have a little problem with that. Give me an alternate system.

MS. GULBINSKY: My understanding is that the authorities do that, based on the fact that they have to by law -- by labor relations law. It is to the authority's benefit and to the manager's benefit, and protection of the authority, to have a job description, and to lay out the person's responsibilities, because if you want to discharge someone, you have to show that they are not performing their duties. So, most authorities, if they don't have the Civil Service

requirement, still go ahead and put a description in there, because otherwise they have a problem managing their personnel. It is just a good personnel management requirement to do that.

ASSEMBLYMAN ROONEY: I've got to throw this in; I really have to throw it in. We had an unclassified worker at the BCUA who belonged to the union, who was arrested with his entire family for being a major drug dealer in Bergen County. They couldn't fire him properly, that's how bad it was, even though he was unclassified and was serving at the pleasure of the authority. Now, two or three years later, from prison he is saying that he was fired improperly, and he wants all of his back salary, and when he gets out, he wants his job back. So, tell me how well defined a-- This is a true story. I can go into all of the details. It is now happening. What you're saying may be great. It's the same thing. We're putting things on paper that may not be correct. They may not be right, but what you are saying is just as incorrect as to actual, practical happenings out there. Maybe a couple of the authorities you are talking about do it and are great. Maybe some of your board members who are at those authorities do a great job, but there are a lot of authorities out there that are not doing it. They are not hacking it. I'm talking about major, major authorities. There's got to be some corrective legislation.

We could go on. We'll argue that point as the--

MS. GULBINSKY: Yeah, I don't know how we count situations or decide that way.

ASSEMBLYMAN ROONEY: We'll trade war stories.  
(laughter)

MS. GULBINSKY: Okay. A-3527 limits the holdover period for members--

ASSEMBLYMAN ROONEY: You don't like any of our bills.

MS. GULBINSKY: No, I'm not saying we dislike them. You asked for a comments on each one. These are comments. These are not-- There are only two that are obviously awful.

ASSEMBLYMAN ROONEY: Uh, oh, obviously awful.

MS. GULBINSKY: A-3527 limits the holdover period for members of sewerage authorities and utility authorities to no more than 60 days. AANJ is not aware of a problem with holdovers. Our concern is that the seat may be vacant and authority business may not be conducted if quorums are not there. That is a concern. We don't want to be stifled in business that is going on. We understand the objective of what you are trying to do with the holdover but, by the same token, there is a job to be done.

ASSEMBLYMAN ROONEY: Again, I happen to like the bill. It is a situation where you may have a minority county executive doing the appointing, and the board of freeholders may say, "No, we don't want that person." If it is a holdover situation, the person holds over forever, rather than have the term end and have the new person come it. It should be the majority ruling in that case. It should be the person sitting there. If we put this law in, believe me they will find someone who is suitable as the person to fit the seat. It just forces it into that position. It happens on municipal utility authorities probably more than on county, but it could happen on county. We have a county executive with advice and consent of the freeholders. That is really the purpose of it.

MS. GULBINSKY: A-3528 requires reexamination of operators of treatment systems once every five years. Operator qualifications and education are a great concern to the Authorities Association of New Jersey. AANJ serves on a committee established by former Commissioner Richard Dewling to study and make recommendations regarding operator training. Operator training has had a low priority in this State. Rutgers University has a very, very small program which is in

jeopardy. That is my understanding. It was carried out by one professor, who is retiring from Rutgers University. The budget was \$60,000. He just admitted to us so many times that that was just not enough to handle this program. It is grossly inadequate. The training has not been uniform. They have not used the same kind of textbooks, the same kind of materials, or the same kind of presentation across the State with the operator training courses.

So, the Legislature's help in providing a sound and consistent program for training operators would be most appreciated. Our hope is that now that we have changed commissioners, the importance of this project is not going to be lost. I have no reading on that. I have not discussed it with Commissioner Daggett just yet -- or Acting Commissioner Daggett. But the industry, right now, really needs attention to training, more so than we need testing, because I'm sure the testing requirement will be met, and will do very nicely, after there is a good training requirement. Right now, in all fairness to the industry, it would be very unfair to the operators to subject them to a test like this, when the programs and their abilities to be able to be trained, have been very inadequate. That has been a major problem.

Our discharge permit fees have gone up 400% in the last four years. Some of the authorities are paying in excess of \$100,000 to DEP for NJPDES permits. We have said, "Well, how about at least putting a training program together as part of that? If we have to put the money in, give us something that would really, really help us, which would be to train our operators." So, those are some things that I would like-- If you would help us with that in this bill, that would be greatly appreciated. I think it would do wonders for running all of our treatment plants.

ASSEMBLYMAN DUCH: Mr. Chairman, I think that is a very good point. I think it is well taken. If we could work

something in there regarding training, or if we have to work with another committee regarding expanding the program at Rutgers-- I think we should look into that.

ASSEMBLYMAN ROONEY: Okay. Just as an afterthought, I believe Mr. Kennedy, who is our aide on this Committee, said that DEP was interested in this bill. They were the ones who recommended it, just so you are aware that that is where it came from. It did not come from the Committee members themselves. I believe they were at one of the hearings and said that this is necessary. So, you know, we could look at an appropriation for training, and work something out. Any suggestions you have, please get back to us.

MS. GULBINSKY: Okay.

ASSEMBLYMAN ROONEY: You might have liked that one, though.

MS. GULBINSKY: Yes, yes. A-3529 requires weekly unannounced inspections by DEP of certain sewage and municipal utilities construction projects, and appropriates \$95,000. The unannounced inspections-- It is my understanding that this is required under the construction program right now; that the Department, as they are overseeing the construction of new projects, always comes out. Now, that is my understanding.

ASSEMBLYMAN HUDAK: Well, they don't necessarily come out weekly, though. That is the problem.

ASSEMBLYMAN ROONEY: They don't let them out, let me tell you. They don't come out.

ASSEMBLYMAN HUDAK: Well, with the moneys that are being spent today on behalf of our citizens, on incinerators and things of that nature, it is just too much money, and too many environmental problems that can be incurred later on because of some malfunctioning equipment or something that was not done correctly. We just want to make sure that DEP gives their stamp of approval weekly at that construction site. I think it is for the benefit of not only the people who are

going to be working there, but for the people who are living in and around the facility. We want that protection. I think people are entitled to it.

ASSEMBLYMAN ROONEY: Just to give you a good example of where I am coming from on this one, on one of the jobs they did in Bergen there was a machine shop. It wound up that they substituted machinery that came from Poland for machinery that was specified.

ASSEMBLYMAN HUDAK: Do you have something against Polish people?

ASSEMBLYMAN ROONEY: No, but I do have a problem about spending taxpayers' money for Communist stuff -- machinery. It was prior to Lech Walesa. This goes back to '78, '79, whenever it was ordered. It was a joke that we spent that kind of money. When we finally got everything together, the equipment was worth over \$300,000 less than the equivalent American machinery that was bid on the job, and was supposedly in prospect. The substitution was made and, unfortunately, was approved by the authority engineer. The authority never realized any savings back. I objected to that until the last few months, where they never got any of that \$300,000 back on the contract. So, I know authorities real well. Again, the best example of the worst.

But, yeah, they should be there weekly on a major project like that. The problem I find is that even the local inspectors, let's say the building inspectors in the town, the electrical inspectors, look for the DEP people, and they never see them. They don't come when they are supposed to. They don't go and review the specs with them. They don't review what they are supposed to be reviewing. So, I've got some problems with that. Next?

MS. GULBINSKY: Just as an aside on inspections like that, George McCann is asking the Authorities Association to help with a program to help his inspectors. We have offered

our facilities, and he will do on-the-job training at various facilities. So, basically we are going to be training our enforcers these days.

ASSEMBLYMAN ROONEY: Okay.

MS. GULBINSKY: A-3530 places certain authorities under Civil Service jurisdiction and limits holdovers of members to 60 days. Again, the individuality of each authority has determined that some are under Civil Service, and some are not. No doubt the arguments for and against Civil Service are familiar to legislators and, therefore, I am not going to go into them now. The right of the authorities to choose Civil Service has already been established in law and in court precedent. AANJ supports the right of autonomous authorities to choose Civil Service jurisdiction or not, if it is working well for them. I have heard cases on both sides of the fence.

ASSEMBLYMAN ROONEY: But that was under the old law. All of the court decisions were under the old Civil Service Law. It's a new Civil Service Law. We'll try it. What the heck.

MS. GULBINSKY: A-3531 establishes the State Commission on Authority Ethics.

ASSEMBLYMAN ROONEY: Excuse me, let's back up. How about the terms of the members? You didn't really say anything about that.

MS. GULBINSKY: Yeah, I think I did once before. Those 60 days-- If you feel that--

ASSEMBLYMAN ROONEY: Okay, the holdovers. Okay, that is in here also, yeah.

MS. GULBINSKY: You explained what you need to do on that. We said we would let the Counties and the League of Municipalities work with that, if they feel there is a problem with it.

ASSEMBLYMAN ROONEY: All right. No, I was thinking of another bill. Okay, sorry.

MS. GULBINSKY: A-3531 establishes the State Commission on Authority Ethics. My question here is, is this bill necessary? I had a visit from a gentleman the other day who represented the State Executive Commission on Ethical Standards. He came to inform me that the authorities are all under this material. I said to him, "Please give me an article for my newsletter that describes what is involved here, what the authorities need to know about this." I understand he is supposed to handle conflicts of interest and disclosure items. He explained all about the new disclosure that is required under the bylaws of the Commission. My understanding is that if there is any problem, any abridgment of ethics, it can be handled through the courts, through the appointing body, and through the Legislature, in the sense that the Legislature can hold a hearing, and certainly the press will be on the job on a lot of these things, going after individuals.

I just wonder now, with all of these vehicles, you know, why do we need another one now, and why authorities only?

ASSEMBLYMAN ROONEY: Let me explain that to you. When we were doing the public hearings on this, I had a meeting with the League of Women Voters and we reviewed this. Senator Contillo's aide was at the meeting. This goes back to the spring of this year. I discussed this very thing, that we were looking at a Commission on Authority Ethics. We were looking at a lot of things that would really do something for the authorities. Right after that, Senator Contillo introduced his bill. That was ethics for counties. It was more inclusive than what we were looking at. We would have spread it to the counties and other areas. This bill will probably start to look like the same bill as the Contillo bill -- in fact, it was supposed to -- covering county employees all the way down. It will be an ethics bill that will not be limited to just authorities. It will be for everyone. It will get into the other areas -- the disclosure statements, gifts, that

particular area. This is really a package of three bills. We will be looking at it as a package. But it will be very, very closely tied to the Contillo bill. Whether it will come through at the same time or not, we don't know. It depends on where his bill is heading.

So, one way or another, you are not going to have two different ethics bills. You are going to have one package.

MS. GULBINSKY: Understand, we have no problem with ethics.

ASSEMBLYMAN ROONEY: I hope not.

MS. GULBINSKY: That is the name of the game, right?

ASSEMBLYMAN ROONEY: Right.

MS. GULBINSKY: But the problem is, we just don't want to be singled out, as if, you know, something is going on out there among the authorities that is not also equally a problem among other governmental entities.

A-3532 requires disclosure statements of authority members. Authorities which receive Federal money already are required to do this.

ASSEMBLYMAN ROONEY: Can you tell me one authority today that's receiving Federal money?

MS. GULBINSKY: Camden County.

ASSEMBLYMAN ROONEY: Okay. That is the only one that is receiving it, because it is a distressed county.

MS. GULBINSKY: Cape May is also receiving it. They just signed off on their grants. Yeah, they are.

ASSEMBLYMAN ROONEY: Somebody is still receiving it?

MS. GULBINSKY: Right. I throw this out to you, and we would have to ask this of Dirk Hofman, but my understanding is, the problem with the revolving funds and the Wastewater Trust money-- There has been this ongoing debate, when do Federal funds become State funds? The answer of the Federal government is, "Never." If you leverage and you continue to circulate Federal money, it is always Federal money.

Therefore, Federal requirements all have to be obeyed. Therefore, for everybody under the Wastewater Trust that receives a grant, I would assume this would apply.

ASSEMBLYMAN ROONEY: There are so few that are receiving any grants under the Wastewater Trust any more, that it's really--

MS. GULBINSKY: The money. I mean loans, even loans. The loan money, when it is returned in there, is still-- Even the loan money is considered to be still Federal dollars.

ASSEMBLYMAN ROONEY: Again, I sat as a Commissioner on the Bergen County Utility Authority for five years. My term ended in February of this year. I have never received any disclosure statement. Never made any disclosure statement; have never been involved in any rules of ethics; have never been told of anything like that, and that's typical. It's still not happening. Many authorities up north do not have this Federal requirement. As a legislator, I have to go through a very, very long, involved procedure on disclosure. Everyone here has to do that. They don't ask you how much you receive, but any sources of income in excess of \$2000, any honorariums over \$200, have to be disclosed. That's all I ask. I don't ask of the authorities anything more, or less, than I, as a legislator, have to fill out.

MS. GULBINSKY: No problem there.

ASSEMBLYMAN ROONEY: That would be something that we would, I think, tailor this package of bills to.

MS. GULBINSKY: Okay. A-3534 provides that acceptance of gifts or favors by members of certain authorities which were offered to influence duties shall be considered misconduct of office. AANJ feels this law is unnecessary, only because existing criminal statutes under N.J.S. 2C:27-6 already provide for criminal penalties. It's there.

ASSEMBLYMAN DUCH: I think this will just serve as a friendly reminder, though. (laughter)

MS. GULBINSKY: So you ought to restate.

ASSEMBLYMAN ROONEY: Maybe not too friendly.

MS. GULBINSKY: That's definitely your option.

A-3535 places a limit on the amount of supplemental compensation an authority may pay to an employee upon retirement. The limit is \$15,000 for accumulated sick leave and one year's vacation time. If this is a statewide policy-- Here again, as long as we are covered by the State policies and not discriminated against, fine. Okay?

ASSEMBLYMAN HUDAK: It is State policy. I think the municipal governments' are even tighter.

ASSEMBLYMAN ROONEY: Yeah. In fact, the other thing that is happening is, Assemblyman Pat Schuber, who chairs the Independent Authorities Committee-- This is exactly what he is looking at. I think the bill is tailored to keep them both in line. I may have a problem with the \$15,000 limit. What I might say is, a maximum number of days may be accumulated at the salary rate for those days. That might be more fair, because the \$15,000-- Who knows, 10 years from now, \$15,000 might be, like, what you have to put in a telephone. We don't know.

I would rather see it based on a number of days' pay, you know, 20 days, 30 days, 40 days, 60 days, whatever the number is. Say that you can accumulate only up to so many days' salary at the current year's rate. I might have a problem, too.

ASSEMBLYMAN DUCH: Let me ask you a question. Suppose a man or a woman is making \$25,000, and another one is making \$125,000. When they accumulate that number of days, this guy, or lady, is going to retire with \$100,000 in their pocket again, whereas with the other, conversely speaking, you know, they would retire with \$15,000. I don't think that is fair. There's got to be a monetary limit on that, I believe. The State has it. Some municipalities have it.

ASSEMBLYMAN ROONEY: Again, we can debate it. The only thing is, it takes a lot less time for someone making \$100,000 to accumulate 15.

ASSEMBLYMAN DUCH: Well, sick days are a gift anyway.

ASSEMBLYMAN ROONEY: Yeah. This is also vacation -- sick leave and vacation time.

ASSEMBLYMAN DUCH: One year's vacation time.

ASSEMBLYMAN ROONEY: And one year's vacation. I don't know, is it one year?

ASSEMBLYMAN DUCH: Yeah, one year's vacation time.

MS. GULBINSKY: Yeah, one year's vacation.

ASSEMBLYMAN DUCH: Who in the world builds up a year's vacation?

ASSEMBLYMAN ROONEY: No, that's whatever the vacation time was for the one year. If he gets four weeks in a year, that is all he can accumulate -- four weeks of salary.

ASSEMBLYMAN DUCH: Right, okay.

ASSEMBLYMAN ROONEY: We'll have to define that a little bit better. A-3536?

MS. GULBINSKY: A-3536 would require authorities to sell their bonds at public sale. This is another critical bill for us, one we have serious reservations about. AANJ strongly objects. The current practice of negotiating bond sales allows authorities to sell bonds during optimum market conditions. Authorities can delay or accelerate financings to take advantage of the market. Selling bonds at public sale would mean either acceptance or rejection of bids. If bids were rejected, a re-bid would be required and conditions could be less favorable.

Most authority financings are complex issues. They require agreements among several parties, including trustees, credit facilities, underwriters, and the issuer. These complex issues do not lend themselves to competitive sealed bid proposals. Solid waste issues, for example -- and, boy, they

are involved -- require underwriters to spend several months, and perhaps years, on a project. They do not receive a consulting fee, but rather are paid a commission from the sale of the bonds. Investment banking firms would be unwilling to take on this type of a project without the assurance of an eventual bond sale. This bill could seriously impact the way authorities finance projects and ultimately result in additional cost to project users.

In essence what would happen is, this would disarm the authority. This is the main reason that authorities are created. Aside from the fact that sometimes they take on the tough issues and do the siting for you, the big thing is that their financing capability is there. This would really take it away. You know, our bond counsels in the Department of the Treasury will probably say a little bit more on that. But that is the main problem with that bill.

ASSEMBLYMAN ROONEY: Okay. We just realized that we do not have that bill in our packet, for some reason. This is one that I was interested in. I see some of the things that are possible abuses of the system, where instead of going out and bidding for the services of a bonding company -- you know, prequalifying several bonding companies, and saying, "Okay, let's bid for it," at whatever rate, and getting the rate down-- A lot of times it is the person who is closest to the political party that is given the bond issue, and then maybe the 1-1/2% commission they get for holding the book, whereas if they bid it, I have seen situations where it has been as low as 1/2%. So one point, when you are talking a \$400 million issue, is a big, big number. That is where I was interested in going to a bidding for selecting your underwriters. That is number one.

The second issue is the fact that with these negotiated settlements-- I just saw one bond issue at \$137 million. The spread was 15/70, and they came in in the middle

of the issue. Yet the issue was one of the largest for that particular week. At \$137 million, it was probably the fifth largest issue out of roughly 100 issues. They were right in the middle of the spread, where a \$200 million issue was very similar in the spread. In other words, what I'm saying is, if you understand the bonding community, the price per bond that that underwriter got for \$137 million was exorbitantly high. Because it was not bid, it was not really negotiated with any competition around. It was handed to him as a patronage bonus. That's all it was. It was understood as that. He got it. The authority paid more on the spread, and probably paid more on the interest rate because of it. It happens not only on my best example of the worst; it happens all over the State.

I would rather see where you prequalify certain underwriters, and say, "Here is our issue. We are going out." You bid it to that underwriter. If you are going to go on a negotiated type of deal, let the underwriters bid it first for the commission rate. Get that commission rate down.

Secondly, if you are not going to do that, then go out and bid the bonds themselves on the public market, instead of having a bunch of underwriters sitting around at the table, saying, "Oh yeah, that's not too bad. We'll take that. We can put it in our portfolio, and it is a high interest rate." It's really not the competitive system. This looks like something that was made in Japan, where today you get a job, and tomorrow you get it. That is the way it is. They are monopoly bonding companies monopolizing. They are doing it because they are allowed to by the authorities, which have nobody to answer to, which should be required. This was part of a package that was recommended, again, by Barry Skokowski and Local Government Services. It may not be the total answer. Maybe we should get additional information from them on how to correct it, but it was recommended.

That is the last bill in the package you are talking about. My aide was kind enough to remind me -- thank you, Susan -- that some of the other things that have been brought up today -- ethics, membership qualifications, educational qualifications of members -- were brought up, again, not by us entirely, but were brought to our attention by the State Commission of Investigation. When they did their review of authorities back in 1982, they had a multi-page report that said, "These are the things that are wrong," and that was after many, many scandals within the authorities.

MS. GULBINSKY: And they passed the Local Authorities Finance Act as a result of that.

ASSEMBLYMAN ROONEY: That was the only thing that came out of the entire report, where there must have been about 10 pieces of legislation recommended by the SCI, saying, "This is what you should do to reform these people." We only passed one.

MS. GULBINSKY: But you are making an assumption that the authorities didn't change as a result of that study; that their methods were not changed. I think if you look at what is going on across the State-- I know you are really familiar with one particular situation you had a bad experience on--

ASSEMBLYMAN ROONEY: Right, I had a bad experience.

MS. GULBINSKY: --but I am speaking for 115 of them. I know these management practices. This is what our Association is about. We have these meetings four times a year. We bring up the finance people, and the bond counsels stand there and tell them how to negotiate, how to go for better agreements, how to try to find the best individuals to come forward to work for the authorities. They make these generic talks on how to go about beginning to put your team together for your bonding. Those are subjects we do. We cover all those forms of management issues that come out with the Authorities Association. That is our goal; to constantly remind our managers to queue up their skills, and to find out

exactly what they need, in order to handle the various situations. Public relations-- We cover a lot of situations like that.

The SCI hearings-- I read about them when I came on board with the Authorities Association, but those recommendations that may have been needed in 1982-- I think 1988 is a very different situation -- a very different environment.

ASSEMBLYMAN ROONEY: Again, from my own experience -- and I speak only from what I have had personal experience with -- I think it is probably more necessary today than it might have been then, in some cases. The things I am seeing in my own county are things that scare the hell out of me. I think the public should be outraged at what happens at the Bergen County Utilities Authority, because it is just costing them millions and millions of extra dollars per year. It is not necessary.

I don't know how many people attend your meetings when you have these experts in, but I'm sure there is no one from Bergen County there.

MS. GULBINSKY: Oh, yeah, they are. They do attend.

ASSEMBLYMAN ROONEY: Well, I don't know. They may not be listening if they are there, because they have not been bringing back the message. It is an agency that is going downhill. They need correction, and I think there are a few others like them. I think we have to put legislation in place that will give them credibility, you know, for one thing. I don't say that this is all legislation to punish them. It shouldn't be that way. What it is, is guidelines that they should operate within -- financial disclosure, financial responsibility. These are things that we have to do as legislators, the county officials have to do. Why not authority members? It's the easiest thing.

I come from the private sector. Most of my thinking is from the private sector. I am in business; I am in sales.

I have to go out and participate in public bidding, and bidding, you know, with private people also. I think that should be the way. We should not be just going out and saying, "You get this one, you get that one." The only reason they are getting it is because of their political affiliation. That's not right. We should be giving the public a better shake. Maybe if we prequalify it among three or four or five people, and they may be politically connected, we can be sure that we are going to get a better bid, or a lower price or better price. Suppose we prequalify it, get the right people involved in it? There are a lot of things that have to be corrected. The SCI said it. They said it in no uncertain terms when they were at the first hearings. But, it hasn't changed that much. In some cases, it is worse than it ever was. It is just that today there is so much going on, maybe we are not seeing a lot of it.

These authorities, you know, 10, 20 years ago, were just dealing with sewage and some of those problems. The landfills were not a big deal. Now, you're talking about situations where-- You know, you have a whole different industry. The garbage industry is an industry within itself.

MS. GULBINSKY: Recycling.

ASSEMBLYMAN ROONEY: Yeah, recycling. Everything is becoming a specialized industry. It is going to cost more for medical waste. Some people now are saying that maybe all of this medical waste that is washing up on our shores is a plant, to develop another industry, so that we will pay more to get rid of it. It's a whole new industry that will be created because of its washing up on the shore. It never happened before this year. We didn't see syringes and stuff.

I don't know what the answers are. We have to start with the basic problems we see in these agencies. We have to pull them under control. There has to be something to say, "Hey, wait a minute." Let's give them a little bit better

reputation than they have had. I agree with you on some of the things you said -- a lot of the things you said on the siting. We can't take the autonomy away from them. They have to be autonomous in order to site. We all know damned well, as politicians, that we are going to do the most expedient thing for our constituents. If someone was going to site a resource recovery plant in my town, I would be the first one out there complaining about it, and screaming about it. But, it has to go somewhere, and you have to have those autonomous bodies to do it.

But, some of the other stuff-- They have to be held accountable. Yes, Tom?

ASSEMBLYMAN DUCH: To echo the comments of the Chairman, I also come from Bergen County, and the Bergen County Utilities Authority is a glaring example of what is wrong with authorities -- what is wrong, and why some regulation and some additional accountability is required. We are coming from that mentality where we are seeing jobs created at costs of millions of dollars to people, very high-paying jobs, with no public notice, no time for a public outcry. It is a terrible, terrible situation.

The Bergen County Utilities Authority is an absolute aberration. We considered some of the remarks of the State Commission of Investigation in drafting some of this legislation, which is a responsible response to make sure that authorities are held as accountable as regular public bodies would be -- as a governing body would be in a municipality, and as we are as legislators.

ASSEMBLYMAN ROONEY: George?

ASSEMBLYMAN HUDAK: I think, in summation, we want no more for authorities than for municipalities and counties -- the rules and regs they operate under.

Ellen, I appreciate your remarks. I think you did a very fine job representing your particular Association. Thank you for coming.

ASSEMBLYMAN ROONEY: Skip?

ASSEMBLYMAN CIMINO: Ellen, I, too, would like to say thank you very, very much for your comments. I think some of your comments were very timely and very helpful. While I don't serve on this Committee, my ultimate goal is to see that authorities are held to the very intense same public scrutiny that elected legislative bodies and elected executives are held to. I think this legislation, tied in with the comments we have heard about the SCI, to a large extent, moves us closer to that. Quite frankly, I think there is, within the public's perception, some concern where authorities exist, particularly with some of the things that have come to light recently. While that does not impact, perhaps, on any of the authorities that you represent, there have been major authorities in this State that have virtually abused their power, and have been less than frank with the people of this State, and that is unfortunate.

MS. GULBINSKY: Thank you very much.

ASSEMBLYMAN ROONEY: Does anyone else have any testimony to bring forth? Yes?

A L L E N C H I N: Do I have to be sworn in?

ASSEMBLYMAN ROONEY: No. Just give us your name and who you represent.

MR. CHIN: Thank you, Assemblyman Rooney. My name is Allen Chin. I am Chairman of the Rahway Valley Sewage Authority. I was just called at my office late this afternoon and told that there was a hearing tonight. I have not read any of the laws. I just briefly read these laws five minutes ago.

I am the former Mayor of Westfield, New Jersey. I am familiar with elected officials' problems and responsibilities, and I commend you for holding this hearing.

The comments I have are just based on a two-minute review of what I read so far, and on the testimony by the AANJ. I assume all of you folks are aware that proposed

legislation, if it is not passed already, about State mandates, State pay-- I assume you are also aware that all of these things you mandate now will cost the New Jersey State taxpayers money, such things as public hearings and annual budgets, which will require lawyers to attend. Obviously, lawyers keep their cash registers ringing every time they attend a meeting.

Assembly Bill 3520 -- a governing body of an authority may veto minutes. Now, with the Rahway Valley Sewage Authority, we are small business, in a sense. We are not a big authority. I know what you are looking at in terms of larger authorities. We have nine members on the Rahway Valley Sewage Authority -- nine towns. If each governing body has the authority to veto minutes, we won't get anything done. If vetoing minutes means inaction, like the Governors of New Jersey and New York with the Port Authority, we will suffer from inaction. That means that any one of nine communities in the Rahway Valley Sewage Authority can veto minutes. Is this what you intend?

Assembly Bill 3522 requires commissioners of authorities to be citizens and have a B.A. degree or substitute experience. You have talked a lot about what you expect of yourselves versus authorities. Is it required that elected officials have to have a B.A. degree? I have a Bachelor of Science, a Master of Science, and a P.E. If I read this correctly, I would not be eligible to be commissioner.

ASSEMBLYMAN ROONEY: Or equivalent experience.

MR. CHIN: Oh, equivalent experience.

ASSEMBLYMAN ROONEY: That's in there, equivalent experience.

MR. CHIN: Who is going to determine that?

ASSEMBLYMAN ROONEY: Well, I think your qualifications are far in excess of what we require.

MR. CHIN: But does it just say B.A. degree?

ASSEMBLYMAN ROONEY: No, it says "equivalent."

MR. CHIN: If you want to have that, I think you should--

ASSEMBLYMAN DUCH: Substitute experience.

ASSEMBLYMAN ROONEY: Basically it says: "has graduated from a four year course at a college of recognized standing with a bachelor's degree. A person who does not meet the college education requirement may substitute, on a year-for-year basis, experience as a member of any board or authority with responsibilities that are the same or similar to those of an authority member." So, it gives a pretty wide-open situation.

MR. CHIN: Okay. As an Assemblyman, is it a requirement to have a B.A. degree or a B.S. degree?

ASSEMBLYMAN ROONEY: There is a little bit of a difference between an elected official and an appointed official.

MR. CHIN: Yes, I understand, but you--

ASSEMBLYMAN ROONEY: We have to stand the ultimate test as to whether the electorate is going to put their vote in there for you or not.

MR. CHIN: --have made a big case that everything you do, you want to pass on to the authorities. So I think it goes both ways, in a sense. If you want to make requirements for the authorities, I think maybe you ought to look at your own requirements. I don't know.

ASSEMBLYMAN ROONEY: Well actually, to go one step further with that--

ASSEMBLYMAN DUCH: Some people are.

ASSEMBLYMAN ROONEY: To go one step further, at one time during these hearings, I recommended that perhaps the commissioners stand for election. Then we could forget about any requirements. Do it the same way the Legislature does.

MR. CHIN: Right.

ASSEMBLYMAN ROONEY: I remind you that at one time in New Jersey, you had water commissioners and sewer commissioners on the ballot. One of the reasons they didn't like it was because the ballot was a mile long at the time, and you were down at the bottom. I have no problem with, if you stand for election, let the people say whether you are qualified or not.

MR. CHIN: Okay. A-3523 would remove members who miss three consecutive meetings. I can tell you that some of the authorities-- In my particular case, I have a full-time job in New York, which requires me to travel sometimes, in which case I may miss three consecutive meetings. What is the purpose of this? Maybe to get out the people who really want to be on an authority to maybe get some pay, and really don't make meetings. But there are conditions where people who work full-time may have to miss three consecutive meetings. So, what does this do? It takes away some of the members who have the good experience and the full background of things that have been going on for a year or two or three -- construction projects and so forth. I don't really see the purpose of this. I think it would be up to the municipal government to dismiss the people, rather than having this three consecutive meetings thing.

ASSEMBLYMAN ROONEY: Some of the background on that is, we were looking at some authorities that meet basically 12 times a year, once a month roughly. If you miss three months' worth of meetings, that is a considerable amount. What we were looking at was possibly eliminating the alternates, because that is a cost to the taxpayers; eliminating the alternates, which were the extra two members, getting it back down to nine, but making sure that those nine members attended. There would then be no need for alternates. If someone is missing three months' worth of meetings, I think that is a problem. What we are looking for is a 75% attendance record. That is basically what-- In fact, it says in the bill: "Does not attend at

least 75% of the meetings held in a calendar year." So that would be three meetings on a monthly basis.

MR. CHIN: All right. Again I ask, does the Assembly have the same requirement?

ASSEMBLYMAN ROONEY: The Republicans do, at the present time. We better be there, we only have 41 votes.

MR. CHIN: A-3527, holdovers of no more than 60 days. In a particular case in my authority, we have a holdover for more than 60 days, mainly because the governing body has not seen fit to appoint a replacement. She has been an important vote. Without her vote, we probably wouldn't have a quorum sometimes or, you know, be able to conduct meaningful business. So I don't see any purpose that serves.

ASSEMBLYMAN ROONEY: Well, there is no purpose in her being a holdover. If she is a qualified person, she should be reappointed. Someone should reappoint her.

MR. CHIN: I would think that if it is the prerogative of the governing body and the mayor to appoint them, then let them have the prerogative of holding them over or keeping them on. Let that be up to them.

ASSEMBLYMAN HUDAK: For how long? How long would you recommend that they be held over?

MR. CHIN: I would say at least a minimum of 90 days. I don't know what the magic number of 60 days is. I think 90 days would give it three months time. If the mayor doesn't make his decision, that's his problem.

ASSEMBLYMAN HUDAK: That's just a matter of numbers.

MR. CHIN: Yeah.

ASSEMBLYMAN HUDAK: We could accommodate 90 days then. It doesn't make any difference.

MR. CHIN: I think some of the mayors regard the appointment of the sewage authorities as one of the bottom--

ASSEMBLYMAN ROONEY: We could move it up to the top very quickly, but at the 60-day period.

MR. CHIN: Anyway, it really doesn't get the attention of the mayors. That is all I'm saying.

Ethics-- We at Rahway Valley signed an ethics statement and so forth. Assembly Bill 3532, disclosure statements. This interests me. The big Rahway Valley Sewerage Authority pays its members \$600 a year, and pays its Chairman \$2000. Do you really want disclosure statements from these people? You said you have to disclose. What are you guys making, \$18,000, \$20,000 a year, or whatever it is? There has to be some relationship as to-- They are close to being volunteers versus being paid members of an authority.

ASSEMBLYMAN ROONEY: The point is not what you get in remuneration. The possibility is what you can get in graft. That is what the purpose is -- if there is a potential for conflict. We have to disclose not how much we make. It is anything over \$2000 a year. We just have to say who it is from. I put the company I work for. I don't have to put the amount I make. It just says, salary, commissions, royalties, bonuses, rents. You just say where you get it from -- which company. So this way, at a glance, you know basically -- the people in Legislative Services know -- if there is anything that comes up as a vote, if there might be a conflict. This is what we are looking at.

Let's say you are on the board of directors of a bank, you're a director. You don't make much of a salary as a director, let's put it that way, and you don't make much salary as a commissioner. But let's say the commission is dealing with your bank, and putting millions of dollars' worth of their money into that bank. You, personally, could profit from it, even though you are only making \$600 a year from the commission, as a bank director. That is where the danger is.

MR. CHIN: I see the other danger of getting enough people, in the sense of those authorities which do not pay their members very adequately. It is really close to being a

volunteer position. You may scare away a lot of good people from volunteering.

ASSEMBLYMAN DUCH: I think that is the intent of your statement, scaring away people. I happen to agree with you to some degree. But the disclosure forms we have in the Legislature are very, very simple. I don't think it would create much of a hardship.

MR. CHIN: I don't think we have a problem with it. It is just, you know-- When you talk about different authorities, you have to realize there is a wide pay scale range among authority members.

Assembly Bill 3534 provides that acceptance of gifts or favors by members is considered misconduct. I agree with that. I would also say, look at yourselves, as elected officials. I know it's nice to go to football games as guests of the lobbying institutions, and everything else. Is that considered gifts or favors? That is something to be looked at, not only with authority members, but with elected officials.

I think some of these are well-intentioned, but I know in my particular case, the Rahway Valley Sewage Authority, they really do not fit.

I thank you for your time and attention. My comments were not meant to be derogatory in any sense. They were just meant to indicate that there are degrees of authority membership throughout New Jersey. I would hope you would recognize that some of them are close to being volunteer positions. Some of them are well paid obviously, but there are situations where some of these may not be really applicable, in a sense, although well-intentioned.

Thanks very much.

ASSEMBLYMAN ROONEY: Thank you, Mr. Chin. We appreciate your coming, and your comments. Yes, sir? Would you like to come up?

J O S E P H P O Z N I A K: I am Joe Pozniak, from the Rahway Valley Sewage Authority. I am a Commissioner.

ASSEMBLYMAN ROONEY: Sir, could you please spell your name for the record?

MR. POZNIAK: I was not going to speak here tonight, but from some of the things that have been said here, I was compelled to come up to speak. What I am going to say is-- I am not trying to be a wise guy. I just want to remind you that, a couple of years back -- just getting off the subject -- the townships had control of the garbage situation. It was taken away from us and given to the State. And what do we have today? We've got bedlam, and no control. We had better control on the township level. What I am talking about, gentlemen, is home rule. This is what I see here tonight. You are taking home rule away from us. I am talking about the authorities. The Rahway Valley Sewage Authority consists of nine communities.

Another thing I am talking about is the item brought up that you have to have a B.A. degree. There are many millionaires who never completed a high school education. Gentlemen, that is an insult to the American person in this country. This should never have been put in. I mean, you know, it just takes ordinary common sense to make a decision, and to make a right decision. On the board we have -- and I am talking about the Rahway Valley Sewage Authority -- we make good decisions. We have an engineer sitting alongside, and we turn to him, as we do to the township attorney on the Council. We turn to him for advice. This is why I take exception to the fact that a B.A. degree is required, or the equivalent. That should never have been put in there.

Another thing we are talking about is the master plan. The master plan is a lot of money being spent, and yet you deviate from it -- changes, hardship cases -- and you know it. I don't have to tell you this. I always said to the

Governor -- I know him very well, also Bob Franks, Donald DiFrancesco, Maureen Ogden-- Gentlemen, where we need the changes and looking into is DEP, which needs reorganization. We have so many permits. The fees for the permits are going up sky-high, and are causing us no end of problems, because this is reflected back to the citizens -- the taxpayers. This is something that nobody seems to want to listen to. I don't know what is happening, but DEP needs reorganization.

Another area is the Public Utilities Commission. There are three people who have too much power. I have said this so many times. That also reflects on the cost of utilities to run that plant over there.

You talk about a political problem. I'll bet that Commission that you call about -- the SCI-- How many lawyers were on that board that said they had to have a B.A. degree?

Gentlemen, I hope that if this ever comes to realization it does not turn out a garbage situation, and an insurance situation. I was dying to put that in, because, by Christ, you have to do something on that. Yet, you're looking for something to do. They are the two areas where you should do something.

ASSEMBLYMAN ROONEY: That's not this Committee.

MR. POZNIAK: The authorities are doing one hell of a job.

ASSEMBLYMAN DUCH: Maybe in your area; maybe your Authority.

MR. POZNIAK: Let me finish, sir; let me finish.

ASSEMBLYMAN DUCH: Go ahead.

MR. POZNIAK: You know, we don't all have B.A. degrees, but we are men with common sense, and we turn to our engineer. The whole foundation of the authorities-- There are good people on them. Maybe you have a few, but you don't condemn the whole organization. This is what you're doing. Okay?

Thank you very much.

ASSEMBLYMAN DUCH: Thank you, sir.

ASSEMBLYMAN ROONEY: Thank you, Mr. Pozniak.

ASSEMBLYMAN HUDAK: Let me just say, Mr. Chairman, Mr. Pozniak is from a neighboring town.

MR. POZNIAK: The Township of Clark.

ASSEMBLYMAN HUDAK: When the reporter called me on tonight's hearing -- one of the reporters -- he alluded to the Linden/Roselle Sewage Authority and the Rahway Valley Sewage Authority. I said, "I have no problems." I told him that I have to take my hat off to you and the other Authority. You are doing an excellent job. I see no real problems.

But, Mr. Pozniak, you have to understand that these gentlemen come from areas where there are authorities which are having problems. That is what is being promulgated here tonight -- some of the rules and regulations and new bills coming in -- because of the problems they are experiencing. That is the purpose of this hearing. I am sure you are aware of that.

MR. POZNIAK: Yes.

ASSEMBLYMAN HUDAK: And we will make changes. I think you're right about that B.A. I think maybe it is going a little bit too far in that direction.

MR. POZNIAK: Yes, and another thing--

ASSEMBLYMAN HUDAK: But that is the purpose of this hearing. We are going to change things.

MR. POZNIAK: I hope it doesn't get lost, like the garbage.

ASSEMBLYMAN ROONEY: We wish the garbage would get lost. That is the problem right now.

MR. POZNIAK: They should give it back to the townships. We could have better control.

ASSEMBLYMAN HUDAK: I agree.

ASSEMBLYMAN ROONEY: Just to say one thing, again, it is not cut in concrete. The four years' college, or equivalent-- There is a lot of equivalent, you know, work experience, political experience. Obviously, you have been involved at the local level. Any of that counts. We believe that, yes, you should have somebody who has some qualifications, someone who can bring something. I had a situation in Bergen County, again using the best example of the worst. The Executive Director they appointed had never served at the municipal level before. First of all, they put him as the Chairman of the Authority. He had never served an elective office, and didn't know how to chair a meeting; didn't know what the Sunshine Law was all about. We had to remind him at every meeting what it was all about. He thought he was back in his own business. There was a man who did graduate college, a man who did have a business that he managed successfully. And yet, when he sat down as a Commissioner of the BCUA -- as the Chairman of the Commission -- he didn't know how to run a damned meeting.

MR. POZNIAK: Did you have an attorney?

ASSEMBLYMAN ROONEY: Yes, we had an attorney.

MR. POZNIAK: Where was he?

ASSEMBLYMAN ROONEY: The attorney was there most of the time, giving us all kinds of opinions, and spending the money just like you're saying, to educate him.

MR. POZNIAK: I thought maybe you didn't have an attorney.

ASSEMBLYMAN ROONEY: No. I believe--

MR. POZNIAK: That is his job, to guide him, and to get him straight on things.

ASSEMBLYMAN ROONEY: You have Robert's Rules of Order. When you have a chairman of a body that doesn't know Robert's Rules, who can't even conduct a meeting under Robert's Rules, and you have to pay an attorney to sit there and tell

him how to run that meeting, and how to do this, that is not in the best interest of the taxpayer or the ratepayer. It's not, and I object to it. I want to see people come in to the table with something more than just that they made a contribution to a particular political candidate. I think you've got to do that. The public expects it.

MR. POZNIAK: Well, I hope I live long enough to see-- When you do get this committee going, I know it is going to cost extra money, because there will be extra jobs, and there is going to be a board that is going to be paid, and paid a good dollar.

ASSEMBLYMAN ROONEY: Hopefully, there will be less jobs.

MR. POZNIAK: I am sure it will be assessed against the authorities, it has to be. I don't want to come back and say, "Well, all right, you flubbed it," because it is the same thing as the garbage. You get nowhere.

ASSEMBLYMAN DUCH: See, you have to understand. In some authorities, there is no accountability. Obviously, you respect your position -- you believe in your position and what you are doing. In Bergen County, that is not happening. It is just not happening. The Bergen County Utilities Authority has become a hiding place for patronage appointees. It has become a place where this gentleman who became the Chairman, at \$85,000 a year, is incapable of running the Authority. They are now proposing hiring the Bergen County Prosecutor as the new Executive Director, at a salary of \$110,000 a year.

ASSEMBLYMAN ROONEY: \$125,000.

ASSEMBLYMAN DUCH: I'm sorry, \$125,000 a year, over this gentleman who is making \$85,000, because he is not qualified. So, abuses are running rampant in some authorities. That is the problem. The problem is, we have to look statewide, and make a decision statewide, and, yes, in some cases, the requirements may be a little bit onerous on

some of the authorities. But, for example, on my governing body, there is no problem. When we made up our budget in the City of Garfield, my finance officer made up a five-year projection of five years of improvements -- of what improvements we would make. Similarly, we are asking for the same kind of thing here, but only on a one-year basis. We have tried not to make it as onerous or as burdensome as it might be on a municipality. If your accountant can't provide that extra one-year schedule for a minute amount, then something is wrong.

In Bergen County, we know that would never be provided at a minute amount, because the Authority in Bergen County is totally out of control. They have created jobs that have added something like \$4 million to the payroll. Only now are public officials beginning to cry out, because the municipalities are now crying out to the freeholders. Now, municipality officials want to meet with our freeholder board to find out what is happening with the Utilities Authority. We have a very, very serious situation. And other like situations exist in the State of New Jersey.

You are fortunate in this area. Assemblyman Hudak advises that the two authorities in this area are well in hand. That is a credit to you, a credit to the other members who serve, and a credit to your Executive Director. But we have to do what is right for the entire State. So that is the purpose of this hearing, to balance out the good and the bad to make a common standard for everyone to follow, just like a governing body has, and to have everyone live by that common standard, and be bound by it.

We don't want to shove something down your throat. We don't want to make it a situation where you don't desire to serve. We want to make it something where there is more public accountability, and maybe there is more public participation in the process. That is the goal.

ASSEMBLYMAN ROONEY: And more public respect for your position, because the public will know that under the new rules and guidelines, it is not going to be an out-of-control agency. Part of this started with the Garden State Parkway, with what they were doing down there. That is how a lot of it came into public view. But a lot of it has been going on for a while, a lot of these abuses. A lot of the spending of the public's dollars is happening.

Just another example of the BCUA. They were hiring an engineering firm at \$750,000 for 45 tons of wet sludge a day for study, to go to DEP. They were going to hire this firm for \$750,000. Yet Passaic Valley, which has 3200 tons of sludge a day, hired one of the top engineering firms in the country at \$365,000, almost half of what the BCUA was paying for a minuscule amount, to a firm that had absolutely no experience in sludge management or water and waste treatment. This is what we are seeing in Bergen County as an example of an authority that is autonomous. We've got to have responsibility. We've got to have accountability.

MR. POZNIAK: But I'm sure of the percentage of the good authorities is greater than the percentage of the bad ones.

ASSEMBLYMAN ROONEY: I think you're right.

MR. POZNIAK: You think I'm right. I know I'm right.

ASSEMBLYMAN ROONEY: I believe you're right. I think what is going to happen is, those authorities, when we come down with the final package of legislation-- Those authorities which are doing the right thing are going to have no problems complying with this legislation, because they are going to say, "Hey, we have been doing that all along. We have been running a good, clean agency. Yeah, we might have some problems with the oversight feature of having the county executive veto." I'm still not entirely convinced that that is the right thing. I still say, as Ellen said before, maybe the county executive should have more accountability from his people. He does

appoint those people. I think Tom Duch can tell you about a letter I sent to the editor of The Record this past week.

MR. POZNIAK: All right. I am going to repeat, there is many a millionaire who never reached high school. Okay?

Thank you, gentlemen.

ASSEMBLYMAN HUDAK: That's right.

ASSEMBLYMAN DUCH: Thank you, sir.

ASSEMBLYMAN ROONEY: Thank you very much. Anyone else? Yes, sir? (speaking to someone in the audience) I'm glad we're getting some good participation here tonight. Excellent.

ASSEMBLYMAN DUCH: He was a very sincere man.

ASSEMBLYMAN HUDAK: A good guy.

ASSEMBLYMAN DUCH: But we don't have that.

ASSEMBLYMAN HUDAK: I know that.

J. R O B E R T F L Y N N: My name is Bob Flynn. I am the Executive Director of the Evesham Municipal Utilities Authority. I am also the Vice President of AANJ. I got here a little bit late, and didn't hear everything that Ellen had to say. I apologize for that. Being a farm boy from the south, I got lost in the north, and have been riding around since 7:30 trying to find this place.

ASSEMBLYMAN ROONEY: I got bad directions, too.

MR. FLYNN: First of all, I would like to start off by saying that what I am about to say is representative of my Authority, and not AANJ. Next year I will be the President, and then I will keep my mouth shut, but tonight I would like to speak on behalf of Evesham. The majority of the authorities I am familiar with, especially in the South Jersey area-- First of all, from the little bit I have heard you gentlemen say up here, I think some people ought to be in jail. I have been in this business for almost 30 years, and I am a firm believer that anyone who abuses the public, who takes advantage of his position, should go to jail. It sounds to me like you've got a

problem up there where the whole damned county doesn't know what it's doing, and can't get a grasp on, from the Freeholders to the County Director and on down.

I work for a little MUA in South Jersey that started with 3000 accounts. We are about 12,000 accounts now. We go through about \$7 million a year. We are respected throughout the State for the things we do and the way we do them.

I don't have copies of your entire bill package, and I won't take that long, but I would just like to make a short comment on each one of them. A-3518, requiring authorities to submit financial master plans. Again, excuse me for being late. I didn't hear everything that was said. But, in my opinion, right now, a financial master plan is submitted with the budget to DCA every year. It is with mine. I have a five-year plan in my budget that is submitted to DCA. It is a capital improvement project that shows where every dollar is coming from. It can be amended, but it is almost identical to the municipalities. I also worked for a municipality for 18 years, so I am familiar with their form of budget.

A-3519 requires local authorities to hold public hearings on annual budgets. As far as I know, that is the law right now. You have to advertise in a newspaper. You have to have a budget hearing. We do with ours, and all the ones I am familiar with do. I believe, again, that it is redundant.

A-3520 provides for veto power over the actions of authorities. Some of these towns are so political that you would never be able to get anything through for a year. You wouldn't be able to pay bills. You wouldn't be able to approve minutes. You wouldn't be able to appoint anybody, build anything. The whole idea of an authority is the autonomy of the authority, and I believe that anybody outside of that authority that has the right to veto anything in a political situation could ruin that town, and ruin that authority. If you have a problem like that, the problem is in the town or in

the county. Get the politicians out. It is a political problem. It is not an authority problem.

A-3521, county improvement authorities. I am not a county improvement authority. I don't think I would want to comment on that.

A-3522 requires members of authorities to attain a certain level of education to qualify for appointment. I heard what the two gentlemen said before. I agree with them 100%. What happens to a housewife-- I am not picking on women, but there are a lot of housewives out there who haven't had a chance to get an education, possibly because they put their husbands through college, and haven't had a chance to serve on planning boards, or any boards. I think it is good for a board to have someone like that on there, just to give a different opinion. The men who are sitting on the board have no idea, in a lot of cases, what the bills are. I think a woman by herself on that board should not be restricted because she doesn't have an education, or doesn't have expertise or time in any similar field.

Some of the biggest problems I have had in my 30 years' experience are, say, with an engineer who thinks he knows every damned thing, coming in and trying to run the authority his own way. I have had problems like that in the past. I think if you had five engineers on your board, I think you would have a messed up situation. I think if you had five attorneys on the board, it would probably be worse.

ASSEMBLYMAN ROONEY: We have none.

MR. FLYNN: I have no idea who you gentlemen are, believe me.

ASSEMBLYMAN ROONEY: I took the legislation out that had attorneys. Sorry about that, Tom.

MR. FLYNN: I honestly feel that way. You know, I can see professionals on the board. I happen to have five professionals on my board right now, very smart gentlemen, very

dedicated gentlemen. But I don't think that necessarily has to be the rule.

When you are requiring members to attain a certain level of education, does that bill also include engineers, treasurers, executive directors, things of that nature?

ASSEMBLYMAN ROONEY: After January 1, 1991, all boards will have an engineer, an environmental scientist, and a finance person within the membership. That only deals with the membership. Are you talking about requirements -- professional requirements?

MR. FLYNN: There are little towns in South Jersey which quite possibly don't even have an engineer living in the town. How are they going to satisfy that?

ASSEMBLYMAN ROONEY: We already covered that. Ellen went through that.

MR. FLYNN: Okay. Again, I apologize for being late.

ASSEMBLYMAN ROONEY: What we are probably going to do is have a cutoff point on sizes of authorities, where you have class one and class two counties, or something like that -- do it on that basis.

MR. FLYNN: Okay. In A-3523, you are talking about members attending a certain number of meetings. I heard part of that discussion earlier. I personally have no problem with the 75%. I think that is a good idea. But, as the gentleman indicated earlier, my Authority is very busy. It has 12 capital improvement projects going up at the same time. We meet as often as five times a month. I think it would be a discredit to any one of my five board members to automatically be kicked off the board for going on a three-week vacation. I just can't see that happening.

ASSEMBLYMAN HUDAK: I don't think that is the intention.

MR. FLYNN: In 1986, we had almost 30 meetings during the year. We don't meet once a month. I know I am not the

only Authority in that position, so I think that should be considered.

ASSEMBLYMAN ROONEY: In 1985, I attended 45 meetings, because that was our siting and our bond issue when we did the resource recovery plant.

MR. FLYNN: But again, as an individual, I think that is a good idea, because I do know of instances where that is abused.

A-3524, again, is an improvement authority. I would rather not comment on that.

A-3525 requires DCA to set minimum qualifications for certain supervisory employees of regional authorities. Well, I am not a regional authority, and I am not sure which employees you are asking to set qualifications for. But I think if you are going to have DCA set any qualifications, then you guys better set some qualifications for DCA, before you let them set them for anyone else. There are a lot of good people in DCA. I have a lot of respect for Barry Skokowski -- I have met with him on a number of occasions -- and I know a lot of other people. There are some people up there who can't get from page one to page two.

A-3526 requires authorities to obtain merit system board approval for positions on unclassified service. I don't know if your bill defines classified service or not, or are you talking, with the merit system, about Civil Service, or what used to be Civil Service?

ASSEMBLYMAN ROONEY: In lieu of. Civil Service relates to another one, but the merit system board-- Let's see, which one was that again?

MR. FLYNN: A-3526.

ASSEMBLYMAN ROONEY: This is for the unclassified service. What has happened in some of the examples are-- In my own Authority in Bergen County, we have 50 positions out of 300 that are unclassified. Some of those really should have

been classified positions under Civil Service, but they were held out because they were basically patronage positions that were created for people. What we're saying is that you can't do that, or that you shouldn't be able to do that. You should have to go through a merit system board to establish the job description and qualifications, and see if it relates to a Civil Service category -- if you are within that Civil Service situation.

MR. FLYNN: I don't know that I necessarily disagree with what you're saying, but you could pick up the paper every night in the week-- I happen to be from South Jersey, and at least once a week there is something in there about the City of Camden abusing Civil Service. So it is not just authorities. It is every big city in the State that does the same thing. I don't think, in this instance, that you should just look at authorities. If you want to do the job, do it with everybody. Every city abuses that thing right there. It is not just the authorities. That is all I have to say.

ASSEMBLYMAN ROONEY: I have no problem with doing that. With the aspect of the County Government title of this Committee, we could expand it. Right now, most of the counties are covered with the number of unclassified positions they can have. That is already a law. That is where you can only have one per department. In fact, every once in a while we have to pass legislation -- special legislation -- to allow a county executive or a board to hire an additional unclassified person. It has to come to the Legislature for approval.

MR. FLYNN: I realize that. I am familiar with what is going on in Burlington County right now, I believe, with the welfare situation. That is going back and forth with unclassified situations. It happens everyday. All I'm saying is, if it is a real problem, it should be done for everybody.

A-3527, holdover periods of sewer authorities. I heard your discussion between the gentleman from Rahway Valley

earlier. My Authority, when I first came to work for it 10 years ago, was involved in a situation where a guy was not reappointed for a year. The position wasn't filled. With a five-member board, how do you conduct a meeting if you've got two on one side and two on the other? Again, you could go a whole year.

ASSEMBLYMAN ROONEY: But why wasn't he appointed?

MR. FLYNN: Politics. It wasn't the Authority's fault. It was the politicians' fault.

ASSEMBLYMAN ROONEY: See, what happens in this case is that they must appoint that person, or the board sits there. With the holdover, that can go on until the next election.

MR. FLYNN: Well, I think maybe--

ASSEMBLYMAN ROONEY: Until the party in power--

MR. FLYNN: I think maybe what you might consider is if the guy is not reappointed in 30, 60, or 90 days, have an automatic five-year appointment again. Maybe that would get the politicians off their duff to do it the right way.

ASSEMBLYMAN ROONEY: Well, that is the other side of the coin. One way or the other, it has-- What it does is, if you are a municipal utility authority appointed by a mayor, if that mayor is a minority mayor and he does not have the approval of the council, then it benefits him. The same thing with a county executive who doesn't have the approval of the freeholder board. It benefits that county executive. The way we're saying it is, the majority should rule. That freeholder -- or that county executive or mayor, if he does not appoint, the position is dead, it's a vacancy, and then he takes the flak and the heat for not putting up a person that his approving authority will allow.

MR. FLYNN: Well, I honestly don't care about the politicians. I am speaking on behalf of my Authority -- period. All I'm saying is, if you are going to have a law, have a law where the authority can continue to operate in a proper manner, regardless of politics.

ASSEMBLYMAN ROONEY: That is an alternate way of looking at it.

MR. FLYNN: A-3528 requires a reexamination of operators of treatment systems. I happen to be a member of the committee appointed by former Commissioner Dewling which is looking into this right now. I personally don't think politics or State government, other than DEP-- As many arguments and disagreements I have with them, I think that is something that should remain strictly in their realm of responsibility. I do not think it should be a political--

ASSEMBLYMAN ROONEY: No, as far as this is concerned, we were requested by DEP to put this in -- having this retesting after five years.

ASSEMBLYMAN HUDAK: Under Dewling.

ASSEMBLYMAN ROONEY: Yeah, this was under Dewling. Our Committee aide, unfortunately, got sick tonight and had to leave, but Walter Kennedy was the one who said that DEP wanted this in.

MR. FLYNN: Really?

ASSEMBLYMAN ROONEY: They wanted the retesting. Now, if that is not true, we want to know it. We will go back and check our facts.

MR. FLYNN: Well, if that is what he said, that is in complete disagreement with what has been going on at the meetings I have attended up in Trenton. As a matter of fact, the water pollution control organization -- the American Water Works Association -- has recommended that in lieu of retesting of operators, CEU -- Continuing Education Units -- be required over a period of five years, not the retesting. I have been in this business, as I said, 30 years. I have had all the licenses, water and sewer, in the State for 28 years. I don't think I could pass one of those tests right now, and I work hands-on every day in the week.

ASSEMBLYMAN ROONEY: We'll check with the Committee aide, Walter Kennedy, when we get back to Trenton, to find out where it came from, because I was under the impression that it came from DEP. Ellen spoke on the same objections.

MR. FLYNN: Well, if they are for it, I believe all of the operators' organizations in the State are still against it. If you want to consider some sort of continuing education, I think that is an excellent idea. We're for it 100%.

ASSEMBLYMAN ROONEY: That has been suggested by Ellen. She suggested it, and she suggested that an appropriation go with it.

MR. FLYNN: Again, my apologies. I wasn't here for that.

ASSEMBLYMAN ROONEY: No problem.

MR. FLYNN: A-3529, if Ellen covered that-- That is required right now under anyone who has a grant. Whether it is them or not, I don't think it is the authorities' fault.

ASSEMBLYMAN ROONEY: Well, what we said on that was that there are very few grants left in the State -- Federal grants -- and there are a lot of authorities that do not have that as a requirement. I sat on Bergen, one of the largest in the State, and I was never required to have that disclosure.

MR. FLYNN: Well, you are going to pay \$95,000 for about two and a half inspectors. I would hate, in South Jersey, with the construction going on, to see what it is going to cost the taxpayers to have inspectors out there every day. Again, if the guys are not doing their job, I think it is a local problem. In my town, if the engineer doesn't do the job, he is going to get kicked out. If I don't do the job, I am going to get kicked out.

ASSEMBLYMAN ROONEY: I'm sorry. I was referring to a different bill. Scratch my comment. This one is the inspection of authorities on a weekly basis.

MR. FLYNN: Well, you're talking about an awful lot of money.

ASSEMBLYMAN ROONEY: They should be doing it now. That's what the requirements are. What we're saying is that we want to memorialize-- We want to mandate that they do it. We want to make sure they are on the job, because a lot of DEP inspectors have been nowhere to be found. This has been a major complaint. They are not around when they are needed.

MR. FLYNN: You guys ought to get involved in the Rahway Valley Sewage Authority lawsuit, of which we are a member, against DEP, trying to find out what goes on with their budget up there -- where all that money goes. I think that would tie right in with what you are talking about here. I happen to agree with you. I'll probably have an inspector there tomorrow, but--

A-3532 requires financial disclosure statements by authorities. Is that by the authority itself, or the individual members?

ASSEMBLYMAN ROONEY: Individual members. What we're asking is--

MR. FLYNN: I heard your comments earlier. I think that is a good idea. I have no problem with that. But I think every mayor and every councilman in the State ought to be made to do the same thing. It is not a requirement for municipalities.

ASSEMBLYMAN ROONEY: We are probably going to expand it to the county level at least, and possibly beyond that. It is kind of difficult to do it on the municipal level.

MR. FLYNN: What is the difference between a municipality and a MUA? It's the exact same thing. If you can do it to me, you can certainly do it to them. I think it would be a good idea all the way around.

ASSEMBLYMAN ROONEY: It's easier to do with you. We don't have as much objection from the League.

MR. FLYNN: You don't have Democrats and Republicans in there either.

ASSEMBLYMAN ROONEY: You have fewer objections than Ellen did.

MR. FLYNN: Yeah, I know that. That is why I am speaking as the Executive Director, not an officer of AANJ.

ASSEMBLYMAN ROONEY: Okay.

MR. FLYNN: A-3534-- I personally have no problem, but I thought that was law already, anybody taking excessive amounts of anything. If it's not, it probably should be.

ASSEMBLYMAN HUDAK: We checked, and we didn't find too much in the law that covered it.

MR. FLYNN: But again, I think that if you are going to do something like that, it should be applicable to every politician in the State.

ASSEMBLYMAN HUDAK: It probably is, but this is just further spelling it out. We just want to make sure that they understand.

MR. FLYNN: But you are just saying authorities in here.

ASSEMBLYMAN ROONEY: Again, a lot of the financial disclosure statements, etc.-- That will probably go to the counties and the authorities -- maybe the MUAs. It may not go to the municipalities. I don't know at the present time. We are going to have to look at it.

MR. FLYNN: See, that is one of the problems that Bergen County has, and the other authorities have. If you are going to do it to one, why not do it to everybody? Is it because you guys are going to get too much heat if you do it to all of the towns? Are you going to have all of the towns on you? Seriously. I am not being a wise guy when I say that, either. I am honest and sincere in everything I am saying to you people.

ASSEMBLYMAN ROONEY: In a lot of ways, municipalities do not deal with the same type of situations with disclosure and dollars, especially the larger authorities. If you get a

town like mine-- I was mayor of a town that only had 5000 people. We had a total budget, when I was mayor, of a million and a half dollars, and most of that went to the school. So, you're not talking big bucks, big business. I had no problem with disclosure, because I had no relationship to town business whatsoever. But in the next town from me, the mayor there happens to be part owner of a nursery. He would not go for financial disclosure or letting anybody know who he dealt with. That was a big issue in a particular election.

MR. FLYNN: Well, I thought that was part of the law right now, but evidently I'm wrong. But I think if you are going to do it, again, it should be applicable to everybody.

A-3535, supplementary compensation for accumulated sick leave. I think I know where you are coming from on that, but why would you want to penalize someone who comes to work every single day, and then has an agreement that he is going to get reimbursed for sick leave when he retires or drops dead, or whatever? Why would you want to limit that?

ASSEMBLYMAN ROONEY: Again, we had a bad example in our county with the city manager in Hackensack. He walked away with \$300,000 of taxpayers' money. There were very good indications that when he claimed that he was not taking sick days, not taking vacation days-- It was really funny that he was in Fort Lauderdale, Florida, or Boca Raton, Florida, on a Friday and a Monday, and yet he had signed in for the entire week. There are a lot of irregularities. You know, it is a situation where you tell people, "You take your time."

We had another situation where authority executive directors would be going around the country on every junket that possibly could be gone to, never using a nickel's worth of vacation time, but enjoying the time of their lives at all of these conferences and seminars, taking four vacations a year at the expense of the taxpayer. And then collecting at the end of that time, a quarter of a million dollars from that particular authority.

The other problem is, if you accumulate a day's pay today-- Let's say a person is making, well, let's say just for simplicity, \$10 an hour. Ten years from now, that \$10 an hour is something like \$40, \$50 an hour. That is what you are going to pay it at. So, we're saying you should take your vacation time. Sick days-- I don't particularly agree with the sick days. I don't take sick days in my company. I don't get them, really. But my company says that if I do get sick, I'm covered. I have no problems from the hospital legitimately, or things like that. But I don't get sick time, or any benefit for the fact that, yeah, I may come in-- What is it, 14 days a year sometimes, that they allow for sick days? I think that is a ripoff. You should come to work every day. If you're sick, yes, you should be allowed to be sick.

MR. FLYNN: I don't disagree with you. I had a triple by-pass five years ago, and in the last four years I have not missed one day's work due to sick leave. I don't think I should be penalized. I don't think that anybody who is faithful and honest in their job should be penalized for something like that. I understand where you're coming from, and I agree with you 100%. But again, I think that guy should be in jail. By limiting that sick leave, you are not going to eliminate that problem, because he is going to find something else to do with that damned sick leave.

ASSEMBLYMAN ROONEY: Unfortunately, the (indiscernible) you hear in this case is going to be the next Executive Director at the Utility Authority. So, he's padding his own-- We shouldn't go off on a tangent like that.

MR. FLYNN: Do you think that by limiting the amount you are going to-- They are just going to steal from someplace else. Put them the hell in jail. I've got a girl working for me who has been with me for seven years. She has been off two days in seven years. I have a fellow who is 56 years old who has missed one sick day in the last 11 or 12 years. Why the

hell should he suffer because of what some crook up in Bergen County did? That is not fair..

ASSEMBLYMAN HUDAK: Yeah, but if you look at it as a sick day, it's really a benefit. If you're sick, you get that sick day and you get paid for it. Every municipality has a certain limit put on it. I know in Linden, it's \$10,000. I think it is only fair. It is really a benefit.

MR. FLYNN: Have you ever sat down and done a detailed study? I did a detailed study of my Authority about five years ago. I had the Teamsters Union in. I have a union contract. We give 15 sick days a year for everybody. What we did was start buying back sick days at the end of a year at 50%, and it has worked out great. But I think that the things you are talking about are conducive to abusive sick leave, or they are conducive to stealing in some other way. I am an Executive Director that goes to two national conventions a year, and I go to Atlantic City four times a year, and I don't use sick days or vacation days for those things. My board members, maybe one will go once in a while, but they all know what I am doing. I party just as much as the next guy, but I get so much out of those seminars, that my board thinks it is worthwhile going. Again, if you have someone abusing that-- This is not going to control that. You are going to make the innocent, hard worker pay because of the abuse of some crooks. A crook is going to be a crook, no matter whether it is sick leave or taking petty cash out of the drawer or getting kickbacks from the people he is doing business with. He is going to get the money one way or the other.

ASSEMBLYMAN ROONEY: One of the things we are trying to do is come up with a common policy. The Independent Authorities, chaired by Assemblyman Schuber, has looked at it this way -- doing a limitation. This bill, I believe, is the exact same language as the Schuber bill in that Committee. It may change. Again, none of this is cast in concrete. We are

having a hearing on it tonight. We are not voting on anything tonight.

MR. FLYNN: That is why I came.

ASSEMBLYMAN ROONEY: We want to get your input. I prefer what you are talking about. In fact, that was one of my original ideas -- having a buy-out at 50% at the end of the year of sick time, not accumulating it.

MR. FLYNN: I just agreed to a contract today with the union -- just this morning. That is going to be a provision of the contract. If you don't do something like that, then if the guy gets 15 days a year, he takes those 15 days a year.

ASSEMBLYMAN ROONEY: Sure, exactly.

MR. FLYNN: It's human nature. They all do it. The lazy guy is going to do it, and the good guy is going to come in. Why penalize the good guy? That is not the guy you should be after. You should be after the guy who is playing games with it.

ASSEMBLYMAN ROONEY: Right. I agree. I think that is a good alternative. Unfortunately, that is usually not in collective bargaining. We may have a problem with doing that because of the collective bargaining thing. We could put limits on the amount but, I don't know, we might be limited in going that way.

MR. FLYNN: Your last bill, A-3536, I think bothers me more than anything. I heard the discussion. When Ellen was talking I heard the discussion, and I believe the discussion with one of the other gentlemen from Rahway Valley. Two years ago, the Evesham Utilities Authority hired a banker. We said to the banker, "We need \$21 million or \$22 million sometime in the next six months." We negotiated with him. We have one person in the banking industry; the other person is an auditor for USGS -- not USGS, for the Federal government anyway. So they are both up-to-date on what is going on in the banking world. We picked out the person we wanted as the banker. It

wasn't political. We are nonpartisan. I don't even know if my board members are Democrat or Republican. But the problem I see with doing what you're talking about--

We said, "We want the best price in the next six months." They studied that thing. We got the lowest interest rate that was available during the entire year of 1986, or one of the lowest ones, by doing it that way. If we went out and bid those bonds at public sale when we were ready, because we had to do it ahead of time, we couldn't wait until the last minute to do it-- If we had done it earlier in the year and bid those bonds, it would have cost at least two more points.

ASSEMBLYMAN ROONEY: Well, one of the things I am hoping to do at the session in Trenton, is bring in some people from the bonding community, and have them testify on this portion of the bill. I have already been in contact with Mr. Giglio, formerly with Bear Stearns. He is with Chase now. He said he would be happy to come down to testify. There are a couple of other people I want to get from other bonding companies, other financial--

MR. FLYNN: Just don't depend on one person. That is the only thing I ask. There are people out there who do a lot of bonds in New Jersey. They are very honest and do a very good job. And there are people who walk in out of nowhere, play games, and get the deal for 1-1/2%, or whatever. Again, I know where you're coming from, but don't make us all suffer, just because one or two people are playing games out there.

ASSEMBLYMAN ROONEY: No. I also intend to invite Jack Kraft, formerly from Kraft and Hughes. I don't know his new firm, but I know him very well. He happens to be one of the top bonding attorneys in the State of New Jersey.

MR. FLYNN: I couldn't agree with you more. If you would listen to Jack, I think the whole thing would be straightened out in a reasonable, sensible manner.

ASSEMBLYMAN ROONEY: Jack is an old friend, so no problem there.

MR. FLYNN: The only thing I would suggest, in closing, is that the Authorities Association has been in existence for almost 20 years. We are very concerned with these bills, not as individuals, but as a group. I was speaking as an individual. Now I am speaking as the Vice President of AANJ. We would ask to be included in any discussions you might have in the future, so that whether you agree or disagree, you could at least listen to what we have to say. We do have a wealth of expertise out there. We have experts in every professional field applicable to water and sewer authorities. We would be more than happy to offer our services to you.

But please don't make purely political decisions on these bills. That is the only thing I am asking of you.

ASSEMBLYMAN ROONEY: Mr. Flynn, I am the one who asked for you people to come. It was right in the beginning of the sessions we had. Unfortunately, you did miss some of the hearings. I guess at one of the hearings -- I am trying to remember which one -- you couldn't send anyone, but we specifically asked. Yes, Atlantic City. We ran it specifically in conjunction with the WPCA, so we could get some people to come in. Unfortunately, we didn't get the people we hoped to have. I happen to know Al Jacobs personally, on your board. He is an old and good friend. I see him every once in a while at the various conventions. I have a lot of respect for the Authorities Association. We will listen. There is no question about that. There are things that we are trying to do -- that we have to do as elected officials -- to bring some credibility where it doesn't exist today in certain authorities.

What you said, going along, going through these bills-- A lot of the things you said you are doing, you're doing. I like that, for the simple reason of what I said earlier tonight. The authorities that are doing it are not going to have a problem with a lot of the legislation. With

some of the other bills, we might have to fine-tune them a little bit to get a compromise.

MR. FLYNN: The only thing that is upsetting is, if we are doing something right now that is not costing us anything, and your bill is going to make us -- you know, if it is going to cost us money to do that-- It's a waste of the taxpayers' money. I hate to see money thrown away, when it can be put to good use.

ASSEMBLYMAN ROONEY: Again, you're doing it. But I think some of the things we are talking about are not being done, things like the budget itself. That is not being done in certain counties. They have rate hearings, and that is about it. But again, a lot of this is coming out of DCA. Local Government Services has suggested the first couple of bills in here -- that this is the way it should be done.

There are two other bills that I would like to-- They have been kind of passed over. They are not in the sequence, but they are there -- A-2694 and A-2887. Just so the Authorities Association knows it-- Just to give you the titles, one is salary ranges established by MUAs. Basically what we are looking to do is have a published salary range for those unclassified positions. Civil Service is one thing. The ones that are done in collective bargaining-- Those are published, and we know what those are. The problems we have are ranges of the unclassified positions. I will give you, again, the best example of the worst:

They actually said, "We are going to establish salary ranges." I said, "That's a great idea. We do it in the municipalities. We say that for this job -- if it is a clerk-typist -- they are going to get anywhere from \$6 to \$9 an hour, you know, whatever the numbers are." They came up with a salary range for one position, for example, from \$40,000 to \$60,000. What does that tell me? It tells me they have something to hide.

They had another situation where they started at \$39,000 to \$54,000, for someone who was only making \$33,000 at the time. Then, they passed another resolution that said that within the salary range, a person can be moved without ever going before the Commissioners. They did this by resolution. All that had to be done was the recommendation of the Executive Director and three members of the Personnel Committee. A person could be moved anywhere in the range. Take a person at \$33,000. He could have gone anywhere from \$39,000 to \$54,000, without me, as a Commissioner, knowing he was going to get that salary. So, this is to correct that. It says you should publish a salary range for your unclassified positions, and there should be no more than a 15% deviation. Any change within that range greater than 15% should be brought before the Commissioners.

MR. FLYNN: If I give one of my employees a nickel more than is in the agreement, I am going to get fired.

ASSEMBLYMAN ROONEY: I am not talking about any of the collective bargaining units. I am talking about unclassified.

MR. FLYNN: I'm talking about-- I have seven unclassified people working for me.

ASSEMBLYMAN ROONEY: Bergen County has 50 unclassified people, out of 300. That is absolutely atrocious.

The other one is the Junket Disclosure Act, as it is affectionately called. Basically all it says is-- My example again is, instead of putting something in an education budget, you put it in a convention, seminars, etc. budget. You put it in the budget at the beginning of the year. You establish a budget prior to going, and people have to -- at a public meeting -- say that this Commissioner, this Commissioner, this person, this Director are going to this particular convention, and have it voted on at the public meeting. Then when you come back, you have expenses, and the expenses are approved at a public meeting. You don't try to disguise it. You're not doing it. I am not accusing you, individually or collectively.

MR. FLYNN: I might be doing it.

ASSEMBLYMAN ROONEY: You might be?

MR. FLYNN: I have a line item in my budget that says, "Education, dues, and seminars," and they're in there. As long as I don't exceed that budget, I have no problem with anybody. The minute I go a dollar over, I'm on the hot seat.

ASSEMBLYMAN ROONEY: What I am talking about is a situation where maybe one Commissioner will go on seven trips a year -- one of our housewives who loves to go on trips. I was chuckling a little bit when you mentioned a housewife type situation. I have been on two trips a year, as you have, as a Commissioner -- two national trips. I go to the WPCA locally, and the League. That's it. Out of those seven trips, you'll never see anything more than maybe \$500 on an expense voucher that comes before a public meeting to be approved. You may see Garden State Travel, you may see such and such hotel, that was paid in a bulk. These are things that absolutely skirt the law.

I have no problem with you, or any Commissioner, or myself, as a former Commissioner, going to any of these conventions for educational purposes. I do have a problem with the fact that we are not open enough to tell the public what we're doing. That is what bothered me. Every time a trip came up, I would suggest, "Why don't we vote on who is going, and just say we're going and approve it?" "No, it's not necessary. It's in the education budget."

I would like some comments from the Authorities Association on the two bills, additionally.

MR. FLYNN: I'm sure we will get back to you in the immediate future with those comments.

ASSEMBLYMAN ROONEY: Right.

MR. FLYNN: Thank you very much.

ASSEMBLYMAN ROONEY: Thank you very much. Anyone else? Yes, Ma'am?

D O R O T H Y M a c A R T H U R: My name is Dorothy MacArthur. I am from The Mercer County Improvement Authority. I do not have comments tonight, but I do have a letter for the members of the Committee from our Executive Director. We have concerns with four of the bills. I would like to present that letter to you for the record.

ASSEMBLYMAN ROONEY: Absolutely, please. (witness distributes letter to members of the Committee)

ASSEMBLYMAN HUDAK: As long as you stayed this late, I hope you enjoyed the hearing.

MS. MacARTHUR: Thanks.

ASSEMBLYMAN ROONEY: I think we had a very productive hearing. This was very good for a start.

Ms. MacArthur, do you want to handle these, or should I just rear them into the record?

MS. MacARTHUR: Oh, yes.

ASSEMBLYMAN ROONEY: We also have a copy for our hearing reporter.

A-3518, the financial plan, and-- I'll just mention the bills that are the problems: A-3518 would require an authority to submit yearly financial master plans; A-3524, notify the board of freeholders prior to appointing; A-3521, improvement authorities to submit a semiannual progress report.

UNIDENTIFIED MEMBER OF COMMITTEE: They're all Assemblyman Cimino's bills, gee.

ASSEMBLYMAN CIMINO: You ought to really know about those fire districts -- the real story about those fire districts.

ASSEMBLYMAN ROONEY: And A-3536, selling bonds at public sale. Basically, I believe the comments are probably the same as the other members we have heard from. The written testimony will be given to the hearing reporter to be entered into the record. Okay? (affirmative response) Good.

Is there anyone else who would like to be heard at this time? (no response)

I just want to note that the Department of Personnel is here tonight and has been monitoring the hearing. They will testify at a later date. The Department of Community Affairs is here tonight. They are monitoring the hearing. They, also, will be testifying at a later date, hopefully. Again, as we said before, a lot of these bills come from both of those sources, also the SCI, and several other sources. So, tonight there is nothing in concrete. We are going to go ahead with the Committee meetings. I think we are going to have an interesting time in the next few months.

I am very happy with the testimony I heard tonight. I appreciate everyone coming. I think the hearing was very productive. Again, we will be fine-tuning a lot of this.

I will just go around the table for any closing comments from my Committee members. George?

ASSEMBLYMAN HUDAK: I just want to say again that I was very happy to be able to conduct this hearing here in my hometown of Linden. It was a productive hearing for all of us. I know that I have already -- from the input we have gathered -- changed my mind on at least one or two of these bills. But, that is what this is all about. I was very, very happy to hear some of the comments tonight and, as I said, it was a really productive hearing.

Thank you, Mr. Rooney.

ASSEMBLYMAN ROONEY: You were a great host, George. Tom Duch?

ASSEMBLYMAN DUCH: I would like to thank the people who took the time to come here to testify. Serving in the Assembly, and being a new Assemblyman -- being here for only eight months -- I think this is a very important part of the process. It helps us to serve the public better when we come out and the public is given an opportunity to speak.

I would like to thank George Hudak for hosting us here in Linden. He is a former Mayor, and obviously he is a great Assemblyman. We thank him for welcoming us so warmly to Linden.

Mr. Chairman, I think the hearing was a credit to you, and to your leadership on this Committee. I look forward to continuing to serve with you on this Committee, and doing good things for the State of New Jersey.

ASSEMBLYMAN ROONEY: Thank you very much, Tom. Assemblyman Cimino?

ASSEMBLYMAN CIMINO: Mr. Chairman, I, too, would like to thank you for allowing me to sit in this evening on this, particularly with the bills that are involved in this package.

I would like to reiterate my thanks on behalf of the people of Mercer County for your having heard that bill earlier this evening.

Assemblyman Hudak, thank you very much for your hospitality in your lovely city. Linden certainly is a very pretty city. I would like to thank everyone who came this evening, as well. I think we have gotten some excellent testimony, and I think it can be of great benefit to us.

ASSEMBLYMAN ROONEY: Thank you very much.

With that, I will call the hearing to a close, unless anyone else has any comments. (no response) Thank you very much.

**(HEARING CONCLUDED)**

**APPENDIX**



AUTHORITIES ASSOCIATION OF NEW JERSEY  
TESTIMONY BEFORE  
ASSEMBLY COUNTY GOVERNMENT & REGIONAL AUTHORITIES COMMITTEE  
AUGUST 23, 1988  
LINDEN CITY HALL, LINDEN, NJ

Presented by:

Ellen Gulbinsky, Executive Director  
Authorities Association of N.J.  
2333 Whitehorse-Mercerville Rd., S-4  
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AUTHORITY REFORM PACKAGE

A-3518 THROUGH A-3536

The bills being discussed today all raise the question of whether more restriction is needed on authorities in New Jersey. In reviewing this question, one reflects on recent headlines which have pointed out particular trouble spots of particular authorities. It is erroneous to conclude that if one authority is carrying on a questionable practice, all authorities are likewise doing so. State authorities all have special enabling legislation and a separate body of oversight mechanisms, as do transportation, recreation and development authorities. I can only respond to the recommendations in these eighteen bills from the perspective of Title 40:14A and 40:14B and 40:37A which cover the water, wastewater, solid waste and improvement authorities which compose my membership.

In general, AANJ objects to being lumped together with all authorities and being asked to duplicate and overlay checks and balances which are already in place for our members. The basic premise of the bills which is to combine all authorities under one general definition and enumerate practices which all must follow for the "general good" is erroneous and does not consider the very special purposes for which each of the various authorities is created. The emphasis should be on whether the authority performs its mandate and functions in the interest of the citizens it is to serve. Using that test, if an authority falls short, the law already provides for removal of commissioners by the creating body whether it be the New Jersey legislature, the county, the municipality, or a special commission. The courts also rule on poor practice or abuse of power and should be used as a vehicle to address specific changes needed in a particular authority.

AANJ does not feel broad-base, broad-brush legislation will serve the citizens who are served by authorities. Having stated this, let us review the history of AANJ authorities.

#### History of Authorities

Counties and municipalities recognized that a separate autonomous body called an "authority" could better serve the needs of the community by providing a constant source of funds to handle large facility projects and maintaining those facilities. Authorities charge fees to maintain the water, wastewater and solid waste systems. These fees are free of the line item budget cuts which county and municipal governments often must make. In the past, our infrastructure nationally and in New Jersey became so poorly maintained that it was crumbling. Large dollar amounts are still needed to recover. The authority law ensures that these systems do not crumble again by providing an autonomous entity to operate and expand these vital systems. The bonding capability of authorities has enabled swift planning and construction of major treatment plants and landfills. The difficult siting questions which have been the demise of many politicians have been relegated to authority commissioners who are appointed, not elected, to make those decisions.

The NIMBY Syndrome continues to impede progress on environmental solutions to disposal questions. Authorities have made and will continue to make these difficult decisions which municipal governments, due to their make-up, cannot seem to make. We can not allow our citizens to be buried in garbage and sludge. Autonomous authorities must remain in place to handle these critical issues. Municipal capital budgets can not be dedicated to these purposes without restrictive consequences to all of the other services. Authorities fill the gap

created by the Cap Law and get large dollar facilities planned, constructed and operating.

There is no doubt in my mind that New Jersey would be far behind in our present environmental progress were it not for the authority law.

A glaring example of the confidence our New Jersey leaders have placed in authorities was demonstrated when Governor Kean proposed the Coastal Commission. His advisors saw a complexity of problems and knew that the only mechanism for solving the shore problems would be an authority.

There is a great deal more work for authorities to do and it is important that the legislature realize that flexibility and autonomy are vital and basic to the ability to get the job done. Water, wastewater and solid waste authorities are restricted by many laws and regulations.

Laws Which Impact Water, Wastewater and Solid Waste Authorities

Titles 40:14 A, 40:14B and 40:37A identify and restrict authority power as do the Public Contracts Act; the State Authorities Fiscal Control Act; the Open Public Meetings Act; and the State Right to Know Act. Various state agencies review and oversee authority practices such as the Local Finance Board and the Executive Commission on Ethical Standards. A second area of restriction exists in bonding resolutions, contracts with towns served, and authority by-laws. Keeping this list of laws and agreements in mind, it is difficult to believe that authorities are constantly fighting an image of having uncontrolled power. Perhaps the myth

is perpetuated by other types of authorities other than water, wastewater and solid waste authorities which may not have the same degree of restriction. Our comments on the Authority Reform Package are as follows:

A-3518 - would require an authority to submit yearly financial master plans to the governing body creating it. Such plans are already part of the budgets reviewed by the Division of Local Government Services. As an informational requirement at the time of request, the authority would have no problem. However, if the intention of this legislation is to hold the authority to this plan and forbid any additional projects from being considered, it would negate the ability of an improvement authority to assist municipalities on a timely and immediate basis. For instance, an improvement authority might receive a request from two fire districts in its service area to help fund expansion of a fire house. If it were necessary to wait several months for approval of a financial master plan, interest rates could change and the project might cost more when finally completed. By acting immediately the fire company would be able to provide improved service to the community much earlier than anticipated. The responsiveness of the improvement authority is one of its greatest assets and should be maintained.

A-3519 - requires local authorities to hold public hearings on their annual budgets. Public hearings are held when user charges are changed. Annually budgets are adopted at public meetings according to N.J.A.C. 5:31-2.3 which are announced as per the Open Public Meetings Act. Most authorities already send copies of budgets to local government units and they are always available upon request as per the State Right to Know Act. Why pass legislation on a situation that can be resolved by a letter of request?

The public may attend and give comments at any public meeting of the authority. Budgets are prepared and submitted at the same time each year as per the Local Authorities Fiscal Control Act. The budget is a public document and available upon request.

A-3520 - provides that the governing body of an authority may veto minutes. This provision negates the very purpose of an autonomous authority. To pass this bill is the equivalent of repealing the Authorities Law.

Bond covenants would be abridged with this procedure and the future ability of the authorities to sell bonds would be severely adversely impacted. The Authorities Association of NJ strongly objects because this bill is not in the best interest of the public.

A-3521 - requires improvement authorities to submit semi-annual reports to the Board of Chosen Freeholders on certain projects. If an authority failed to submit a report, the freeholders can hire an expert to compile such a report at the authority's expense. This requirement is unnecessary overkill and obviously more of a political problem than a procedural legal problem. N.J.S. 40:37A-52 provides that the county executive or freeholder president may serve as ex-officio members of an improvement authority. In performing this duty, the ex-officio member can keep the board of freeholders apprised of events and he can provide copies of timely reports as they evolve.

One semi-annual report can not take the place of these more frequent and detailed reports.

A-3522 - requires commissioners of authorities to be citizens and have B.A. degrees or substitute experience on another board year-for-year in lieu of the B.A. degree. After January 1, 1991 all boards will have an engineer, environmental scientist and a finance person. This bill is an insult to the elected officials who presently appoint authority members. They know best what talents exist in their community and what balance of expertise and experience they wish to see on a commission. To specify areas of expertise may preclude the general public member from participation when he really most represents the community being served.

No doubt the NJ Counties Association and NJ League of Municipalities will have more detailed comments on this bill.

A-3523 - provides for removal of members who miss three consecutive meetings. This bill is in conflict with N.J.S. 40:14A-5 which states that a member of a sewerage authority may be removed only by the governing body by which he was appointed and only for inefficiency or neglect of duty or misconduct in office. Therefore, improper attendance is covered under the statute. To have the appointees be able to oust the individuals appointed by a governing body would be inappropriate.

A-3524 - provides that county improvement authorities notify boards of freeholders when appointing a supervisory employee. Minutes of the improvement authorities must contain positions and salaries as required by N.J.A.C. 5:31-2.1G. Therefore, a reading of the minutes will provide this information. Employee contracts and collective bargaining agreements are also part of the public record and fully accessible to the governing body.

A-3525 - directs the Director of the Division of Local Government Services to promulgate minimum qualifications for executive director. This bill lumps all authorities together which as has already been stated does not accurately reflect what authorities do. Just as the functions of authorities differ, so should the appropriate criteria for the executive director. Authorities hire professionals to provide the particular expertise needed for the authority needs. An executive director need only be a good manager who calls in the appropriate professionals. Good managers come with many backgrounds. How will DCA determine the universal criteria in this diverse situation?

A-3526 - requires certain authorities to obtain merit system board approval for positions in unclassified service. AANJ feels that the civil service law in existence applies to all governmental entities in its jurisdiction. If the requirement in this bill is already a statewide civil service requirement, authorities will comply. But authorities should not have civil service requirements in excess of all other civil service participants.

A-3527 - limits the holdover period for members of sewerage authorities and utility authorities to no more than sixty days. AANJ is not aware of a problem with holdovers. Our concern is that the seat may be vacant and authority business will not be conducted if quorums will not be attained.

A-3528 - requires re-examination of operators of treatment systems once every five years. Operator qualifications and education are a great concern to the Authorities Association of NJ. AANJ serves on a committee established by former

Commissioner Richard Dewling to study and make recommendations regarding operator training. Operator training has had a low priority in this state. Rutgers University has a minute program with an annual budget of \$60,000. This is grossly inadequate. Training has not been uniform across the state. The legislature's help in providing a sound and consistent program for training operators would be most appreciated. The industry needs more than testing. It needs consistently funded training. AANJ has requested that NJPDES Permit money be used for this purpose.

A-3529 - requires weekly unannounced inspections by DEP of certain sewage and municipal utilities construction projects and appropriates \$95,000. Unannounced inspections are already required under the Construction Program by DEP.

A-3530 - places certain authorities under civil service jurisdiction and limits holdovers of members to sixty days. Again, the individuality of each authority has determined that some are under civil service jurisdiction, some are not. No doubt the arguments for and against civil service are familiar to legislators and therefore, I will not go into them at this time. The right of authorities to choose civil service has already been established in law and in court precedent. AANJ supports the right of autonomous authorities to choose civil service jurisdiction or not.

A-3531 - establishes the State Commission on Authority Ethics. Is this bill necessary? The State Executive Commission on Ethical Standards has jurisdiction over authorities. They review conflict of interest issues. The courts can act if any abuse of power occurs; the appointing body can act; the legislature can hold hearings; and certainly, the press can probe any alleged wrongdoing. With all these vehicles available, why establish a separate commission for authorities? Why are authorities being singled out over other governmental entities?

A-3532 - requires disclosure statements of authority members. Authorities who receive federal money already are required to do this. It is not a problem.

A-3534 - provides that acceptance of gifts or favors by members of certain authorities which were offered to influence duties shall be considered misconduct of office. AANJ feels this law is unnecessary because existing criminal statutes under N.J.S. 2C:27-6 already provide for criminal penalties.

A-3535 - places a limit on the amount of supplemental compensation an authority may pay to an employee upon retirement. The limit is \$15,000 for accumulated sick leave and one year's vacation time. If this is a statewide policy which applies to all public employees then authorities will comply.

A-3536 - would require authorities to sell their bonds at public sale. AANJ strongly objects. The current practice of negotiating bond sales allows authorities to sell bonds during optimum market conditions. Authorities can delay or accelerate financings to take advantage of the market. Selling bonds at public sale would mean either acceptance or rejection of bids. If bids were rejected, a

re-bid would be required and conditions could be less favorable. Most authority financings are complex issues and require agreements among several parties including trustees, credit facilities, underwriters and issuer. These complex issues do not lend themselves to competitive sealed bid proposals. Solid waste issues, for example, require underwriters to spend several months, and perhaps years, on a project. They do not receive a consulting fee, but rather are paid a commission from the sale of the bonds. Investment banking firms would be unwilling to take on this type of project without the assurance of an eventual bond sale. This bill could seriously impact the way authorities finance projects and ultimately result in additional cost to project users.

This bill would function to disarm the authority and prevent it from offering its greatest service to the public.

#### Conclusion

In conclusion, the Association recognizes that legislator's are asked to react when the public believes that an authority has over-extended powers. Statewide, broadbased legislation is not always the best way to handle a complaint.

Concerns regarding public official disclosure, fairness in hiring, accountability of public officials in performing their duties, and information being shared between authorities and appointing bodies which are expressed in these bills are shared by the Authorities Association of NJ. In fact, we encourage our members to exercise these good management principles. One might ask whether common sense and good management practice can be legislated. Often the best aid to good management is to provide flexibility so that responsiveness can be exercised.

If a specific practice of an authority is questioned, the public can use the legally prescribed means of raising the question. This package of bills is a traditional example of throwing out the baby with the bathwater. Autonomous authorities have important work to do on the waste disposal issues which confront New Jersey. They need flexibility to hire good talented staff, the means to act in a timely fashion, the ability to take full advantage of favorable bond markets and the continued support of the legislature in the role that authorities play.



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August 23, 1988

The Hon. John E. Rooney  
Assemblyman, 39th District  
70 Kinderkamack Rd.  
Emerson, NJ 07630

Dear Assemblyman Rooney:

The Mercer County Improvement Authority has deep concerns and would like to register its opposition to the following bills recently introduced in the Assembly. The bills if passed, would seriously impact the ability of Improvement Authorities to service the public as intended.

\*A-3518 would require an authority to submit yearly financial master plans to the governing body of the county or municipality which created it.

This would require that authorities plan projects at least a year in advance, not allowing the opportunity to undertake any unanticipated projects which may arise during that year. This would drastically limit flexibility in planning and would adversely affect the ability of an authority to assist the municipalities of the county.

For instance, in mid-1987 the Mercer County Improvement Authority received a request from two fire districts in Hamilton Township for assistance with a firehouse expansion project. Had the Authority been forced to wait several months, interest rates could have changed, drastically impacting the ability of the fire companies to repay the debt service. Implementation of the project at mid-year will result in a quicker improvement in service.

If the Authority had been forced to wait a full year for approval, the fire districts would have to be wait longer for the needed renovations.

\*A-3524 would require Improvement Authorities to notify the Board of Freeholders prior to appointing or promoting supervisory employees.

Authorities are professional organizations that require highly-qualified personnel with special training. The Mercer County Improvement Authority staff includes environmental planners, an engineer, an architect/construction manager, and financial experts. The Authority must have the flexibility to hire personnel based on their technical qualifications. This legislation would subject staff appointments to political interference.

\*A-3521 would require Improvement Authorities to submit a semi-annual progress report to the Board of Freeholders detailing the status of each project. If the Authority failed to submit such a report the Freeholders would hire an outside expert to compile the report at Authority expense.

During 1987, the Executive Director of the Mercer County Improvement Authority attended more than thirty Freeholder meetings including committee-of-the-whole, agenda sessions, and formal meetings. In the last five months the Executive Director has made eight appearances at Freeholder meetings. In addition, other Authority staff and consultants (bond counsel, investment bankers, technical experts) appeared before the Board to report on specific projects. The Board receives copies of Authority agendas and minutes for every scheduled Authority meeting. The Freeholders also have received copies of Resource Recovery proposals, Recycling proposals and Landfill License Agreement. Recently, a new Freeholder was appointed and upon his request the Mercer County Improvement Authority sent him a notebook providing valuable background information on the Resource Recovery project.

Authorities' budgets are set-up on a project basis, all expenses are charged to specific project accounts. The question arises as to how the reports referred to in this bill could be paid for without compromising the interest of the bondholders of the various projects.

The flow of information between our Authority and the Board of Freeholders is constant and current. Information is readily available at the request of the Freeholders. Therefore, the requirement of a semi-annual report is unnecessary and an added expense to the Authority and its clients.

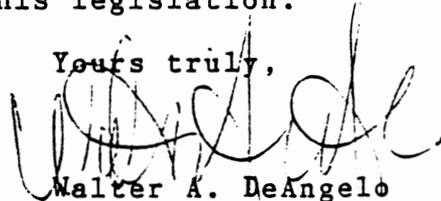
August 23, 1988

\*A-3536 would require regional authorities to sell their bonds at public sale, removing an authority's ability to negotiate flexible terms and sell bonds at peak market conditions.

Most Authority financings are complex issues that require agreements among several parties including trustees, credit facilities, underwriters and the issuer. These complex issues do not lend themselves to competitive, sealed bid proposals. Solid waste issues, for example, require underwriters to spend several months and perhaps years, on a project. They receive no consulting fee but are paid a commission on the sale of the bonds. Investment banking firms would not tackle this type of project without the assurance of an eventual bond sale. This bill would seriously impact the process authorities follow when financing projects and eventually result in additional costs to the users.

This legislation was designed to hinder the everyday operations of the Authority. Authorities were created to assist local municipalities with projects such as the Hamilton Firehouse Project and the Hamilton Board of Education Lease/Purchase, where funds and staff to implement such important projects are not available. In the best interest of Mercer County, I strongly urge your support in opposition to this legislation.

Yours truly,



Walter A. DeAngelo  
Executive Director

WAD/mas





