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FORMAL RESPONSE BY
MAYOR KENNETH A. GIBSON
TO

THE INTERIM REPORT OF NOVEMBER 9, 1971

BY

THE TASK FORCE ON URBAN PROGRAMS

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December 28, 1971

The 8-member Task Force on Urban Programs was established pursuant to Chapter 325, Laws of New Jersey, approved December 23, 1970. Its chairman is former Assemblyman Richard J. Vander Plaats.

Its basic mission is to oversee the expenditure by the City of Newark of \$18,500,000 payable by the State to the City over a two-year period as a reimbursement for payments made by the City to Martland State Hospital since 1968. The first of two installments of \$9,250,000 was received in July 1971.

This amount was intended to be used by the City as a revenue item to help balance the City's \$107 million 1971 budget. Also in December, 1970, the State Legislature authorized the City to impose five new taxes in Newark, one of which was a payroll tax now yielding over \$11 million per year.

In July 1971, the Task Force and the City agreed to an arbitrary plan for special accounting of certain previously budgeted on-going expenditures totaling \$9.25 million as follows:

	('000's)
Department of Health & Welfare	\$
Health Division	2.62
Inspections Division	.97
Department of Public Works	
Baths & Pools Division	1.24
Parks & Grounds Division	.55
Sanitation Division	<u>3.87</u>
	\$ 9.25

The City administration has consistently cooperated with the Task Force and has faithfully and punctually submitted hundreds of pages of data periodically as requested. City representatives have met frequently with the Task Force over the nine months prior to November.

Chapter 325 directs the Task Force to render advice and assistance to the City as it may deem advisable, and to report monthly to the State Legislature or its presiding officer. The City had received nothing in writing from the Task Force prior to its surprise report and visit of November 9, 1971, followed by extensive publicity and editorials. Nor did the City receive any oral advice from the Task Force on what it was presumably investigating or what improvements it sought. The evidence clearly is that the report was hastily drawn, that most of the members of the Task Force were not familiar with its contents when published, and that it must have intended to serve some other purpose than to render constructive advice to the City of Newark.

Since receipt of the Task Force report, my staff and I have responded with fifteen pages of detailed analysis, and we have met with the Task Force at length on November 28 and December 8. I am reluctant to make this public reply due to my continuing desire to cooperate with the Task Force and because I do not wish to cause undue embarrassment to the Task Force. However, persistent inquiry from the public, the State legislature, the news media and the business community leaves me no alternative.

The City was asked to account for expenditure of \$9.25 million for specific line items in the 1971 budget. Actually, the City will spend \$640,000 less than that sum for those items without cutting services (some services in recreation were expanded). Despite the relevance of this significant fact to the basic mission of the Task Force, the Interim report did not even mention it. The City's rate of spending has been clearly reported to and understood by the Task Force.

The targets which the Task Force wants the City to seek in any specific time period have been unclear and changing. Even when general goals are suggested, there is no clear way of determining when they have been attained. Shooting from the hip thus becomes easy and unpredictable. Some general goals quoted from the Interim report are as follows:

1. Upgrading new or existing programs and facilities.
2. Improving efficiency.
3. Improving operation.
4. Reorganization.
5. Better utilization of employees.
6. Efficiency and economy.
7. Improvement in City's fiscal environment.
8. Improvement in City's social environment.
9. Overcoming duplication of city, state and federal programs.

It may be asked whether the savings of \$640,000 is consistent with the goals of the Task Force for Newark, or not. Furthermore, the Task Force report made no mention of any of the outstanding internal administrative improvements which the Task Force might be expected to include within its scope of interest. Such overlooked items are: definition of objectives by each operating unit, steps to modernize the budget format, compilation of a capital budget and fiscal policies,

current payment of bills in fifteen days, complete reorganization of computer usage and management, monthly reporting of all expenditures and encumbrances, curtailment of abuse of overtime and sick leave, encouragement of retirement of oldsters, analysis of garbage collection system, systematic cash flow analysis and projection, employment of a qualified city engineer, systematic analysis of watershed lands for recreation, positive steps to centralize budget and accounting of federal-state programs under City control, directory of federal programs, etc., etc. At the same time, we do not deny that much remains to be done. We must consider priorities and the Task Force could assist us by doing likewise.

Eleven pages of the Interim report relate to so-called Findings of the Task Force. Many of these observations are clearly derived from earlier reports by consultants, and are not "Findings" of the Task Force at all. These earlier reports were written with full cooperation on my part by Dr. Oscar Sussman of the State Health Department (dated December 22, 1970, January 7 and 21, and February 18, 1971) and Touche Ross Inc. (dated December 22, 1970). Conditions have substantially improved in the intervening nine months.

We have identified fifty-two items contained in the Task Force report which purport to be shortcomings in the City administration. It will be noted that fifteen of these so-called deficiencies do not remotely pertain to the spending of the \$9.25 million under consideration (see asterisked items in Exhibit A attached).

The functional categories in which these fifty-two items fall, along with the budgeted allocation in millions, are as follows:

<u>Function</u>	<u>Deficiencies Noted</u>	<u>Budget</u>
Health	18	\$2.62
Inspections	7	.97
Baths & Pools	14	1.24
Parks & Grounds	0	.55
Sanitation	<u>0</u>	<u>3.87</u>
	39	\$9.25
Insurance	5	
General	<u>8</u>	
	52	

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One unwarranted criticism of the City by the Task Force which received widest news media coverage was as follows:

"City officials do 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."

A Star-Ledger editorial on November 18, 1971 stated that "the Task Force is on firm ground when it expresses concern over the lack of a precise accounting of \$133 million Newark has received this year from the federal and state governments. It charged that the administration of Mayor Gibson is unaware"

In reply, we must first say that we did not learn that the Task Force was interested in this very complex subject until reading its report of November 9. The City was not asked to furnish such data. The subject does not relate to the spending of the \$9.2 million.

We attempted to find out what the Task Force was talking about. On November 29 the Task Force refused to give my staff a copy of the breakdown of the \$133 million, and the following day the State Division of Local Finance likewise refused. Finally on December 8 the Task Force gave us a copy of a five-page memorandum sent to The Honorable Richard J. Vander Plaats from the Director of Local Finance Joseph N. Ehret. It was dated June 18, 1971. I submit that the City has not been dealt with in a business-like manner on this matter.

The Task Force pointed out that the reported aid total was really \$100,862,975 and not \$133,786,975. cursory examination of the statement indicates that the grant period for some programs extends as far back as June 1, 1970 and as far ahead as May 2, 1972. Some of the items are not aid programs at all, but are taxes collected in Newark by the State and returned, such as, \$15 million replacement revenue for business personal property, \$1.3 million railroad tax and \$100,000 refund for tax paid on gas in City vehicles.

The agencies receiving the grants are not shown, but the school system appears to get about half of the total. Almost none of the aid programs appears in the regular city budget to defray operating costs except the \$9.2 Martland reimbursement, and \$7.4 million urban aid which was distributed to twenty-four New Jersey Cities in 1971. Model Cities and the Manpower programs are the largest

items over which the City has responsibility. Many private and independent community agencies are included in the \$100 million list.

In conclusion may we say

1. That accounting centrally for all aid programs directly controlled by the City is desirable, and the City has taken tangible steps to accomplish this. Each grant is in a separate bank account.

2. That the City's own directory of seventy-nine active aid programs controlled by the City is more complete and accurate than that of the Department of Local Finance.

3. That it is not legal or feasible now, and probably not desirable, for the City to provide central accounting for all state-federal aid programs by all agencies and governments in Newark. However, under the Planned Variations concept, for which Newark is one of twenty approved cities in the U.S., the coordination in Newark of all grant allocations by the City is contemplated.

The 52 So-called Deficiencies

We have classified the fifty-two items gleaned from the Task Force report and grouped them into seven categories (Code numbers) below. The grouping is, of course, debatable.

Summary
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<u>Code</u>	<u>Category</u>	<u>No. of deficiencies</u>
- 1.	Impossible to do, or not relevant	7
- 2.	Not accurate, or corrective action taken	11
- 3.	Will take longer than Nov. 1971 to do	11
- 4.	Will cost more than at present	2
- 5.	City has tried unsuccessfully to correct	4
- 6.	No easy way to measure results	12
- 7.	Measurable and definable and can do	5
		<u>52</u>

On Exhibit A attached, the fifty-two items are summarized by operating or functional division with the Code shown for each deficiency.

There follows a discussion of the fifty-two items according to the seven above categories.

1. Impossible or Irrelevant (7)

(Items 27, 30, 31. Exhibit A) These three deficiencies relate to the cost or design of the JFK and Ironbound recreation centers. Both facilities were

completed prior to inauguration of the present administration on July 1, 1970. A number of structural problems do remain in connection with performance of the original contractor in both facilities. The ice rink at JFK is not operating for this reason.

(Item 11) Pieces of expensive health equipment are unused and should not have been purchased. This is correct. All were bought with State funds prior to the current administration (Ref. Sussman report). A State Health Department consultant recommends they be given to a local hospital in exchange for services to be rendered.

(Item 34) Reported drop in the inspections per inspector is based on historical data reported by Touche Ross Inc. and does not reflect current facts. However, one factor tending to reduce productivity is claims by inspectors of the need of inspectors to work in tandem in some neighborhoods.

(Item 21) The Task Force report says there are too many old employees in the Baths and Pools Division with average age of 50. Legal retirement age is 70 for most employees. However, some employees have no compulsory retirement age due to the pension plan they are in. However, persons eligible to retire are encouraged to do so and retirements have increased as a result. For example, the largest non-Police/Fire pension system with 1780 members had 43 retirements in 1969, 41 in 1970 and 69 in the first eleven months of 1971.

(Item 37) Time is wasted by inspectors waiting to be called for court cases and in making reinspections. This is a universal problem, even greater in the Police Department. Better scheduling of a judge's workday is not easily accomplished.

2. Not Accurate Or Action Already Taken (11)

(Items 5, 6, 8) It is said that epidemiological investigations are poorly performed, supervised and reported; lead poisoning investigations are ineffective; pharmacy records are inaccurate or non-existent. These complaints, derived from the Sussman reports, have been corrected and supervised by consultants of the State Health Department.

(Items 2, 12, 13) It is said that dental clinics are overstaffed with dentists and understaffed with technicians. This is not true according to Dr. Dougherty of the State Health Department. It is said the City should get out of inspection of live poultry and milk and let the State do it. These changes have been made months ago.

(Item 29) There is oil seepage onto the playing field adjacent to a junk yard at Ironbound recreation center. The City has taken what action it could in October in a court action against the Tidewater Oil Co. An injunction was obtained

and negotiations are in progress on building a wall.

(Item 40) Responsibility and authority for administering the City's insurance program is not clear. We believe this matter is clear from an operating standpoint. No other agency places insurance for the City or claims to have the responsibility or authority. It is agreed, however, that the City Code should be more explicit on these points.

(Item 28) It is said that the Ironbound ice rink is not operating. This costly operation was officially opened to the public skating and paid ice skating clubs on October 1, 1971. We have had to hire employees to accomplish this under the Emergency Manpower Act with federal aid.

(Item 46) It is said clear personnel policies are not established. It is not spelled out what personnel policies the Task Force has in mind. In cities under Civil Service many policies are quite clear. Certain items in doubt have been made clear by Administrative Directive in 1971 on permission to attend conferences, unauthorized absences, overtime pay rates, and leaves to take other employment. Directive on sick leave policy will be issued shortly although the stated policy is clear.

(Item 6) Centralized accounting for State/Federal programs is dealt with above.

3. Will Take Longer Than November To Do (11)

(Items 7, 9, 14, 15, 33, 35, 42, 43, 44, 45, 48) These are items which the City has attempted to improve but cannot reasonably be expected to fully accomplish in the time we have had. On every one of the 11 items, tangible progress has been made except (35) turnover of judges and code knowledge on the bench. The other items are:

The overstocking of drugs in the pharmacy, ordering by brand names, shifting air pollution administration to the County, reducing the testing activities in the laboratory, developing a training program for the city at large, making more effective enforcement regulatory ordinances. The report says that the FACE Program is staffed by non-specialists who get paid higher than specialists in the Building Inspection Department. This is true to a degree, and correction of the situation will take more time.

Finally, the three items under insurance concern systematic review of coverage, investing at better rates and use of "actual cash value" basis for coverage. The City is having a more thorough study made by the same consultant used by the Task Force on all procedures relating to insurance.

4. Will Cost More Than At Present (2)

(Items 4, 25) Many things are nice to do that cost more money. The Task Force mentions two particularly which are probably not of highest priority, namely,

hiring spanish-speaking persons at medical clinics and utilizing pool buildings on a year-round basis.

5. City Had Tried Unsuccessfully To Correct (4)

(Items 17, 18) These items pertain to management in the Health & Welfare Department. The City has indeed had difficulty in hiring and retaining a qualified Department Director at the salary level of \$30,000. We do not know what the Task Force would do that we have not diligently tried to do. A Director, an M.D., was appointed April 9, 1971, but has not been on the payroll since August 31. Announcement of a new nominee is expected early in January. It is said that the case of suspension of the Health Officer has not been finally disposed of. This is true. But the major positive fact is that action was taken to start improvement of the management of the Health Division. The report of the Task Force did not mention this significant development as a real plus.

(Items 19, 20) These pertain to recreation. The Task Force says the City has no coordinated recreation program and has no recreation department. Yet the Task Force knows that the City administration has sought repeatedly to accomplish these two matters since last January. No mention of this effort was made in the report. On three occasions the City Council has rejected the creation of a Recreation and Parks Departments, and in December 1971 has finally approved the position of Director of Recreation and Parks (no department) at \$20,000-\$25,000, whereas the Administration recommended a starting pay of \$25,000.

6. No Easy Way To Measure Results (12)

(Items 1, 3, 10, 16, 23, 26, 36, 39, 41, 49, 51, 52) These are broad-brush complaints that to a degree are true and to a degree false. If corrections are made, there is no standard specified to judge by. The claimed deficiencies are:

- Lack of supervision and follow-up in Health.
- Patients wait too long.
- Slow action to correct deficiencies noted.
- Administration of Baths & Pools is unimaginative.
- Some pool services seem overstaffed.
- Inspectors are poorly prepared to present and defend complaints in court.
- Purposes of code enforcement not adequately communicated to residents.
- Insurance commissioners have no particular expertise.
- Lack of concern for citizens served by Health and Recreation.
- Unresolved conflicts between Mayor and Council.
- Power Play By City Clerk's Office

We seek to improve performance on all these items. We have administratively worked on most of these matters since the Sussman reports were

written. That is why the Mayor requested that these investigations be made by Dr. Sussman. If conditions had improved 25%, for example, how would the Task Force be able to tell?

A final item (10) alleges flagrant violation of sick leave policy in Health. Dr. Dougherty of the State Health Department states that the City record is as good as that of the State Health Department. Our concerted aim is to make it far better. The City keeps a monthly tally of sick leaves over 30 days. The number of employees in this category has dropped from 77 on March 31, 1971 to 34 on October 31, 1971.

7. Measurable And Can Do (5)

(Item 22) Budget lines were over-expended for summer help. This happened partly because of the many demands for summer jobs voiced from so many directions. It will not happen again. A conference was held on the matter. The Division head responsible was reprimanded.

(Item 24) Stationary firemen are hired on a year-round basis. This is so particularly in Baths & Pools. The Touche Ross reports suggested part-timers for these jobs, and the recommended budget for 1971 so provided. The City Council returned the budget to accommodate traditional practice. The 1972 budget will again attempt to reduce full-time stationary firemen to the minimum needed.

(Item 32) It is said that the FACE Program pays non-specialists higher than specialists doing the same work in the Inspection Division. This typical problem of federally-funded programs is not unique to Newark. The pay rates and qualifications of personnel will be gradually equated as between FACE and the Inspection Department.

(Item 38) It is said that the City fails to use collected rents to repair substandard housing. The law permits this. At present the rents go into the general fund. The proposed program would be a new cost to the City.

(Item 47) It is said that administrative responsibilities are fragmented in the divisions covered, except in the Health Division. It is true that there are instances of lack of unity of command. In all instances the root cause is the relative independence encouraged by separately-funded federal programs. The criticism has some merit. The Task Force does not deal in solutions.

Conclusion

It must be said that the City expected something more professional and helpful from a task force with such high-quality membership. Some of the new ideas offered in the Interim Report (which are indeed few in number) will be helpful. But on the whole it does appear that any fair-minded attentive observer would agree that the Interim Report in its present form is sloppy, ill-considered and basically incorrect.

EXHIBIT A

Summary of 52 Deficiencies In Newark City Government
Cited In Interim Report of November 9, 1971
By Task Force On Urban Programs
In Areas of Health, Recreation, Inspections, Insurance & General

<u>Health Division (Health & Welfare Department)</u>	<u>No.</u>	<u>Code</u>
Lack of supervision and follow-up in most areas of health administration.	1	6
Dental clinics overstaffed with dentists, understaffed with technicians.	2	2
Medical Clinics		
Patients wait a long time	3	6
No Spanish speaking personnel	4	4
Epidemiological investigations		
Poorly performed, supervised and reported	5	2
Lead poisoning investigations ineffective	6	2
Pharmacy		
Drugs overstocked	7	3
Records inaccurate or non-existent	8	2
Ordering by brand names, not generic titles	9	3
Flagrant violation of sick leave policy.	10	6
Haphazard health planning		
Large equipment purchases not used.	11*	1
City doing things the State or others can do better.		
Live poultry inspection	12	2
Out of state milk inspection	13	2
Air pollution	14	3
Laboratory testing	15	3
Slow action to correct deficiencies noted.	16	6
Management		
No continuing Department Director	17	5
No dispositional charges following suspension of health officer	18	5

Division of Baths and Pools; Recreation

	<u>No.</u>	<u>Code</u>
Recreation programs not coordinated within the City nor with Board of Education.	19	5
No City department of Recreation.	20	5
Too many older employees in Bath & Pools: average 50.	21	1
Budget lines over-expended for summer help.	22	7
Administration of Bureau is unimaginative.	23	6
Stationary firemen hired on year-round basis.	24	7
Pool buildings which might be utilized on year-round basis are left idle.	25	4
Some pool services seem overstaffed.	26	6
Lack of planning indicated in design and cost of JFK and Ironbound Recreation Centers.	27*	1
Ice rink at Ironbound not operating.	28	2
Oil seepage onto playing field from adjacent junk yard at Ironbound.	29*	2
Construction deficiencies at JFK and Ironbound. Portable bleachers don't move well	30*	1
No portable floor at JFK over rink	31*	1
Ice rink at JFK not operating.	32	7

Division of Inspection (Health & Welfare Department)

FACE Program is staffed in general by non-specialists who get higher pay than specialists who appear technically more qualified.	33	3
Most types of inspection have declined over the past few years while the number of inspectors has remained constant or increased.	34	1
Constant turnover of judges in the Housing Court; lack of code knowledge on the bench.	35	3
Inspectors poorly prepared to present and defend complaints in Court.	36	6
Time wasted by inspectors waiting to be called by the Court and in making re-inspections.	37	1

<u>Division of Inspection (Health & Welfare Dept.) (CONT.)</u>	<u>No.</u>	<u>Code</u>
City failure to use collected rents to repair sub-standard housing.	38*	7
Purposes of Code Enforcement not adequately communicated to Newark residents.	39*	6
<u>Insurance (Independent Agency)</u>		
Responsibility and authority for administering the City's insurance program not clear; Insurance Fund Commission runs self-insurance and is conduit for placing insurance initiated by departments.	40*	2
The three appointed Commissioners have no particular expertise in insurance matters; they rely on their agent and Law Department for advice.	41*	6
No continuing systematic review of coverage: updating property values, claims information, blanket vs. location coverage.	42*	3
Investments bear low interest rates.	43*	3
Use of "actual cash value" basis instead of "new for old coverage"; not enough self-insurance.	44*	3
<u>General Observations Not Included Above</u>		
Training and expertise lacking in all four above categories.	45	3
Clear personnel policies not established in all four categories except insurance.	46	2
Administrative responsibilities fragmented in all but Health.	47	7
System for enforcing regulatory ordinances is clumsy and slow (Health & Inspections).	48	3
Lack of concern for citizens served (Health & Recreation).	49	6
No centralized accounting for Federal and State programs ("expenditures in Newark in 1971 of over \$133,000,000 excluding HUD grants other than Model Cities").	50*	2
Unresolved conflict between Mayor and Council.	51*	6
"Power play lead by the City Clerk's Office."	52*	6