

Interim Report

of the  
New Jersey

TASK FORCE ON URBAN PROGRAMS

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INTRODUCTION

In the sixteen months since he was elected the first black mayor of a major Eastern city, Mayor Kenneth Gibson has frequently observed, "Wherever the American city is going, Newark will get there first." When one considers the total picture of urban centers today -- the confiscatory tax rates, abandoned and dilapidated buildings, poor or non-existent municipal services, soaring crime rates -- there can be little doubt that the American city, as we know it, absent a complete turnabout, is headed for extinction. When the same indicia are considered as they relate to the City of Newark, it is clear that the Mayor's evaluation is substantially correct.

If the tide of urban deterioration is to be reversed, conventional wisdom suggests that massive infusions of federal and State funds are necessary. But it is evident that enough money will not be forthcoming unless and until reasonable assurances are given that it will be spent in an efficient fashion. Certainly, persons who do not live in the cities, and who frequently fail to see the direct relationship between the future of urban America and their own well-being, desire and deserve the knowledge that their tax dollars will not be wasted. Certainly, persons residing in the cities must know that their limited resources are being economically used to provide them with as much service as possible.

The New Jersey Legislature made evident its concern with efficiency and economy, when, in enacting Chapter 325 of the Laws of 1970, to reimburse the City of Newark \$18.5 million over a 2-year period, it created the Task Force on Urban Programs to oversee expenditures under the act. Additionally, the Task Force was directed to report to the Legislature concerning those expenditures and such other matters relating to the fiscal situation and municipal administration of the City of Newark as

it deemed necessary. There follows the interim report of the Task Force.

### SCOPE

Chapter 325 of the Laws of 1970 earmarked all funds for the "support of upgrading or augmenting new or existing programs and facilities for disadvantaged persons in the field of education, public health, public safety, recreation and libraries." The City of Newark was directed to prepare a plan for the use of the funds which was to be approved by the Task Force, the Director of the Division of Budget and Accounting, and the Legislative Budget and Finance Director. Where the plan called for educational or library support, the Commissioner of Education's approval was also required.

The plan was developed after a number of meetings with City officials, was reduced to a resolution of City Council, and ultimately secured the requisite approvals. In brief, it calls for support of existing programs as follows: Health Divisions, \$2.53 million; Division of Inspection, \$0.99 million; Bureau of Baths and Pools, \$1 million; Bureau of Parks and Grounds, \$0.38 million; and Division of Sanitation, \$4.35 million. Further, the City agreed to account for funds separately and to provide such reports as would permit the Task Force to evaluate performance.

From the outset, the members of the Task Force attempted to inform themselves of the total management picture in the City of Newark. In that regard, they had available the reports prepared by Touche Ross and Company which, after considerable study, had recommended substantial reorganization of City government and a number of steps to improve delivery of services. Much time was occupied in eliciting the response of the Mayor and City Council to those recommendations and certain conclusions were reached which are set forth in the body of this report.

Also made available to the Task Force were copies of the reports made by Dr. Oscar Sussman of the State Department of Health during the period at the end of 1970 and the early part of 1971 when he was on loan to the City of Newark as a consultant on health matters. Dr. Sussman met with the Task Force to elaborate on his observations.

When it became apparent that staff was needed by the Task Force to conduct an independent evaluation of city operations, the need was made known to the Governor and funds for that purpose were made available. Mr. George Pellack, Borough Manager of Fair Lawn, New Jersey, proved invaluable in investigating the activities of those agencies to which State funds had been allocated. Finally, after serious questions concerning insurance practices became apparent in the Task Force's review of activity in the Bureau of Baths and Pools, it was decided that the advice of an independent insurance consultant, Alexander and Alexander, Inc., should be elicited.

The report which follows is the product of the Task Force's present judgments based on the observations of its members and reports of its consultants. Since this is an interim report, it is possible that as study continues, certain judgments and recommendations may alter.

It should be noted that the Task Force has concerned itself largely with management practices. It was not within the scope of its charge to attempt to evaluate achievements which may or may not have been made by the City of Newark in terms of broad policy goals, and it did not attempt to do so. For example, it is obvious that the primary objective of the Gibson administration is to restore confidence in the honesty and integrity of City government. Also, there is an obvious need in a City which has been torn by the kind of racial conflict which Newark has experienced for the Mayor to reduce polarization. The members

of the Task Force cannot say whether substantial progress has been made in attaining either or both of those goals. It can suggest and does, that the efficient operation of government can facilitate the attainment of those goals and any other which the city administration may establish for itself.

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## II

### SUMMARY OF FINDINGS

Four functional areas of Newark's city administration have been examined in some detail with the hope that the observations made here will be of help in identifying problems which exist throughout the municipal government.

#### HEALTH ADMINISTRATION

Public health services in the city of Newark are provided through the Division of Health in the Department of Health and Welfare. During the first nine months of the present administration, the department was administered by the director of the Division of Inspections, as acting Director of Health and Welfare. A new director was appointed in April, but, after serving through July, he went on extended vacation and apparently has not functioned as director since then.

The Division of Health is headed by the City Health Officer. In July, the Health Officer, who had served in this position for 20 years, was suspended, and charges were filed against him by the director of the department. Many of the charges were based on reports filed by State Health Department personnel on loan to the city. No disposition of those charges has been made yet, so far as is known.

Because of the wide diversity of health programs, numbering at least 15 separately-budgeted activities, supervision of the Division of Health requires a strong administrator. In fact, the situation appears to have been just the opposite. State observers noted an obvious lack of supervision and follow-up in most areas of health administration. The dental clinics, for example, upon one occasion, mustered a force of nine dentists to use six dental chairs to treat 14 patients during a morning session supposedly lasting from 9:00 a.m. to 12:00 noon. Four of the dentists arrived after 9:30 a.m. and seven had left for

lunch by 11:15 a.m. Each of the 28 part-time dentists on the Newark staff is paid an average of \$5,054 per year for six hours work per week. Based on the above examples and others, it has been concluded that dental clinics are over-staffed with dentists, under-staffed with technicians, and under-utilized by the community. Costs per treatment are reported to be higher than for private dental practice in Newark.

Similar observations of the lack of supervision have been made for other health programs. Medical clinics require long waits by patients and fail to provide any Spanish-speaking personnel. Epidemiological investigations have been described as "poorly performed, inadequately supervised and haphazardly reported". Lead poisoning investigations have been characterized by ineffective sample collection and frequent failures to follow through to correct dangerous conditions discovered. In the city pharmacy, drugs were overstocked and records were found inaccurate or non-existent so that drug use could not be monitored. The ordering of drugs by brand names, rather than generic titles, reportedly almost doubled costs. Flagrant violations of sick leave policy were uncovered in more than one health program, with no effective corrective measures being taken until urged by State personnel.

Health planning has been haphazard, apparently with many people involved, but no one person really responsible. Among other things, this has led to the purchase of large pieces of equipment with little or no thought being given to its uses or the operating cost involved. For example, an auto analyzer (\$54,233), an infra-red spectrophotometer (\$11,783), and an automated gas analyzer (about \$20,000) all were purchased and then allowed to stand idle and deteriorating for months and even years without being used.

In a number of cases, Newark has attempted or is

attempting to continue health programs which it initiated some years ago, but which other governmental agencies are now better prepared to perform. Live poultry inspection could be handled by the State Department of Agriculture, out-of-state milk inspection by the State Department of Health, air-pollution control by regional agencies, and laboratory testing by private laboratories. In each case, the city at one time may have provided a valuable service, but the time may have come to turn the responsibility over to others.

Most of the conditions described above were noted as much as nine months ago and brought to the attention of the mayor and business administrator. The health officer was suspended only in July, 1971. Action to correct other conditions apparently moved very slowly, if at all. While some situations may now have been changed, the division and the department still appear to lack the strong administrative controls which are essential.

#### RECREATION ADMINISTRATION

There is no coordinated recreation program in the city of Newark. Responsibility is divided mainly between the board of education and the city government, with a number of other organizations running some form of recreation.

The board of education has been the prime supplier of recreational services in Newark for more than 50 years. Its program is extensive and imaginative, utilizing 125 full-time recreation teachers on a 3:00 p.m. - 9:00 p.m. shift during the winter months and about 300 teachers in the summer. The board's program apparently goes far beyond athletic activities, and includes a strong "educational" input involving the use of school shops, classrooms, and auditoriums, as well as gymnasiums and playgrounds. The recreation program conducted by the board of education appears to be effective and well-endowed in leadership. The program makes some use of city-controlled facilities, but

there is a feeling by the school staff that more could be made available.

Over the years, the city government has constructed some recreational facilities, principally public baths (now shower rooms) and swimming pools, and has provided some recreational programming for their use, although there is no city department of recreation. The city is now attempting to expand its recreation activities. Some new programs were started under the Baths and Pools budget this past summer, and creation of a new department headed by a \$25,000 per-year recreation director is now being considered.

Personnel connected with Baths and Pools are advanced in age. The chief of the Bureau is 75 years old, 13% of all employees are 65 or over, and the average age is more than 50. While the older capital facilities are relatively well-maintained, and the older programs seem adequately administered, new activities appear to be beyond the effective control of the existing personnel, and they appear to be by-passed on occasion. Budget lines were over-expended for summer help this year because the business administrator's office reportedly hired personnel for new programs using Baths and Pools funds without consulting the chief of the Bureau. The administration of the bureau appears unimaginative. Stationary firemen are assigned year round for some outdoor pools, rather than draining pipes and consolidating personnel; some pool services seem over-staffed; and pool buildings which might be utilized year-round are left standing idle.

The city in the last six years constructed two major recreation facilities -- the John F. Kennedy Recreation Center and the Ironbound Recreation Center -- at a cost in excess of \$10,000,000. The construction of these two facilities evidences a lack of planning and a failure to recognize the overall needs of the citizens of Newark. There has been virtually no coordination between the city government and the board of education with

respect to the planning utilization of either facility. Both centers included ice hockey rinks, although the board of education has no intention of including this expensive sport in its activities. Neither rink has ever been used, reportedly because no budget line was provided for refrigeration engineers. As of 8/31/71, however, \$11,432 had been expended for such an engineer's salary this year, although the rinks are still not in operation. The Ironbound Center is located in an industrial area with poor public transportation and includes a 7500-seat football stadium and a 3000-seat arena for hockey, but with only 59 parking places for cars. Oil seepage from an adjacent junk yard has already damaged the playing field. The board of education has only reluctantly agreed to schedule some games in the stadium.

Actual construction of the facilities, while impressive in some respects, has been deficient in others. Portable bleachers for basket-ball games at Ironbound will not move readily over the rubber floor provided for skaters. The idle ice rink at J.F.K. can not be used for other purposes because no portable floor has been provided. Many construction deficiencies remain at Ironbound but contractors' performance bonds either were not required, or were not enforced in time, with most costs having already been paid. Both facilities were constructed with funds obtained by public borrowing. In each case, the original bond ordinance carried a price tag which was only a minor fraction of the final cost of the facility, and which had to be supplemented by numerous additional ordinances building up the funds available. None of the ordinances for Ironbound mentioned among its purposes the construction of an indoor ice skating rink.

#### INSPECTION ADMINISTRATION

The Division of Inspections in the Newark Department of Health and Welfare includes bureaus responsible for building, electrical, air pollution, plumbing, housing, and weights and

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measures inspection, and staffed by persons who have some technical qualifications in each of these fields. One area of the city has been turned over to a separate code enforcement program entitled FACE (Federally-Assisted Code Enforcement). The latter program is staffed, in general, by non-specialists. The fact that the FACE inspectors appear technically less qualified, but receive higher salaries because of federal funding, is a constant irritant and destructive of employee morale.

Opinion by observers is conflicting concerning the competence and diligence of the regular city inspection employees. The truth probably is that some inspectors are qualified and work at their jobs, while others take advantage of the system. There appears to be a lack of supervision and lack of clear assignments. This has resulted in a decline in the number of most types of inspection over the past few years while the number of inspectors has remained constant or been increased.

The effectiveness of code enforcement inspections in Newark is hampered by weaknesses in enforcement procedures. Housing cases are handled by a special section of the municipal court called the Housing Court. There is a constant turn-over of judges, with an alleged lack of detailed knowledge of local codes on the bench. Inspectors tend to be poorly prepared for presenting and defending a complaint in court. As a result, they are frequently humiliated by the court, contributing to further morale problems. Judges are charged with granting postponements of cases too easily, and each postponement requires a further re-inspection of the property in question, so that the inspector can testify that a violation still exists. Inspectors report a great deal of time wasted in waiting for cases to be called and in making unnecessary re-inspections.

Difficulty has been encountered in serving complaint papers on landlords, especially if they are located outside Newark. The practice of relying upon local process servers in

other communities is not very effective. Although Newark has authorized use of the optional statute which permits a city to collect rents and use the funds to make repairs to substandard housing, the law apparently has almost never been put to use.

The purpose and desirability of code enforcement inspection has not been adequately communicated to the residents of Newark. In many cases they fear, possibly with good reason, that an inspection will result in rent increases by their landlord. Ineffective enforcement measures undoubtedly contribute to a cynical attitude by the residents. Partially for this reason, inspectors are sometimes placed in potentially dangerous situations.

#### INSURANCE ADMINISTRATION

The responsibility for administering the insurance program for the city of Newark is unclear. Nominally, the Insurance Fund Commission is regarded as the agency of the city government which is expected to be responsible for ensuring that the city is protected against loss. However, the old statute (R.S. 40:51-4 et. seq.) under which the three-member commission operates provides only for the establishment of a self-insurance fund against property damage. The Insurance Fund Commission regards itself primarily as a conduit for the placement of insurance orders originating either in the operating departments or in the city's Law Department. In this role, it handles requests for both property and liability insurance, and it manages the investment of the self-insurance fund. The commission, which currently consists of one councilman, the city treasurer, and an assistant business administrator, all appointed by the mayor, has no particular expertise in insurance matters, either in its own membership or in its office staff. It relies on the Law Department or the operating departments for prescriptions of the amount and type of insurance desired, and on its agent for advice on the placement of insurance. Whether the Law Department or the

operating departments have any more expertise is unknown at this time, and such a determination might be worth pursuing.

The insurance coverage of the city has grown by accretion, with no guidelines in evidence. Each policy may have made sense when originally purchased, but no one in the city government has been given the responsibility for continuously reviewing insurance coverages and revising them where appropriate. The three members of the commission are all new to their offices; and they have merely renewed old policies when necessary, and have purchased new insurance on new facilities in accordance with requests received. There apparently has been no updating of property values, no active assembly of claim information, and no critical review of the city's insurance program. There is a question as to whether the insurance fund commission has the statutory authority to initiate these activities, although some discussion along these lines is reported to be underway.

The commission also reports that its investment practices are under review. Currently, most of the self-insurance fund of \$1,500,000 is invested in long term U.S. Government and tax-exempt municipal bonds bearing low interest rates.

Existing insurance coverage illustrates the lack of a coherent pattern based on rational guidelines and recognized insurance practices. Some physical facilities carry fire and extended coverage insurance, some have these plus vandalism and malicious mischief protection, and some have boiler insurance. Blanket fire insurance coverage for all facilities probably would be more appropriate rather than location-by-location policies, although it is recognized that in today's insurance market this may be difficult for the city to obtain.

Similarly, liability insurance has been purchased on a limited and location-by-location basis. A blanket liability policy with extensions for high-risk circumstances, such as spectator sports, would probably provide better protection at a lower rate.

All of the property insurance policies examined are written on an "actual cash value" basis, whereas we have been advised by our insurance consultant that "new for old coverage" would provide better protection for the city. Self-insurance is used mainly for fire insurance on fire-houses; when the recent claims incurred by the self-insurance fund are compared with the size of the fund, it appears that considerably wider uses could be made of self-insurance.

### III

#### DEFICIENCIES OBSERVED

The Task Force has examined in some detail the activities of the Newark City Government in four functional areas. From this examination have been drawn a number of generalizations listed below. It is the belief of the Task Force members that all or most of these generalizations may be applicable to other parts of the city government although, at this time, no specific evidence has been gathered in other areas. The generalized statements of deficiencies is presented below, with notations of the particular functions of the city government in which they are particularly noticeable.

	<u>Health</u>	<u>Recreation</u>	<u>Inspections</u>	<u>Insurance</u>
1. Training and expertise are lacking.	X	X	X	X
2. Supervisory personnel fail to provide imaginative leadership	X	X	X	X
3. There has been a lack of planning, especially of capital plant	X	X		X
4. Clear personnel policies have not been established.	X	X	X	
5. Administrative responsibilities are fragmented.		X	X	X
6. There is a lack of supervision and follow up	X		X	
7. Some activities are overstaffed.	X	X		

Health Recreation Inspections Insurance

8. Resources of the city government are under utilized.	X	X	
9. Records are inadequate.	X		X
10. Outdated activities are continued.	X		X
11. The system for enforcing regulatory ordinances is clumsy and slow.	X		X
12. Numerous employees are over normal retirement age.	X	X	
13. There has been a slowness at the top of the government in correcting obvious deficiencies.	X		
14. There is a lack of concern for the citizens served.	X	X	

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## IV

### RECOMMENDATIONS

Although not every observed deficiency lends itself to some specific solution at this point, the Task Force does make the following recommendations:

#### AS TO THE STATE OF NEW JERSEY

1. The State of New Jersey should participate in a review and reorganization of the Newark Division of Health.
2. The State of New Jersey should require the City of Newark to take steps to coordinate recreation activities, whether run by the city government or by the board of education, before granting any further state funds or approving the grant of federal funds for recreation purposes.
3. The State of New Jersey should institute review and control procedures over capital expenditures for all municipalities receiving Urban Aid.
4. The State of New Jersey should consider requiring a fiscal note to be attached to all local bonding ordinances.
5. The State Administration, in consultation with the Judiciary, should immediately take whatever steps are possible to expedite court action on code enforcement proceedings, and should provide additional state inspection manpower where necessary.
6. The State of New Jersey should give consideration to whether improved procedures for local code enforcement can be devised, including the possible substitution of administrative hearings for judicial proceedings.

AS TO THE CITY OF NEWARK

1. The City of Newark should consider requesting permission to use an anticipated surplus from the first year's allocation of state funds under Chapter 325, Laws of 1970 for the purpose of cleaning up rubble and debris throughout the city.
2. The City of Newark should recruit fully qualified employees wherever possible; it should institute and require participation in training programs for its own personnel; and it should make maximum use of existing training facilities and of state and federal personnel loan programs.
3. The Mayor and Council of the City of Newark should take steps jointly to review the present administrative structure of the city government under the existing charter, and should make any necessary changes to clarify responsibilities.
4. The City of Newark should prepare an operational plan, including a staffing plan so that a coherent approach related to the current needs of the city can be taken to reducing or increasing personnel when vacancies occur.
5. The City of Newark should investigate all alternatives available for retiring older employees on an equitable basis.

OVERVIEW

There is little tangible evidence indicating that the State Grant in Aid of \$9.25 million to Newark produced improvement in the city's fiscal or social environment. As stated above, departments that were studied show no improvement in efficiency, but have followed the same path as heretofore with higher operating costs and inferior services.

There is evidence of substantial duplication of services in municipal, state and federal programs. City officials do not know the extent of state and federal funds expended in the city since there is no centralized accounting for these programs at either the city or state level. At the request of the Task Force, the State Division of Local Finance reviewed what data is available and has identified state and federal aid programs in Newark calling for expenditures in 1971 of over \$133,000,000, excluding HUD grants other than model cities. Such amount is substantially in excess of the revenues expected to be raised by taxation in the city this year.

A ripple of improvement in the administrative process appears to be forming with the appointment of a business administrator and qualified finance personnel, but at a slow pace. There is obvious conflict between the City Council and the Mayor and its effects are seen throughout the entire city operation. There appears to be a power play lead by the City Clerk's office, representing the City Council, and the Administration. Unfortunately, the key officials in the Administration are new to Newark whereas the City Clerk has been employed by the city for over 30 years. It is clear that the elected officials will have to provide more aggressive leadership if there is to be any real prospect of

resolving this conflict.

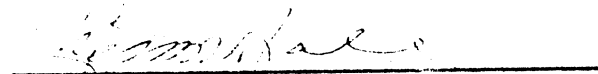
In view of the slow pace being set in Newark, a substantial question arises as to whether the city can resolve its problems. Accordingly, an approach might be for the State to consider the exercise of fiscal and legislative powers at the state level in order to entice or mandate change. Areas where this type of action might be feasible would include:

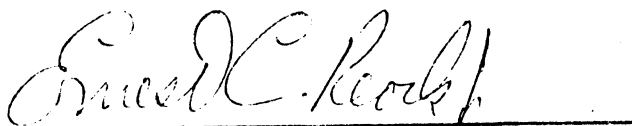
1. More sophisticated financial planning and coordinating systems at the state level which would provide officials responsible for policy and planning with information to assist in the allocation of state and federal funds among municipalities in general, and among competing programs and services within a municipality.
2. Revision of the municipal financial reporting practices which would require accounting for all funds, federal, state and local, expended within the municipality in a manner which would identify the total amount spent on various services and programs.
3. Study and experimentation of various types of services and methods of revenue supplementing which the State can provide to municipalities.
4. Study and experimentation with various indicators to determine a method for

evaluating social performances, quality  
of services and program effectiveness.

Consideration of the foregoing at this time would appear appropriate in view of the continuing pressure that will be put on the State to provide funds in future years to not only Newark, but other urban areas.

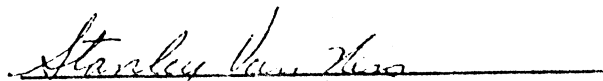
  
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Chairman

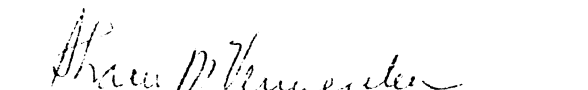
  
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STANLEY VAN NESS

  
ABRAM VERMEULEN

ALEXANDER MATTURRI  
(Although a member of this  
Committee, he did not participate in the meetings and  
it is not known whether this  
report expresses his views.)