

February 2, 2018

RE: WEEKLY UPDATE

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Dear Mayor: **I.**

State Issues

a. URGENT: Immediate Action Needed

PFRS Takeover Legislation Advances to Senate Budget Committee's Monday Hearing

Yesterday, the Senate State Government advanced [S-5](#), which transfers the management of Police and Fire Retirement System to a Board of Trustees of PFRS. This legislation would disproportionately shift control of the Police and Fire Retirement System (PFRS), from balanced labor-management control, to a union-dominated (7-5) decision-making structure. PFRS is not like a 401K. Rather, it is a defined benefit program. The bill is now before Senate Budget and Appropriations Committee on Monday, February 5.

Funded entirely by property taxpayer dollars, municipal and county governments will spend an estimated \$913.0 million in 2018 to subsidize the Police and Firemen's Retirement System (PFRS), while PFRS members will contribute approximately \$334.0 million to the defined benefit plan. In other words, property taxpayers will finance over 73.0% of PFRS in 2018, while PFRS members will pay 27.0%.

In its current form, the bill will allow public safety union members and retirees to enhance their own benefits; while forcing their public employers and New Jersey taxpayers to assume a disproportionate amount of the risk. The League and NJAC proposed changes to the legislation to provide critical taxpayer protections, but the Committee advanced the bill without any such amendments.

S-5 gives the labor-management board, at its discretion, and at such time and manner as it determines, the ability to:

- Enhance any benefit set forth in N.J.S.A. 43:16A-1 et seq.; and
- Modify any such benefit as an alternative to an increase in the member contribution rate; and
- Reinstate, when appropriate, such reduced benefit to the statutory level without an additional contribution by the member.

Given the Legislature's inaction on extending the 2% cap on binding interest arbitration awards, the sun setting of employee health benefit controls implemented under Chapter 78, the restricting of SALT deductions on federal income taxes, and the long-term ramifications of enacting this legislation without the recommended safeguards, municipal and county leaders are facing a perfect storm of uncontrollable property tax growth and substantial service cuts.

We urge you to communicate your concerns with the Governor's Office, your Legislators and the Members of the Senate Budget and Appropriations Committee. Ask them to support the amendments advanced by the League and the Association of Counties.

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609-292-6000

The Hon. Steve Sweeney,
Senate President
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SenSweeney@njleg.org

The Hon. Craig Coughlin,
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Your State Senator and Assembly representative:
<http://www.njleg.state.nj.us/members/legsearch.asp>

Senate Budget and Appropriations Committee

Senator Paul Sarlo (Chair),	(201) 804-8118, SenSarlo@njleg.org
Senator Brian Stack (Vice Chair),	(201) 721-5263, SenStack@njleg.org
Senator Dawn Addiego,	(609) 654-1498, SenAddiego@njleg.org
Senator Anthony Bucco,	(973) 627-9700, SenBucco@njleg.org
Senator Nilsa Cruz-Perez,	(856) 541-1251, SenCruzPerez@njleg.org
Senator Sandra Cunningham,	(201) 451-5100, SenCunningham@njleg.org
Senator Patrick Diegnan,	(908) 757-1677, SenDiegnan@njleg.org
Senator Linda Greenstein,	(609) 395-9911, SenGreenstein@njleg.org
Senator Declan O'Scanlon,	(732) 933-1591, SenOscanlon@njleg.org
Senator Steve Oroho,	(973) 300-0200, SenOroho@njleg.org
Senator Theresa Ruiz,	(973) 484-1000, SenRuiz@njleg.org
Senator Troy Singleton	(856) 234-2790, SenSingleton@njleg.org
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Staff Contacts:

- Michael F. Cerra, Assistant Executive Director, mcerra@njslom.org or 609-695-3481 x120
- Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112.

b. Division Issues Additional Guidance on FAST & User Friendly Budgets

The Division of Local Government Services has issued [Local Finance Notice 2018-6](#) advising municipalities that they are waiving the requirement of filing a separate User Friendly Budget document along with any paper based introduced CY2018 municipal budget. FAST collects the necessary information within the municipal budget document to create the standard budget as well as the User Friendly budget document. We suggest you review this Local Finance Notice with your Chief Financial Officer.

Contact: Lori Buckelew, Senior Legislative Analyst, lbuckelew@njslom.org, 609-695-3481 x112

c. Executive Order Signed Signaling Intent to Re-Enter the Regional Greenhouse Gas Initiative.

Earlier this week, Governor Murphy signed [Executive Order 7](#), signaling the beginning of a long process for New Jersey to re-enter the Regional Greenhouse Gas Initiative (“the RGGI”). Currently, the RGGI consists of a group of nine states in the New England and MidAtlantic region that coordinate to set a cap for carbon dioxide emissions from power plants. Power plants within the participating states must purchase credits from RGGI, which allow them to emit a designated amount of greenhouse gas. Those who emit less than the designated amount of carbon dioxide can sell unused credits to other power plants that may need additional credits in order to emit greenhouse gases above the permitted levels. Each member of the RGGI receives a portion of revenues generated from the initial and auctioned sale of credits to power plants. New Jersey withdrew from the RGGI in 2012, but laws still in place dedicate the funds received from the RGGI to be used for green initiatives. Newly introduced legislation – [S612](#) – seeks to allocate the first \$300 million from the RGGI to promote electric vehicles and electric vehicle infrastructure. This includes providing funds to municipal governments for the purpose of revising master plans to include public electric vehicle infrastructure.

Although the Executive Order gives the DEP and BPU just 30 days to report back to the Governor on what is needed to re-enter the RGGI, it will be much longer before the State can fully negotiate back into the agreement.

Contact: Frank Marshall, Esq., League Staff Attorney, FMarshall@njslom.org or 609-695-3481 x137.

II. Federal Issues

a. State of the Union & Infrastructure

During his State of the Union address on Tuesday, the President mentioned the need for a federal infrastructure plan of ‘at least’ \$1.5 Trillion. We look forward to seeing the particulars of the

plan, once it is made public. It has been reported that the Administration plans to dedicate \$200 Million to the plan, which will call on local governments and the private sector to provide the balance. The plan will also rely on regulatory reforms, designed to expedite approvals and reduce costs.

Our delegation in the Capitol must work to ensure that the final product meets New Jersey's needs, without asking our property taxpayers to bear any major, new burdens.

Contact: Jon Moran, Senior Legislative Analyst, jmoran@njslom.org, 609-695-3481 x121.

b. FCC Moves Closer to Preemption of Local Authority Over Broadband Deployment

Last week, the FCC's Broadband Deployment Advisory Committee ("BDAC") met to approve their report examining the barriers to broadband deployment. As we previously reported, the BDAC focused their attention on state and local regulations being the primary barrier to broadband deployment. This misguided assumption is likely attributable to the majority membership of the BDAC being industry interests, and very little input allowed from local governments.

To read more about the BDAC and their report, along with a Minority Report issued by some dissenting BDAC members, please see the League's recent blog post, [here](#).

Contact: Frank Marshall, Esq., League Staff Attorney, FMarshall@njslom.org or 609-695-3481 x. 137.

III. League Conference Follow- Up

a. Claim Your CEUs from the Annual Conference

Attention Municipal Officials! Do Not Forget to Claim Your CEUs from the 2017 NJLM Annual Conference! Please click on the following link to claim your credits: <http://nj-njslom.civicplus.com/300/Conference>.

b. The Conference App is Still Available!

Misplaced your printed Session or Exhibitor Program Guide? The app can still be downloaded in your app store to reference session details or view contact information for participating consultants and exhibitors. The app will be available for download through the end of this calendar year and remains available for accessing on your device as long as it is installed.

c. Exhibits at the Annual Conference

Don't forget to follow up with the exhibitors you met during the Annual Conference! They're available to answer your questions and provide solutions to your town's issues. The full listing with contact information is available on the interactive floor plan and the mobile app.

IV. Also of Interest

a. LEAD Marijuana Symposium

Law Enforcement Against Drugs (LEAD) is holding a marijuana symposium in conjunction with its annual conference March 18-20 in Atlantic City.

It will take an agnostic look at marijuana, legal or not; including national and international presenters in the fields of health, law and policy. For details, [click here](#).

b. Primer on Competitive Contracting

Competitive Contracting provides a procurement method for specialized goods or services, where price is not the only factor to consider when awarding a contract. NJLM's latest publication provides expert insight and hands-on tools on the topic. *Local Contracts Law Series #2: Primer on Competitive Contracting* by Mark Moon, Esq.; Richard Trenk, Esq.; Joseph Valenti, QPA; and NJLM's Lori Buckelew, RMC, and Frank Marshall, Esq., is filled with information about the competitive contracting process for municipal officials. The publication includes evaluation forms, sample resolutions, and procedural insights. [Order it today!](#)

c. New Good Neighbor Nominations

New Jersey Business and Industry Association have opened the nomination process for their Annual New Good Neighbor Awards. It celebrates economic development in the state by spotlighting new and renovated properties. It's a great way for municipalities to promote their economic development projects at no cost. The nomination process is open until February 5. Click for details. <https://www.njbia.org/event-details/njbia-events/awards/2018-new-goodneighbor-nomination/>.

If you have any questions, contact Vincent Schweikert at NJBIA: 973-852-6230

Sincerely,

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Executive Director