

REPORT
TO THE
GREATER HIGHTSTOWN-EAST WINDSOR
IMPROVEMENT PROJECT
REGARDING
EAST WINDSOR AND HIGHTSTOWN, NJ:
FEASIBILITY STUDY OF
POTENTIAL CONSOLIDATION
AN OPPORTUNITY TO IMPROVE SERVICES
AND REDUCE COSTS

JANUARY 2009(REVISED)

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Acknowledgements

GHEWIP representatives paved the way for the cordial conduct of the study. Representatives of East Windsor and Hightstown, including the Township Manager, Township Clerk and Borough Clerk-Administrator went out of their way to include a great deal of data gathering into their already full schedule of responsibilities and duties. Without their cooperation and assistance this report and analysis could not have been possible. We express our appreciation to all who assisted with this study.

Preface

The GREATER HIGHTSTOWN-EAST WINDSOR IMPROVEMENT PROJECT (GHEWIP) is an association of private individuals, companies and corporations located in the greater East Windsor – Hightstown area. GHEWIP thinks of **the community as one entity**. Members have family, business, worship and social interactions in both municipalities. Their purpose is to undertake projects that its members believe will benefit the entire community. GHEWIP undertook this project because its members believed that consolidation could achieve long term sustainability and efficiencies for the community. While GHEWIP had anticipated long term benefits for the community, they had not anticipated immediate economies and efficiencies resulting from consolidation of the borough and the township.

Introduction

GHEWIP engaged GOVERNMENT MANAGEMENT ADVISORS, LLC (GMA)¹ to examine the potential opportunities, benefits and costs of consolidating the municipalities of the Borough of Hightstown and the Township of East Windsor. The study is meant to determine if a further, more detailed study should take place. This study is neither intended nor does it recommend favorably or unfavorably consolidation of the municipalities. As set forth in the proposal, the goal of the study that was subsequently authorized was:

From a big picture perspective, determine the probable advantages and disadvantages of consolidating the municipalities of the Township of East Windsor and the Borough of Hightstown through an examination of their respective municipal finances and operations and the current laws affecting the process. The study would be limited to the two governmental entities of the Township and the Borough.

The objectives of the study were also set forth in the proposal. These included:

- Examine the municipal finances and operations of Hightstown and East Windsor
- Compare the general commonalities and differences of the two municipalities
- Identify the issues that might arise during a more intensive consolidation study
- Determine the probable costs and benefits consolidation might provide to both municipalities
- Provide an estimate of the probable efficiencies that could be achieved by the municipalities if they were consolidated.

It needs to be pointed out early in the process that the consolidation of municipalities is not just a question of creating a more efficient governmental organization to provide municipal services. Nor is it solely a matter of how the finances work to justify the consolidation. There are myriad other issues that affect the decision to consolidate. Some are set forth below:

- What opportunities does a consolidated municipality provide to the residents of the both current independent municipalities? These opportunities might be financial; they might be operational; they might not have anything to do with either of these issues.
- Does Hightstown serve as the focal point of the larger community as downtown Cranbury serves as the focal point to all of Cranbury Township?

¹ A description of the firm can be found in the Appendix.

- Where are the houses of worship for the larger community? Do East Windsor residents worship at Hightstown religious institutions? Does Hightstown support these institutions by providing them with tax-exempt status?
- If there is already a consolidated school system, why are the municipalities separate? Would cooperation and integration of functions between a consolidated municipality and consolidated school district be more productive in the long run? Would this condition increase the opportunities for future cooperation?
- Are residents fully conscious of the dividing lines between the municipalities or is it a blur that only affects provision of municipal services and collection of property taxes and utilities fees?
- Do the two municipalities fully coordinate and integrate land use, transportation, environmental, housing and community facility planning into their daily operations?
- Would a consolidated municipality provide the community with a greater voice at the county, regional and state levels of government?

Executive Summary

Summary of Findings, Conclusions and Recommendations

1. The study concludes that the governing bodies of both municipalities should create a Joint Municipal Consolidation Study Commission to further study the potential opportunities of consolidation for the following reasons set forth in the report;
 - a. Geographically, economically and socially, Hightstown-East Windsor is a single community. When the Borough separated itself from the larger rural Township in 1853 by an Act of the Legislature, there were economic and development reasons for doing so. These reasons no longer exist. (p. 7)
 - b. Consolidation offers the potential to create an all-inclusive traditional community under unified governance and leadership. Public safety, community services, planning, zoning, and economic development would join education as comprehensive services to the entire community. (p. 36)
 - c. The consolidated municipality would become one of only 75 in New Jersey with a population exceeding 30,000 and would become the fourth-largest municipality in Mercer County. Arguably, this would increase the community's influence.
 - d. There can be little doubt that the state's Local Unit Alignment, Realignment and Consolidation Commission (LUARCC) will identify Hightstown and East Windsor as communities that should consolidate. By moving into a formal study on their own, the two towns would show foresight and also, possibly, reduce the pressure they will feel from the state. (p. 9)
 - e. Financial issues aside, consolidation offers opportunities in the areas of community and economic development that do not exist for two separately functioning entities. The possibilities offered by focusing the strengths of both towns on a uniform vision could be truly synergistic. (p. 40)
 - f. With increasing pressure from a state government that wants smaller municipalities to consolidate, Hightstown may find itself suffering from additional reductions in state aid. Suffering might lead to reduction of services. East Windsor will not benefit if Hightstown suffers; in fact, East Windsor may suffer from the outcome of any financial woes that are visited upon Hightstown.
 - g. Through consolidation the community could save about \$1.16 million, and possibly another \$0.68 million more through consolidation of utility and sanitation operations. (p. 21)
 - h. **Any adverse consequences of the consolidation on residential property owners would be off set with a property tax credit from the State of New Jersey.** (p. 34 & 35)
 - i. Sale of duplicated public facilities would yield both financial and economic development advantages. If consolidation were to occur, excess public facilities could be sold to produce revenue to pay down debt or construct needed capital improvements. The redevelopment of the land would yield additional taxable valuation and therefore tax revenues. (p.32)
 - j. Tax-exempt properties that serve the greater Hightstown-East Windsor community are disproportionately concentrated in Hightstown. These tax-exempt land uses require municipal services such as police, yet they do not fund those services. They also require capital improvements such as road repair and construction, yet they do not fund these physical improvements. This concentration of tax-exempt properties in the borough narrows the tax base and requires taxable Borough properties to carry the entire financial costs of these services. (p. 29)

- k. Prior to 1853, Hightstown and East Windsor were one municipality. Arguably, they remain one community despite now being two municipalities. (p. 7)
2. While savings would accrue to the newly consolidated municipality with the loss of duplicate positions such as clerk, police chief, and governing body member, there would also be savings through operational efficiencies that are detailed in this report. (p. 18-22)
3. When Hightstown and East Windsor decided to operate a joint school system, the community recognized the commonalities of the community and the benefits of consolidation. This same recognition should exist regarding municipal services.
4. A prior attempt in 1969 to consolidate the municipalities failed. But, even after considerable research, the actual reasons for that failure remain unclear. (p. 8)
5. Analysis of the prior fiscal performance of any two municipalities as individual units cannot lead to conclusions about the fiscal performance of a consolidated municipality. The new governing body will make decisions that will lead the newly consolidated municipality into the future. This report can only provide indicators of what is possible for a newly consolidated municipality and suggest courses of action to benefit the residents and taxpayers.
6. The governing body of the newly consolidated municipality will have many opportunities to achieve savings for its constituents. It will need to be vigilant from the outset to seek the greatest efficiencies and economies available so that money is not wasted on poorly negotiated contracts for insurance coverage, professional services, collective bargaining agreements and similar costs centers. With personnel and personnel-related costs comprising over 70% of the combined current municipal costs, labor negotiations must be focused on economy and efficiency.
7. There are many reasons to suggest that consolidation between these two historically connected communities would yield better services, better opportunities, and better governance for the residents of both towns. However, while this study found fourteen existing shared-service agreements utilized by the two municipalities, there is only one which involves Hightstown and East Windsor jointly participating in interlocal cooperation. One would expect more. (p. 12)
8. Recommendations for actions by current governing bodies to create a Joint Municipal Consolidation Study Commission and recommendations of matters for the eventual Commission's attention are found at the end of the report. (p. 45)

Community History of East Windsor and Hightstown

Brief History of the Community of Hightstown - East Windsor

In 1976, the Hightstown-East Windsor Chamber of Commerce, Windsor-Hights Bicentennial Committee published a pamphlet that included an essay by Jacob Stults, previously published in the Hightstown Gazette in January 1901. This essay set forth a history of Hightstown and East Windsor. Within the pamphlet, it is written:

In the early days of our country, this area was a part of East Jersey in the royal province of Nova Caesarae (New Jersey), under the rule of King George I. It was a wild and unsettled place when John and Mary Hight found “a never failing stream” here in 1721. Today the stream is called Rocky Brook. By 1749, there was a cluster of buildings that served as a stopping place for the weekly stagecoach...

By 1750, the area had developed to the extent that a Township named Windsor was organized by a grant of King George II...

In 1797, Windsor Township was divided into East and West Windsor Townships, with Hightstown in the center of East Windsor Township. In 1816, the Bordentown Turnpike was chartered. Today this road is Mercer and Main Streets in Hightstown...

Elsewhere in the pamphlet it speaks of the minor regional position held by the settlement of Hightstown until the Camden-Amboy Railroad traveled through the settlement. It reads:

The completion of the railroad in 1831 resulted in the steady development of the area. Farmers had a wider market for their products. With stage lines to Princeton and Freehold, Hightstown became an important center of transportation and communication...

Up to 1853, we were a Village, but on March 5, 1853, the day after Franklin Pierce was inaugurated President, Hightstown became a Borough, by act of New Jersey Assembly.

Following this essay, the Committee wrote the following:

East Windsor is a Township of 15.6 square miles located in the northeastern part of Mercer County. Originally situated in Middlesex County, it was a part of the large Windsor Township formed by King George II in 1750. It was divided by the Legislature into East and West Windsor Townships in 1797. For many years, this Township was a rural area and generally known as Hightstown. After the Borough of Hightstown was incorporated in 1853, the affairs of the Township were conducted by a committee of three persons, one of whom was chosen chairman....

Therefore, we know that the original settlement of Hightstown was the origin of demographic, social and economic growth in the area. Hightstown became the center of the farming and commercial activity of the East Windsor area. Its regional stature rose as the result of being the crossroads of travel between “Prince town” and Freehold, the Bordentown Turnpike, and the Camden Amboy Railroad. In 1853, the Legislature, probably acting on request, politically segregated Hightstown from the larger community of East Windsor. However, socially, culturally and economically, together they formed a community of interest.

Prior consolidation effort: Lessons learned

In 1969, an effort to consolidate the Borough of Hightstown and the Township of East Windsor failed, with borough voters approving the consolidation proposal but with township voters rejecting it. An extended narrative about this effort is found in the Appendix on Page 47 of this report.

Review of that narrative reveals some lessons that can be learned from the effort:

- Even before the study begins, the community's concerns, fears and anxieties should be exposed.
- Once identified, the study should address each issue, whether judged significant or insignificant, to assure that all are thoroughly and comprehensively addressed.
- The official study of a consolidation proposal must be open and transparent permitting the full involvement of all interested facets of the community, the two municipalities.
- Not only should the official study be performed in this manner, but observers, proponents and objectors should behave in a similar manner.
- Study commissioners should provide every opportunity to residents to learn about the process, potential outcomes and potential costs and benefits of those outcomes.

Uncommon concepts

While this study attempts to take a thoroughly dispassionate look at the financial and staffing aspects of consolidation, the consultants believe that other factors may have equal weight. These factors do not lend themselves to the add-subtract-multiply-divide analysis that is applied to financial and personnel issues. They go to the core of why local governments are formed and how they affect each other.

These concepts are not often discussed, but they are set forth here — early in the report — in the hopes that the reader will look not only at the math but also at the philosophy of consolidation.

Thinking as one community

In discussing consolidation, there is a natural tendency to think in terms of “Hightstown” and “East Windsor.” The tendency is natural because the two communities represent reality. No living person has known any other reality.

However, in order to contemplate both benefits and losses that might come from consolidation, people must conceive a new reality and contemplate what it would be like. What could the Town of Yet2B-Named accomplish that the existing Township of East Windsor and Borough of Hightstown could not accomplish individually.

Residents of Hamilton Township (Mercer) think of themselves as living in White Horse or Nottingham, Hamilton Square or Yardville; others just have a street address, or live in “Hamilton.” Similarly, residents of Woodbridge (Middlesex) think in terms of Fords or Sewaren or Port Reading or Avenel or Colonia or Iselin. (Only 20,000 of Woodbridge's 97,000 residents live in a neighborhood called “Woodbridge.”)

In the consolidated Town of Yet2B-Named some residents will continue to identify their residence as Hightstown, just as some residents of East Windsor will identify their residence as Brooktree, Cranbury Manor, etc..

Smart and responsive public officials consider the needs of various neighborhoods as well as the interests of the town as a whole. If neighborhood interests conflict, they are resolved by the town as a whole, working in a collaborative way as neighbors in a single municipality.

It is a new way of thinking. It relies more on vision than on math. It asks, “How can we both win?” rather than, “What can I get out of this?”

Potential impact of state aid

Where state aid is concerned, philosophy and math intersect. Currently, Trenton appears to believe that small municipalities are inherently inefficient. Accordingly, state aid has been reduced for municipalities whose populations are under 10,000 (58% of all NJ municipalities). Trenton also appears to believe it is these small municipalities that will resist consolidation. The aid reduction will help these supposedly-recalcitrant small towns to reconsider the benefits of consolidation.

The state’s Local Unit Alignment, Realignment and Consolidation Commission (LUARCC) has been meeting regularly. One of its charges is to identify municipalities that ought to merge. Can anyone doubt that Hightstown and East Windsor will be identified? There is talk in Trenton that municipalities should lose state aid if they refuse to accept LUARCC’s consolidation recommendations. Thus far, this is simply talk, but it is coming from the mouths of influential legislators². East Windsor and Hightstown, respectively, have \$4.5-million and \$900,000 of state aid in their 2008 budgets. If those influential legislators have their way, the town that refuses to approve consolidation may suffer the loss of state aid for that decision.

“Stockholder equity” in municipalities

Public officials and residents often conceptualize their municipalities as providers of specific services. This concept is, of course, accurate. Public safety and health, maintenance of facilities, adjudication of rights and responsibilities, education and leisure services are all basic municipal functions.

The service-oriented concept is accurate, but it is not necessarily complete. Municipalities also help their residents to prosper by helping to increase their access to jobs and by providing the environment in which their properties can increase in value. In this way, well-run municipalities increase their residents’ wealth: their “stockholder equity.”

There is much truth in the old maxim: “Location. Location. Location.” Location is the sum of many parts, one of which is the quantity and quality of municipal services. Of two otherwise-similar communities, the one with better municipal services is more likely to thrive. Well-run but struggling communities are more likely to rally than poorly served struggling communities. It is hard to name a thriving community that has poor municipal services.

Just as prosperous inner-ring suburbs suffer when their core city deteriorates, so do newer, once-rural municipalities risk loss of value if their neighbors have an increasingly difficult time providing good services. If a smaller municipality — without the wherewithal to meet increasing demands — begins to

² Earlier in 2008, a proposed bill entitled “AN ACT concerning municipal consolidation and amending and supplementing P.L. 2007, c.54” was being considered for introduction in the Legislature. It contained the following language: “In the event that the majority of the voters in a municipality do not approve a consolidation proposal ... then for a period of five state fiscal years ... the municipality shall be ineligible for consolidated municipal property tax relief aid, ... ‘Supplemental Municipal Property Tax Relief Act’ extraordinary aid, ...or Municipal Efficiency Promotion Aid ...” The League of Municipalities opposed introduction of the proposed bill. The proposed bill’s current status is not known.

cut basic services, or if ever-increasing taxes lead to deteriorated housing stock, its neighbor will ultimately feel the spillover effects. Its loss of “stockholder equity” will affect the equity in the neighboring municipality, with which it will ever be tied in people’s minds.

Among neighborhoods in the Town of Yet2B-Named, that kind of tax- and resource-based deterioration is less likely to occur, thus safeguarding “stockholder equity” for the entire community.

Preliminary Study for the Potential Consolidation of East Windsor and Hightstown

Study Methodology

GMA's initial approach to this study was neither favorable nor unfavorable toward the concept of consolidation. Early on GMA advised GHEWIP that consolidation is not always appropriate, advisable or cost effective. GMA's position was that the report had to be data driven – the results of the data analysis would determine if consolidation would or would not hold opportunities and benefits for the municipalities. The report should be read in light of that approach.

GMA sought from each municipality financial and operational data that would permit analysis of the impacts of potential consolidation. Budgets, annual financial statements, annual audits, annual debt statements, equalization ratios and other published data was collected, assembled and analyzed.

In addition, workload and performance data for the two municipalities was collected through use of a questionnaire completed by the borough administrator and the township manager. These questionnaires and the resulting data permitted comparison with data collected from 14 other New Jersey municipalities to determine patterns of performance, and to compare performance of these two municipalities with the performance of the other municipalities that are part of the New Jersey Performance Measurement Cooperative first established in 2004.

Comparison of Commonalities and Differences

	Hightstown	East Windsor
GOVERNANCE		
Form of Government	Borough Form "Weak" Mayor 6 Council members and Mayor	Faulkner "E" - Council-Manager 7 Council members including Mayor
Representation	Council members at large	Council members at large
Human Resources	Non-Civil Service	Non-Civil Service
GEOGRAPHY		
Land Area	1.23 square miles	15.6 square miles
Population	2000 Census - 5216 2007 Estimate - 5271	2000 Census - 24919 2007 Estimate - 26,686
Density	4285/square mile	1712/square mile
SERVICES		
Education	Regional School District	Regional School District
Fire Service	45 member volunteer company	Two volunteer companies
First Aid Squad	13 member volunteer squad	Two volunteer squads
Supplementary EMS	ILSA w. Twp of Robbinsville	Mon-Oc Ambulance Service
Water Service	Separate utility department	EW Municipal Utilities Authority
Sewer Service	Separate utility department	EW Municipal Utilities Authority
Police Services	14 member paid police force	48 member paid police force

	Hightstown	East Windsor
Solid Waste Collection	Two (2) municipal routes; residential & some commercial	Sanitation Dist-about 68% of Twp excludes private homeowner communities

Comparison of Municipal Contractual Services

Professional Services Contracts

With the exception of bond counsel, each municipality utilizes different professionals for legal, engineering, land use planning, appraisal, auditing and other professional services. Here is a list of professionals used by the two communities:

CONTRACT SERVICE	EAST WINDSOR	HIGHTSTOWN
Municipal Attorney	Huff, Moran & Orron David Orron, Esquire	Ansell, Zaro Frederick Raffetto, Esquire
Bond Counsel	McManimon & Scotland	McManimon & Scotland
Labor Counsel	Herbert VanNess, Cacyi & Goodell Michael Herbert, Esquire	Richard Shaklee, Esquire
Special Tax Counsel	Harry Haushalter, Esquire	
Auditor	Nisivoccia & Company	William Antonides
Appraisal Services	Ronald A. Curini Appraisal Company	
Municipal Planner	Richard T Coppola, Coppola & Coppola Associates	Tamara Lee, Tamara Lee Consulting, LLC
Municipal Engineer	T & M Associates Raymond Jordan, P.E.	Carmela Roberts, P.E.
Data Processing Services	VITAL Computer Resources, Inc.	
Software Support Services		Edmunds Associates

Shared Services Contracts

Between the two municipalities, there are fourteen interlocal service agreements. Only one of these is between these two municipalities, Senior Citizen Services. One additional service, STD clinical services is purchased by both municipalities from the same municipality, Township of Hamilton. See the comparison below:

CONTRACT SERVICE	EAST WINDSOR	HIGHTSTOWN
Health Officer Services	Hamilton Township (2008)	West Windsor Twp (2008)
Health Services		West Windsor Twp (2008)
STD Clinic Services	Hamilton Township (2008)	Hamilton Township (2008)
Senior Services	Provider to Hightstown	East Windsor Twp (2008+)
Public Transportation Services	Mercer County (2008-09)	

Operational Radio Comm. – Fire	Mercer County (FY 2009)	
911 Dispatch	In-house	Cranbury Township (2008)
Mobile Data Terminals and Computer		So Brunswick Twp (2006-10)
Animal Control Services		Upper Freehold Twp (2008)
Emergency Medical Services		Robbinsville Twp. (2008)
Zoning Officer		Roosevelt Boro (2008)
Auto Repair		Robbinsville Twp (2008)

Insurance Contracts

Each municipality belongs to a Joint Insurance Fund (JIF) for Commercial General Liability (CGL), Workers' Compensation and other similar insurances. However, Hightstown utilizes a Municipal Excess Liability (MEL) affiliated JIF, the Mid-Jersey Municipal JIF while East Windsor is a participant with the Middlesex County Municipal JIF, which is not affiliated with the MEL. Affiliation with the MEL denotes a difference in coverage. A comparison of the providers follows:

CONTRACT SERVICE	EAST WINDSOR	HIGHTSTOWN
Risk Management Consultant	G.R. Murray, Division of O'Gorman & Young	Not Applicable/Available
Joint Insurance Fund Affiliation	Middlesex County Municipal JIF Not MEL Affiliated	Mid-Jersey Municipal JIF MEL Affiliated
Employment Practices Liability	Part of General Coverage	Separate Coverage
Environmental JIF Coverage	No	Yes
Coverage Period	1/1/2008 – 12/31/2010	1/1/2008 – 1/1/2009

Collective Bargaining Agreements

East Windsor during 2008 operates under five active collective bargaining agreements (CBA). One CBA covering dispatchers and police clerical employees has been unresolved since January 2004. It is still in impasse. The remaining four contracts all expire on 31 December 2009.

Hightstown during 2008 operates under three collective bargaining agreements, all of which expire 31 December 2009. Here is a brief summary of each contract.

POLICE

HIGHTSTOWN (1)

Employees Represented	Police Officers, Detectives, Sergeants and Lieutenants
Name of Union (Agent)	NJS PBA No. 283
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	SHBP – Contribute 2008 – 10.50/pay and 2009 - \$12.00/pay
Dental	Employee pays premium
Prescription	Borough pays premium with net \$1/\$5 copay for generic and brand name
Vision	None
Holiday Pay	104 hours paid as salary and included in calculation for pension
Leave Benefits	Primarily hours with some days

Shift Schedules	5x8 for office and 7x12 in 14 day cycles of 2-2-3-3-2-2) T=2080
Severance Benefit	After 20 years at retirement, up to 720 hours or \$10,000, whichever is less

EAST WINDSOR (1)

Employees Represented	Police Officers, Detectives and Sergeants
Name of Union (Agent)	NJS PBA No. 191
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	Private Plan – No contribution; ability to waive family coverage for single coverage and accept 40% of premium savings
Dental Coverage	Township pays 50% of premium
Prescription Coverage	Township pays premium with \$5/\$7/\$0 copay for generic and brand and mail order
Vision Benefits	Township reimburses up to \$100/ year for cost of examine and/or prescription lenses or glasses
Holiday Pay	120 hours paid as salary and included in calculation for pension
Leave Benefits	Primarily hours with some days
Shift Schedules	No mention in contract – maximum of 40 hours per week
Severance Benefit	Resignation: 40% of unused sick leave up to max of \$15,000 Retirement: 50% of unused sick leave up to max of \$20,000

POLICE SUPERIOR OFFICERS

EAST WINDSOR (2)

Employees Represented	Lieutenants
Name of Union (Agent)	Superior Officers of the NJS PBA No. 191
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	Private Plan – No contribution; ability to waive family coverage for single coverage accepts 40% savings
Dental Coverage	Township pays 50% of premium
Prescription Coverage	Township pays premium with \$5/\$7/\$0 copay for generic and brand and mail order
Vision Benefits	Township reimburses up to \$100/ year for cost of examine and/or prescription lenses or glasses
Holiday Pay	120 hours paid as salary and included in calculation for pension
Leave Benefits	Primarily hours with some days
Shift Schedules	No mention in contract – maximum of 40 hours per week
Severance Benefit	Resignation: 40% of unused sick leave up to max of \$15,000 Retirement: 50% of unused sick leave up to max of \$20,000

WHITE COLLAR EMPLOYEES

HIGHTSTOWN (2)

Employees Represented	Clerical workers and dispatchers (white collar employees)
Name of Union (Agent)	AFL-CIO Local 32
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	SHBP – Contribute 2008 – 10.50/pay and 2009 - \$12.00/pay
Dental	Employee pays premium
Prescription	Borough pays premium with net \$1/\$5 copay for generic and brand name
Vision	None
Leave Benefits	Days
Shift Schedules	40 hours week; dispatchers receive 0.50/hour differential between 4:30 PM and 8:30 AM

Severance Benefit After 20 years of service and retirement, max of 90 sick days or \$10,000, whichever is less

EAST WINDSOR (3)

Employees Represented	Clerical/Technical - White Collar Employees
Name of Union (Agent)	CWA Local 1032
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	Private Plan – No contribution
Dental Coverage	Township pays 50% of premium
Prescription Coverage	Township pays premium with \$5/\$7/\$0 copay for generic, brand and mail order
Vision Benefits	Township reimburses up to \$200/ year for cost of examine and/or prescription lenses or glasses
Leave Benefits	Days (personal leave depends on working a 4 or 5 day work wk
Shift Schedules	8:30-4:30
Severance Benefit	50% up to a maximum of \$7000 if resigning or up to \$10,750 in 2008 and \$11,000 in 2009 if retiring

BLUE COLLAR EMPLOYEES

HIGHTSTOWN (3)

Employees Represented	Blue collar employees in Public Works, Sewer Treatment Plant and Water Department
Name of Union (Agent)	AFL-CIO Local 32
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	SHBP – Contribute 2008 – 10.50/pay and 2009 - \$12.00/pay
Dental	No stated coverage
Prescription	Borough pays premium with net \$1/\$5 copay for generic and brand name
Vision	None
Leave Benefits	Days
Shift Schedules	40 hours week; dispatchers receive 0.50/hour differential between 4:30 PM and 8:30 AM
Severance Benefit	After 20 years of service and retirement, max of 90 sick days or \$10,000, whichever is less

EAST WINDSOR (4)

Employees Represented	Custodian, Equipment Operator, Driver, Laborer, Heavy Laborer, Mechanic, Senior Mechanic,
Name of Union (Agent)	Teamsters Local 469
Term of contract	1/1/06 through 12/31/09 4 years
Health Insurance Benefits	Private Plan – No contribution
Dental Insurance	Township pays 50% of premium
Prescription	Township pays premium with \$5/\$7/\$0 copay for generic, brand and mail order
Vision	Township reimburses up to \$150/ year for cost of examine and/or prescription lenses or glasses
Leave Benefits	Days
Shift Schedules	7:30 to 3:30
Severance Benefits	50% up to a max of \$7000 if resigning / up to \$10,000 if retiring

Retiree Health Benefits	Paid premiums for 25 years of PERS service and 20 years of Township service; 20 years of Township service and 62 years of age; 10 years of service and disability retirement.
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SPECIAL UNIT (5th Year without Contract)

EAST WINDSOR (5)

Employees Represented	Dispatchers and Police Clerical
Name of Union (Agent)	Teamsters Local No 676
Term of contract	Expired 12/31/2003
Health Insurance Benefits	Private Plan – No contribution
Prescription	Township pays premium with \$3/\$5/\$0 copay for generic, brand and mail order
Dental Insurance	Township pays 50% of premium
Vision	Township reimburses up to \$100/ year for cost of examine and/or prescription lenses or glasses
Leave Benefits	Hours
Shift Schedules	Two alternatives, chosen by chief of police
Severance Benefit	Entitled to all unused vacation and holiday time and 50% of unused sick time up to max of \$7500 at time of termination of service

SIGNIFICANT COLLECTIVE BARGAINING ISSUES TO BE ADDRESSED THROUGH CONSOLIDATION

There are no common collective bargaining agents among the municipalities. There are few common conditions within their collective bargaining agreements (CBAs). It is clear that the collective bargaining agreements of the two municipalities differ substantially from one another. There is some internal consistency within each municipality. Both of these conditions were to be expected.

It is highly likely that the individual union negotiators will seek to raise all salaries, benefits, and working conditions to the highest level contained in the pertinent contracts. This will probably require lengthy and difficult negotiations to reach agreement on the part of the various parties, perhaps with the aid of state mediation.

ROLE OF THE NJ PUBLIC EMPLOYMENT RELATIONS COMMISSION

Under the new municipal-consolidation statute, the Public Employment Relations Commission is charged with the responsibility to serve in a mediatory or arbitration capacity to resolve differences in contractual provisions. N.J.S. 40A:65-27 Creation of task force to facilitate consolidation, section d reads as follows:

- d. The Public Employment Relations Commission is authorized to provide technical advice, pursuant to section 12 of P.L.1968, c.303 (C.34:13A-8.3), to assist a new municipality and existing labor unions to integrate separate labor agreements into consolidated agreements and to adjust the structure of collective negotiations units, as the commission determines appropriate for the consolidated municipality.

Creation of the North Hudson Regional Fire District might serve as an example of how this process would affect consolidation. In the North Hudson case, the matter was not resolved until after consolidation was approved, and then it required lengthy negotiations followed by arbitration.

This means that the true cost of employee services will not necessarily be known until after the consolidation takes place. Regarding police services in particular, PERC will authorize binding interest arbitration if the collective bargaining agents seek this method to settle the matter. This then becomes an

unknown in estimating these potential costs of the consolidation. The cautious and conservative approach, used in this report, is to use the higher salaries and benefit costs. However, there will be opportunities for a governing body of a newly consolidated municipality to aggressively pursue financial sustainability of the municipality's personnel and personnel related expenses and reasonable compensation for municipal employees.

“Harmonization of Wages”

Professor Enid Slack, University of Toronto, an avid student and participant in the Metro Toronto experience, has characterized the result of bringing two disparate CBAs into harmony as being the “harmonization of wages.” In effect, the unions will only agree to accept and the arbitrator will award the highest or one of the highest of the compensation packages to all employees of the merging units. This is effectively what happened in the merger of the unions following the consolidation of the North Hudson Fire District. It has been reported that the last contract settlement was not completed until 3 years after the consolidation. Note that there were initially five departments involved with a sixth joining the process later. As stated above, this need not be the pattern followed in other jurisdictions.

Functional and organizational changes after consolidation

Government Management Advisors analyzed the current workload of various functions in both municipalities in order to determine whether a consolidation would provide opportunities for efficiencies.

Background & methodology

Summit Collaborative Advisors, LLC, serves as associate consultant under Government Management Advisors, LLC, on this study. Since 2004, Summit Collaborative has been engaged by a group of New Jersey municipalities to conduct studies in the area of performance measurement. These studies are now entering their fourth round, and have included these municipal functions:

- police
- recreation
- municipal court
- administrative office
- public works and sanitation
- code administration
- finance
- information technology
- facilities maintenance
- library
- clerk's office
- fire/EMS

Performance measurement at its most basic level looks at inputs (dollars spent, numbers of staff members, etc) and outputs (permits or summonses issued, miles of street maintained, number of recreation programs, etc). Here are some of the 50+ measures on which town-to-town comparisons are made:

- 1 Miles of municipal street maintained per road worker
- 2 Number of permits processed per code-administration employee
- 3 Acres maintained per grounds-crew member
- 4 Court caseload per worker
- 5 Tax and utility accounts per collection employee
- 6 Cost per unit for refuse collection

Because of the differences among the participating towns — from dense to semi rural, from large to small — the focus is on workload factors that are reasonably independent of geography and demographics.

Functions and workload elements to be measured are chosen by the municipal managers and administrators in the towns participating in the study. The number of towns has ranged from nine to fourteen during different rounds of the project. Their populations range from about 7,000 to about 50,000.

Data from these studies have been used to analyze the workloads in East Windsor and Hightstown combined. Analysis has been confined to combined data from the two communities, not individual data from each.

Important concepts

For several reasons — differences in budgeting practices and in regional salary scales among them — the studies measure workload per employee rather than cost of unit of work. Many towns have employees whose work is split among two or more departments or functions. In Hightstown, for instance, public-works employees also do work for the water and sewer utilities.

To account for part-time workers and split-function workers, the study uses the concept of fulltime equivalents (FTEs). To equalize the situation among different towns, office employees are assumed to work 35 hours and blue-collar employees to work 40, regardless of the individual towns' actual hours.

To illustrate, this is how various situations are calculated:

- An office employee who works 20 hours a week at a single function is $20/35^{\text{th}}$ of an FTE, or 0.57 FTE.
- In a municipality with a 32-hour workweek (yes, they do exist!), a fulltime, single-function office worker is 0.9 FTE. In contrast, a fulltime, single-function office worker in a town with a 40-hour workweek is 1.14 FTE.
- A public works employee whose work is allocated 75% to roads and 25% to utilities is 0.75 FTE roads and 0.25 FTE utilities.
- A fulltime road-division worker who, during spring, summer, and fall, spends 15 hours per week tending parks and other municipal grounds AND whose time is allocated 25% to utility-related work is calculated this way:
 - Parks: $15 \text{ hrs/wk} \times 35 \text{ wks} = 525 \text{ hours} \div 2080 \text{ work hours/yr} = 0.25 \text{ FTE}$
 - Roads: $1 \text{ FTE} - 0.25 \text{ FTE parks} - 0.25 \text{ utilities} = 0.50 \text{ FTE}$

Allocation of employees' time among functions is based on either budget allocations or the estimates of their supervisors. There is some inaccuracy likely in either case, but there is no other available approach short of complex and lengthy time-and-motion studies.

Hightstown & East Windsor

Gathering & analyzing data

For this study, municipal officials provided information on operations and workload by completing survey forms for the two communities. The forms are based on those used in Summit Collaborative's larger performance-measurement study. With completed forms in hand, the consultant reviewed the information in detail, seeking some clarifications from the two administrators.

As is typical for smaller communities, some employees in Hightstown "wear multiple hats," performing a variety of tasks and having their salaries budgeted in several accounts. It was important to get an accurate view of how these employees' time is allocated. In all cases, estimates provided by local officials have been used, after detailed interview with the consultants. An extensive time-and-motion study of individual workers was not feasible.

The gathered data were then analyzed in light of the figures from the earlier performance-measurement studies.

Summary of analysis

The following table shows current combined East Windsor and Hightstown staffing levels, forecasts the needs of a consolidated municipality, and offers comments on the analysis of workload.

As a result of the analysis, GMA forecasts that staff economies can be realized in certain functions. This forecast is based on typical workloads found in the other communities that have been part of the previous performance-measurement studies. It appears that twenty (20) FTE positions could be eliminated after consolidation.

The table covers only positions that are paid from the general municipal budget. Hightstown positions allocated to the utility budget are not shown, on the basis that they do not affect the tax rate.

Function	Current combined	Projected	Comment
Management			
Manager	1.0	1.0	1 CAO, 1 assistant CAO, 1 muni clerk, + 1 support staff in each office
Clerk/administrator	1.0	0.0	
Assist mgr	1.0	1.0	
Municipal clerk	1.0	1.0	
Support staff	2.6	2.0	
Code administration			
Construction code	8.2	5.0	Permits per FTE is among the lowest of all the comparison towns
Planning & zoning	1.5	1.0	Current applications per FTE is about half the average of the comparison towns
Property maintenance	2.4	2.0	Current inspectors could handle workload; dedicated support staff could be assigned to assist other code offices
Police			
Command (chief/captain)	2.0	1.0	Realignment of command and supervisory structure to eliminate duplication and broaden span of control
Supervisors (lieut/sgt)	16.0	12.0	
Police officers	44.0	44.0	
Dispatch	11.0	8.0	
Office support	7.0	6.0	
Municipal court	7.2	6.2	Existing caseload per FTE is slightly below average; four FT + 2 PT workers would be more economical
Public works			
Road maintenance	9.0	9.0	Current workload & efficiency are high
Vehicle maintenance	3.0	3.0	Current workload & efficiency are high
Building maintenance	4.2	3.0	Current efficiency is high; operations consolidated into fewer buildings
Grounds maintenance	4.8	4.8	Current workload & efficiency are high
Financial operations			
Assessment	2.1	2.1	
Revenue collection	3.4	3.0	Transfer utility collection duties to MUA
Treasury/general	5.7	3.0	Current efficiency level appears low in comparison with other communities
SUMMARY	138.0	118.1	

The above analysis represents a preliminary projection that undoubtedly will require further more in-depth and detailed study. A new governing body will make decisions such as these, which will lead the newly consolidated municipality into the future. This report can only provide indicators of what is possible for a newly consolidated municipality and suggest courses of action to benefit the residents and taxpayers. In light of this condition, the following can be said:

- In some cases, redundant positions (administrator-clerk, police supervisory positions, tax collector, etc) are shown as being eliminated. In other cases, reduction comes from improved efficiency, based on the comparative workload analysis; these reductions could possibly take place even if there were no consolidation.
- Of particular note is the reduction of five sworn police positions. All of these are positions at the supervisory and command ranks, which means they are held by senior officers. It is likely that a timed transition from current staffing to the proposed staffing would occur, to avoid the problems and difficulties likely to accompany a more radical approach. Therefore, the associated savings might not occur for several years.
- This report does not recommend that the total number of non-supervisory police officers be reduced as a result of consolidation. Evaluating that possibility would require a far more intensive study than this one. It is, however, a study that a new governing body should undertake as it

begins to build a new municipal organization. The current SHARE feasibility study being conducted by the Patriot Group could provide some insight into the matter.

Cost savings

Including the police positions, the reduction of 20 FTEs would save about \$825,000 in salaries (2008 dollars). Add 15.5% for FICA and pension costs for an additional \$128,000. Full family health insurance — the municipality's maximum exposure — costs about \$14,000 per eligible employee. Assuming that 75% of the reduced positions are eligible, the reduced exposure would be \$210,000. Total estimated savings is projected at \$1.16-million.

Refuse collection

Analysis of potential savings in the area of refuse collection would require a more complete study than was possible in this case.

- East Windsor has nine employees providing curbside collection from about 3,600 units twice a week using traditional grab-and-toss technology.
- Hightstown has recently introduced once-a-week automated curbside collection from 1,400 units. The budget allocates the equivalent of 1.3 FTEs to sanitation.
- The analysis merely measures the operational costs of providing the service. Disposal costs, although shown, are not included in the analysis.

Efficiency was measured two ways in the study:

1. Annual cost per unit served
2. Collections per worker per week

If no operational changes were made — that is, if each part of a consolidated municipality kept its current collection system — the cost and efficiency would show this comparison with the “benchmark” municipalities:

Performance measure	“Benchmark” communities				Projected combined
	Average	Minimum	Maximum	Median	
Annual operating cost per unit	\$141	\$72	\$181	\$139	\$275
Disposal cost per unit	\$110	\$67	\$164	\$118	\$195
Total cost per unit	\$251	\$139	\$343	\$258	\$469
Units per FTE	1,036	569	1,557	1,008	839

As the table shows, the projected combined “annual operating costs per unit” for Hightstown and East Windsor are significantly higher than the average, the median, or even the highest of the “benchmark” communities. Units collected per FTE is lower than all but one of the “benchmark” towns; in that town, crews collect from the rear yard once a week. It is beyond the scope of this study to determine the reasons for this variation.

Rather than making any assumptions about future service levels, GMA suggests that a consolidated municipality immediately undertake a detailed study of refuse collection and recycling in order to maximize effectiveness and efficiency. If operating costs for collection from about 5,000 units could be brought down to \$140 per unit, the savings to the consolidated municipality would be \$675,000.

Other issues

Hightstown allocates a portion of many administrative salaries and of all police and all public works salaries to its water and sewer utility system. According to the borough's 2008 salary allocation plan,

these salaries total almost \$430,000. The savings estimate shown above already takes this shift into account.

UTILITIES IMPACT

The scope of this study did not include examination, analysis and projections for the water and sewer utilities as both the borough utilities and the MUA are fee-for-service enterprises. Their operations should not affect the property tax rate or the tax levy.

Assuming that Hightstown utility operations would be absorbed by the East Windsor Municipal Utilities Authority, the MUA would also absorb Hightstown's current utility income. However, it would not need to absorb the full \$430,000 in allocated salaries, which include quite a bit of administrative overhead and allocated police costs. The MUA would presumably have to absorb about \$150,000 in additional workers for operation and maintenance of the expanded sewer and water systems. That would reduce its net savings to \$280,000, based on Hightstown's current allocation of public works salaries. (For sake of simplicity, this calculation does not include cost of benefits.)

OPERATING BUDGET IMPACT

As noted, a portion of all Hightstown police and public works positions that are assumed to be absorbed by the consolidated municipality are currently being charged to the borough's utilities. This includes about \$51,000 in police salaries and about \$149,750 in public works salaries. These amounts have already been taken into account when calculating the \$825,000 projected savings in salaries.

Fiscal Analysis

Budget Analysis

Budgets for calendar years 2005, 2006, 2007 and 2008 were reviewed and placed in to a table for analysis. Exhibits A and B set forth data for these years for each of the municipalities.

EXHIBIT A: EAST WINDSOR BUDGET REVENUES AND EXPENDITURES

Revenues (Sheet 11)		2005	2006	2007	2008	Change 2005-2008	Av Annual Change
	Surplus	4,234,400	4,234,400	4,234,400	4,359,400	2.95%	0.97%
A	Local Revenues	1,052,000	1,129,800	1,217,000	1,363,075	29.57%	8.59%
B	State Aid - General	4,823,438	4,733,438	4,824,690	4,528,183	-6.12%	-2.10%
C	UCC Fees w/ Offsets	625,000	500,000	500,000	550,000	-12.00%	-4.26%
D	ILSA Agreements	24,915	33,063	25,938	27,570	10.66%	3.37%
E	Additional Revenues	25,000	25,000	25,000	25,000	0.00%	0.00%
F	Pub/Private Revenues	252,719	40,464	275,225	22,614	-91.05%	-55.72%
G	Other Special Items	715,003	1,183,538	1,358,780	1,196,609	67.36%	16.80%
H	Rec - Delinquent Taxes	500,000	383,000	413,304	563,300	12.66%	3.97%
	Subtotal	12,252,475	12,262,703	12,874,337	12,635,751	3.13%	1.03%
	Amount to be Raised	6,084,317	6,681,897	7,224,571	8,019,422	31.80%	9.15%
	Total Revenues	18,336,792	18,944,600	20,098,908	20,655,173	12.64%	33.33%

Expenditures		2005	2006	2007	2008	Change 2005-2008	Av Annual Change
	Total Operations w/in CAPS (17)	10,768,502	11,025,976	15,050,415	15,789,949	46.63%	12.60%
	Total Def & Statutory Charges (19)	647,891	646,200	756,280	715,000	10.36%	3.28%
	Total General Approp w/in CAPS (19)	11,416,393	11,672,176	15,806,695	16,504,949	44.57%	12.15%
	Total Other Ops x CAPS (20a)	3,926,887	4,243,963	7,080,058	1,545,886	-60.63%	-29.00%
	Total UCC Appropriations (21)	0	0	-	-		
	Total Added Approp Offset by Rev (23)	25,000	25,000	25,000	25,000	0.00%	0.00%
	Total Pub/Private Prog Offset by Rev(25)	287,351	63,726	298,225	52,114	-81.86%	-46.20%
	Total Capital Improvements (26a)	0	0	-	60,000		
	Total Municipal Debt Service (27)	926,701	1,176,983	1,133,303	959,965	3.59%	1.18%
	Total Deferred Charges (28)	0	0	-	-		
	Judgements (28)	0	0	-	-		
	Transferred to BOE for Local Schools	0	0	-	-		
	Total General Appro x CAPS (28)	5,190,854	5,542,735	2,562,514	2,670,535	-48.55%	-21.37%
	Total General Appropriations	16,607,247	17,214,911	18,369,209	19,175,484	15.5%	4.78%
	Reserve for Uncollected Taxes	1,729,545	1,729,689	1,729,689	1,479,689	-14.4%	-5.19%
	Total General Appropriations w/ RUT	18,336,792	18,944,600	20,098,898	20,655,173	12.6%	3.96%
	Total O/S Net Debt as of 1/1	17,956,117	18,325,348	20,491,899	17,745,301		
	Total Net Debt as % of Assessed Val	0.95	0.82	0.77	0.60		

These two charts illustrate East Windsor's four-year revenue and expenditure patterns.

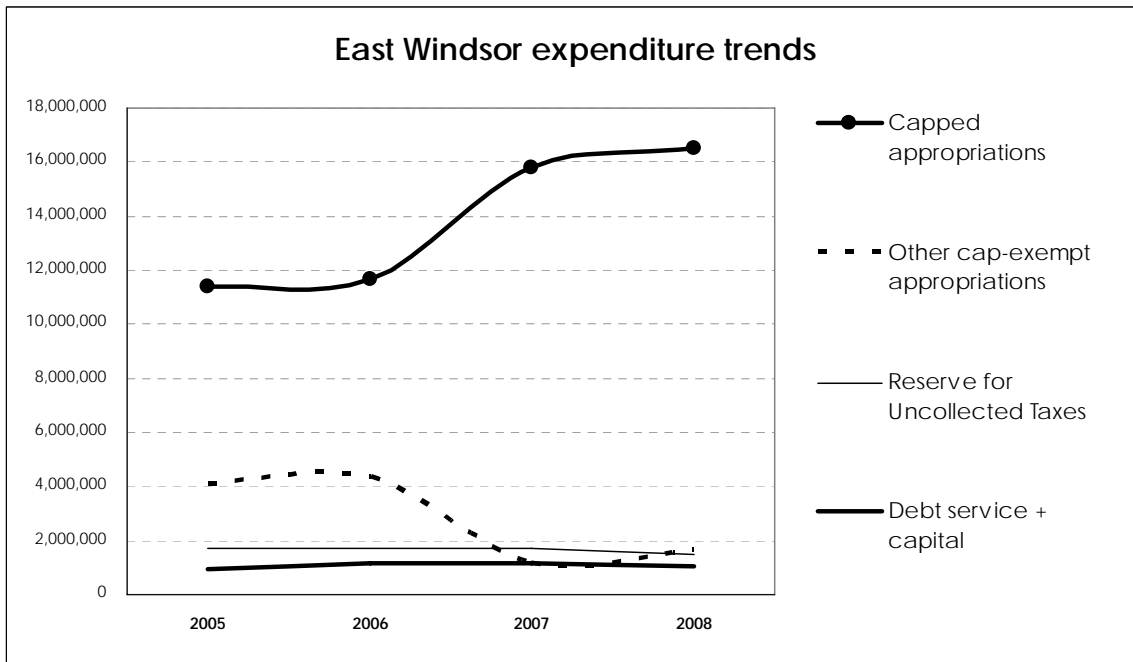
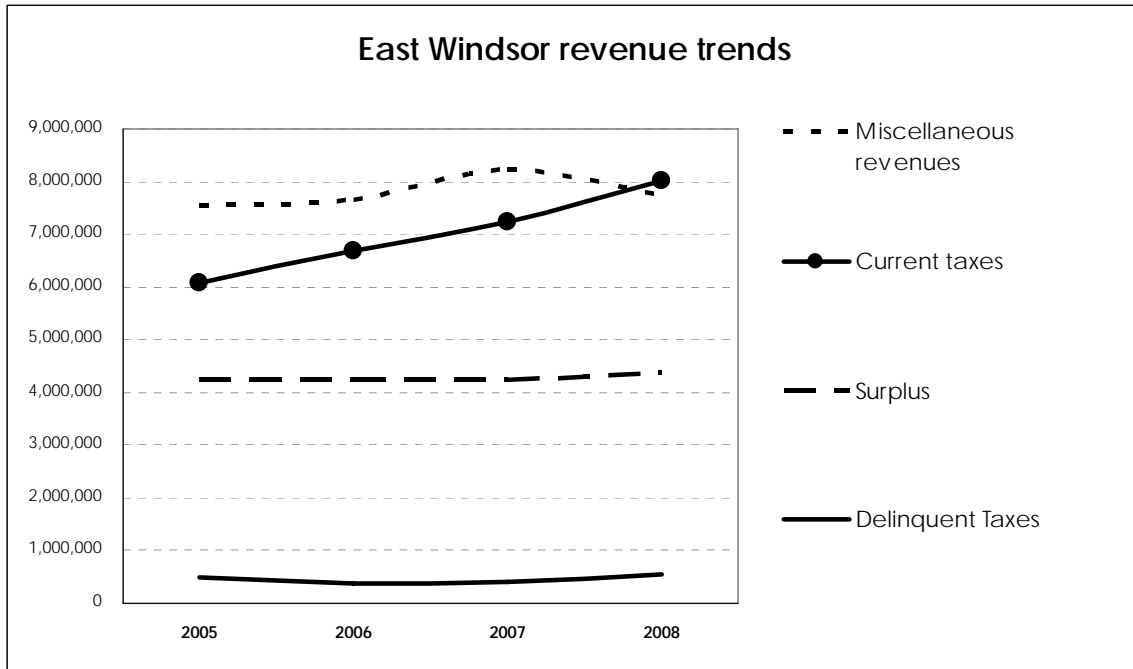


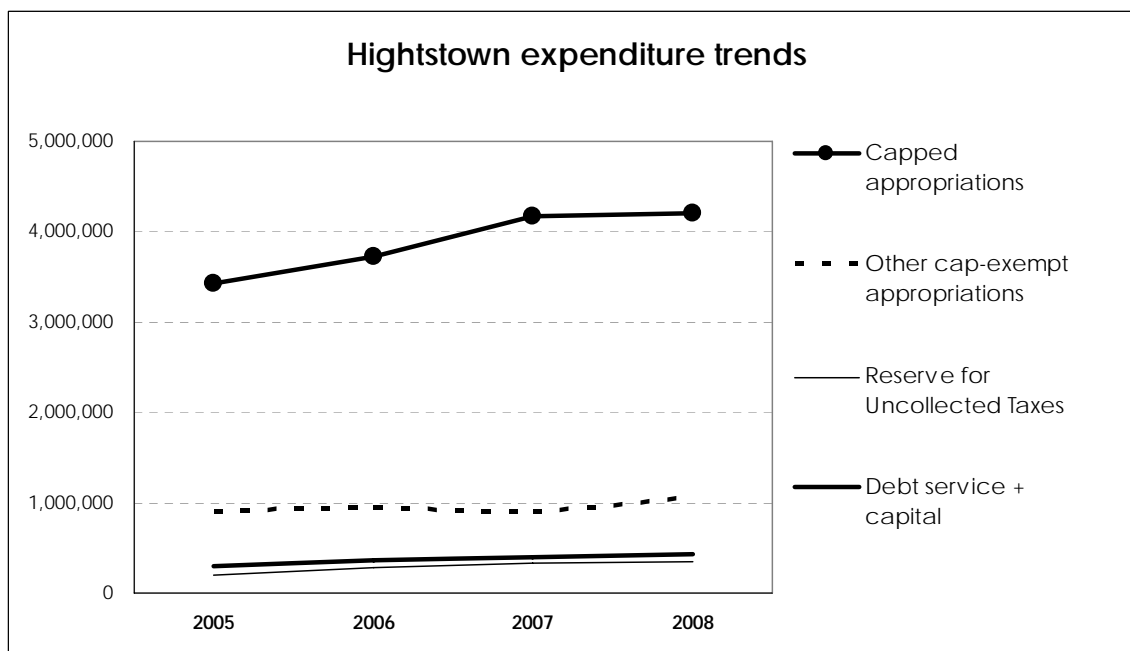
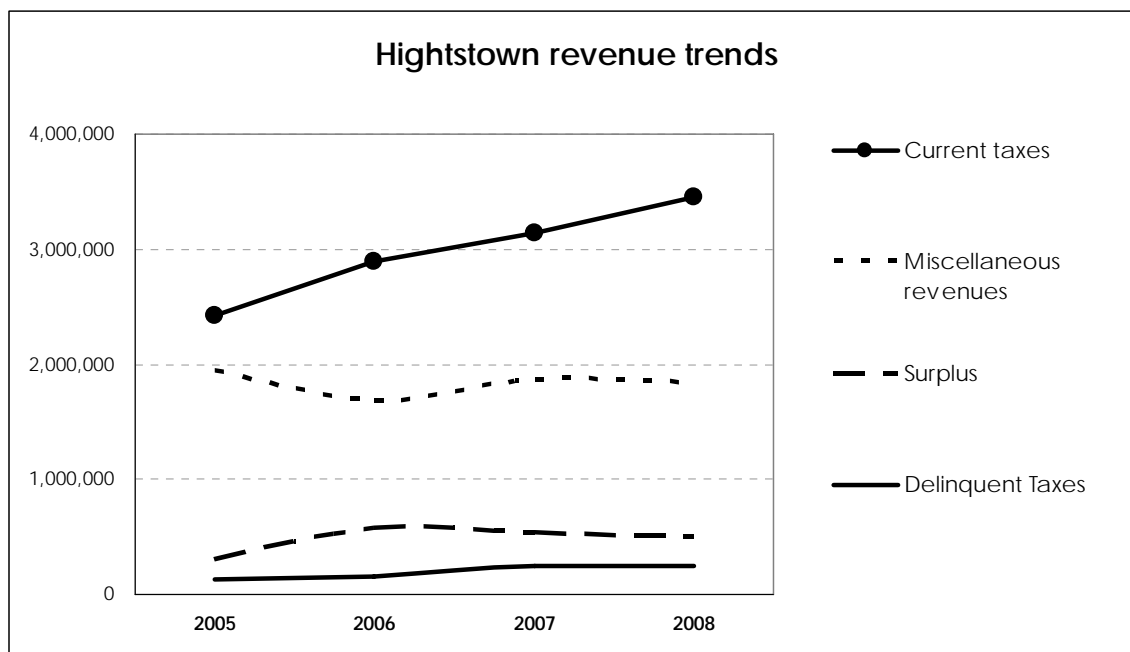
EXHIBIT B: HIGHTSTOWN REVENUES AND EXPENDITURES

Revenues (Sheet 11)						Change	Av Annual
		2005	2006	2007	2008	2005-2008	Change
	Surplus	306,000	567,000	540,000	490,000	60.1%	15.41%
A	Local Revenues	504,100	385,608	477,300	511,300	1.4%	0.47%
B	State Aid - General	1,095,484	965,484	980,401	899,228	-17.9%	-6.56%
C	UCC Fees w/ Offsets	130,000	130,000	133,000	120,000	-7.7%	-2.67%
D	ILSA Agreements	98,450	105,850	124,700	134,450	36.6%	10.30%
E	Additional Revenues	0	0	0	0		
F	Pub/Private Revenues	18,332	19,722	73,248	89918	390.5%	44.09%
G	Other Special Items	98,730	71,013	72,682	86,425	-12.5%	-4.43%
H	Rec - Delinquent Taxes	130,000	155,000	250,000	250,000	92.3%	21.05%
	Subtotal	2,381,096	2,399,677	2,651,331	2,581,321	8.4%	2.69%
	Amount to be Raised	2,421,929	2,895,820	3,141,664	3,458,701	42.8%	11.75%
	Total Revenues	4,803,025	5,295,497	5,792,995	6,040,022	25.8%	7.61%

Expenditures

Expenditures						
Total Operations w/in CAPS (17)	3,315,495	3,612,599	4,062,183	4,071,085	22.8%	6.82%
Total Def & Statutory Charges (19)	104,000	108,501	115,001	127,001	22.1%	6.64%
Total General Approp w/in CAPS (19)	3,419,495	3,721,060	4,177,184	4,198,086	22.8%	6.81%
Total Other Ops x CAPS (20a)	518,139	558,003	263,172	372,869	-28.0%	-10.87%
Total UCC Appropriations (21)	0	0	0	0		
Total Added Approp Offset by Rev (23)	252,380	257,756	438,706	500,080	98.1%	21.95%
Total Pub/Private Prog Offset by Rev(25)	18,332	24,222	77,747	89,918	390.5%	44.09%
Total Capital Improvements (26a)	38,000	61,000	16,000	20,000	-47.4%	-20.69%
Total Municipal Debt Service (27)	252,118	300,732	384,152	417,102	65.4%	16.44%
Total Deferred Charges (28)	17,885	16,540	32,000	32,000	78.9%	18.86%
Judgements (28)	0	0	0	0		
Transferred to BOE for Local Schools	81,676	81,184	79,034	59,968	-26.6%	-10.22%
Total General Appro x CAPS (28)	1,178,530	1,299,437	1,290,811	1,491,937	26.6%	7.82%
Total General Appropriations	4,598,025	5,020,497	5,467,995	5,690,023	23.7%	7.08%
Reserve for Uncollected Taxes	205,000	275,000	325,000	350,000	70.7%	17.42%
Total General Appropriations w/ RUT	4,803,025	5,295,497	5,792,995	6,040,023	25.8%	7.61%
Total O/S Net Debt as of 1/1	3,524,126	4,170,597	4,835,638	5,218,467		
Total Net Debt as % of Assessed Val	1.11	1.15	1.15	1.26%		

These two charts illustrate Hightstown's four-year revenue and expenditure patterns.



OBSERVATIONS

- During the period 2005—2008, the East Windsor property tax levy rose by \$1,935,105 or on average \$645,035 per year while the Hightstown property tax rose by \$1,036,772 or on average \$345,591 per year. Using the 2007 equalized valuations, on an average assessed single family residence, the property tax increased by about \$47 annually in East Windsor and about \$143 annually in Hightstown.
- During this same period, excluding the Reserve for Uncollected Taxes, overall expenditures for East Windsor rose by \$2,568,237 or on average \$856,079 per year, while for Hightstown overall

expenditures rose by \$1,091,998 or on average \$363,999 per year. As with most other New Jersey municipalities, costs outside the control of governing bodies, such as pension contributions, have increased significantly.

- In 2008, Hightstown lost over \$181,173 in Consolidated Municipal Property Tax Relief Act (CMPTRA) aid (State Aid) or almost \$35 per capita while East Windsor lost \$289,405 in State Aid or less than \$11.60 per capita. However, Hightstown received Extraordinary Aid of \$200,000 or \$50,000 more than the prior year.
- Clearly, non-tax revenues did not grow for either municipality to the extent that expenses rose. This caused the property tax to outpace the growth in expenditures.
- Hightstown pays a portion of its Business Personal Property tax state aid (included in the Exhibit under the title “State Aid”) to the school system, as directed by the Division of Local Government Services. East Windsor receives no such aid and therefore does not pay over any monies to the school system.
- Hightstown has allocated a significant portion of costs to the Water and Sewer Utility to reduce the tax levy. We have not been able to determine the reasonableness of this cost allocation.
- Hightstown regularly depletes surplus to reduce the tax levy, while East Windsor appears to manage its surplus to be available as a “rainy day fund” in the event of need. This also provides an improved cash flow condition for East Windsor and permits the investment of more funds for interest income.
- Hightstown seeks and receives Extraordinary Aid while East Windsor does not. In the years 2004—2007, Hightstown received the following amounts: \$250,000, \$280,000, \$200,000 and \$150,000. In 2008, this aid amounted to \$200,000.
- Both municipalities appear to budget revenues and expenditures in a conservative manner.

Per Capita Measures

In order to prorate the budget data to the size of the municipality, the budget data has been set forth in per capita measures. This is shown in Exhibits C and D below.

EXHIBIT C: EAST WINDSOR PER CAPITA REVENUES AND EXPENDITURES

(Population 24,919)

	2005	2006	2007	2008	Change 2005-2008	Av Annual Change
Revenue						
Municipal Levy per capita	\$ 244.16	\$ 268.14	\$ 289.92	\$ 321.82	31.8%	9.15%
Surplus as a % of Total Revenues	34.56%	34.53%	32.89%	34.50%	-0.2%	-0.06%
Mun Levy as a % of Total Revenues	33.18%	35.27%	35.95%	38.83%	17.0%	5.23%
Surplus as a % of Mun Levy	69.60%	63.37%	58.61%	54.36%	-21.9%	-8.19%
Expenditures						
Total General Approp per Capita	\$ 666.45	\$ 690.83	\$ 737.16	\$ 769.51	15.5%	4.78%
Total Operations per capita	\$ 615.73	\$ 638.71	\$ 918.45	\$ 724.38	17.6%	5.41%
Debt Service & CIF per capita	\$ 37.19	\$ 47.23	\$ 45.48	\$ 40.93	10.1%	3.19%
Total O/S Debt per capita	720.58	735.40	822.34	712.12	-1.2%	-0.39%
Total Ops as a % of Total Gen App	72.64%	71.56%	90.17%	89.80%	23.6%	7.04%
RUT as a % of Mun Levy	14.12%	14.11%	13.44%	11.71%	-17.0%	-6.21%

EXHIBIT D: HIGHTSTOWN PER CAPITA REVENUES AND EXPENDITURES

(Population 5,216)

	2005	2006	2007	2008	Change 2005-2008	Avg Annual Change
Revenue						
Municipal Levy per capita	\$ 464.33	\$ 555.18	\$ 602.31	\$ 663.09	42.8%	11.75%
Surplus as a % of Total Revenues	6.37%	10.71%	9.32%	8.11%	27.3%	8.02%
Mun Levy as a % of Total Revenues	50.43%	54.68%	54.23%	57.26%	13.6%	4.23%
Surplus as a % of Mun Levy	12.63%	19.58%	17.19%	14.17%	12.1%	3.81%
Expenditures						
Total General Approp per Capita	\$ 881.52	\$ 962.52	\$ 1,048.31	\$ 1,090.88	23.7%	7.08%
Total Operations per capita	\$ 754.91	\$ 820.37	\$ 851.30	\$ 876.33	16.1%	4.96%
Debt Service & CIF per capita	\$ 55.62	\$ 69.35	\$ 76.72	\$ 83.80	50.7%	13.47%
Total O/S Debt per capita	675.64	799.58	1000.47	1000.47	48.1%	12.92%
Total Ops as a % of Total Gen App	85.64%	85.23%	81.21%	80.33%	-6.2%	-2.13%
RUT as a % of Mun Levy	8.46%	9.50%	10.34%	10.12%	19.6%	5.94%

Abbreviations: CIF = Capital Improvement Fund; O/S = Outstanding; RUT = Reserve for Uncollected Taxes

OBSERVATIONS

- During the 2005-2008 period under study, the municipal levy as a percent of total revenues has been constantly increasing for both municipalities as it has for almost all others in the State, though the proportion is less for East Windsor. This is primarily due to the loss of state aid for both municipalities and rising costs of personnel and personnel related services for which state aid has not kept pace.
- Total Operations per capita is very similar for both municipalities indicating that their spending habits do not differ much. Their tax bases do differ, however.
- The reserve for uncollected taxes (RUT) as a percentage of the municipal levy is also quite similar. It would appear that during the first three years of the study, East Windsor's proportionally higher RUT contributed to increasing the surplus generated in the following year. This pattern changed in 2008.

Property Classification Breakdown (2007)

This table compares the unequalized assessed valuations of the standard classes of taxable property in the two communities. With the exception of lack of farmland in Hightstown, a greater percentage of industrial in East Windsor and apartment claiming a higher percentage of residential valuation, the percentages are similar for the two municipalities.

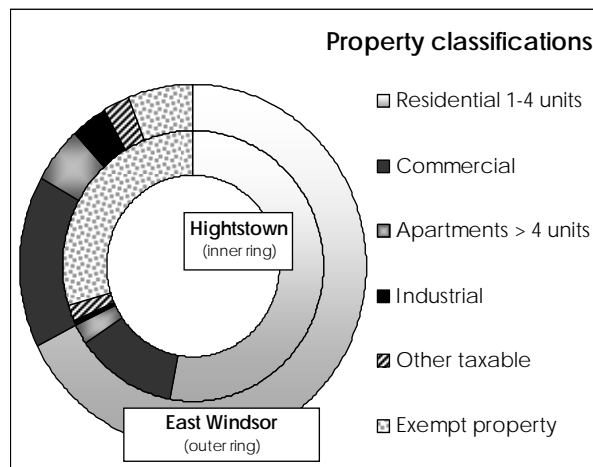
Proportion of Assessed (Unequalized) Valuation by Classification

Unequalized Values:		East Windsor		Hightstown	
		Amount	Portion	Amount	Portion
Class 1	Vacant Land	25,567,600	1.81%	4,246,900	1.94%
Class 2	Residential 1-4	1,019,171,600	72.25%	164,513,800	75.19%
Class 3A	Farmland	5,974,000	0.42%		
Class 3B	Farmland Qualified	1,469,980	0.10%		
Class 4A	Commercial-Mixed	230,785,700	16.36%	38,822,400	17.74%
Class 4B	Industrial	52,532,300	3.72%	1,979,500	0.90%
Class 4C	>4 du Apartments	73,589,000	5.22%	7,492,000	3.42%
Pers. Prop		1,619,456	0.11%	1,752,257	0.80%
Total Ratables		1,410,709,636	100.00%	218,806,857	100.00%

In order to understand the role of tax-exempt properties in the composition of the economic base of these two municipalities and the broader community, examine the following table:

	East Windsor	Hightstown
Assessed + exempt value	1,504,319,536	311,605,457
Total Exempt Value	93,609,900	92,798,600
Portion of Value Tax-Exempt	6.22%	29.78%

The chart illustrates the percentages of taxable and exempt properties in the two communities. Tax-exempt property valuations in Hightstown are, relatively, 5 times that of East Windsor. This exists while Hightstown has 7% of the land area, 17% of the population, 13.5% of the equalized valuation and 22.5% of the municipal appropriations. When one examines the elements of tax-exempt valuations that cause this one sees:



- Public and other schools valued at over \$67,100,000 in Hightstown and over \$19,300,000 in East Windsor.
- Cemeteries and churches valued at almost \$11,280,000 in Hightstown and \$3,615,300 in East Windsor.
- Public property and other exempt properties valued at over \$70,600,000 in East Windsor prevail over Hightstown's \$14,417,200.

Hightstown's disproportionate support of tax exempt properties is a contributing factor to the difference in tax rates between the two municipalities.

Carry-over Assets and Liabilities

When two municipalities consolidate, individual assets and liabilities of the current municipalities come under the jurisdiction of the newly consolidated municipality and become its responsibility. If municipality A's liabilities outweigh its assets, municipality A brings a deficit to the consolidation. If municipality B's assets outweigh its liabilities, municipality B brings a surplus to the consolidation. Voters will want to examine this situation before they vote on a question of consolidation. How do these municipalities compare to one another in this area?

The most common issue in this area is debt. Therefore, we will first examine this condition and then move on to other carry over issues.

Comparison of Outstanding Debt and Debt Service

Both municipalities have lower than average debt as a percent of Assessed Valuation and on a per capita basis. The trends over the past four years, however, suggest a possible divergence.

- Since 2005, Hightstown's debt has been increasing in absolute terms, on a per capita basis and as a percent of assessed value.
- During 2006 and 2007, East Windsor's debt fell according to these measures. In 2008, however, it rose, but not to the level of Hightstown's.

Over the past four years, Hightstown's debt has consistently increased by all three measures. It will be necessary to understand if this debt can be held in check over the next couple of years to bring the municipalities more in line with one another on a per capita basis.

See Exhibit E below for a comparison of outstanding debt. See Exhibit F for anticipated annual debt service to which each municipality is obligated to appropriate sufficient funds to satisfy the outstanding debt.

EXHIBIT E: DEBT SERVICE (PER CAPITA AND BY ASSESSED VALUATION)

	2005	2006	2007	2008	2008
East Windsor 24,919 pop					Amendment
Total Outstanding Net Debt as of 1/1	17,956,117	18,325,348	20,491,899	17,745,301	19,404,051
Total Net Debt as % of Assessed Val	0.95	0.82	0.77	0.60	0.66
Total Net Debt as per capita debt	720.58	735.40	822.34	712.12	778.68
Hightstown 5,216 pop					
Total Outstanding Net Debt as of 1/1	3,524,126	4,170,597	4,835,638	5,218,467	N/A
Total Net Debt as % of Assessed Val	1.11	1.15	1.15	1.26	
Total Net Debt as per capita debt	675.64	799.58	927.08	1000.47	

EXHIBIT F: TOTAL GENERAL DEBT, 29 JANUARY 2008

	General Obligation Bonds	Bond Anticipation Notes^	Total Outstanding Debt	Percent of Combined Debt	Percent of Equalized Valuation
East Windsor	5,031,588	14,372,463	19,404,051	78.8%	86.32%
Hightstown	115,000	5,103,467	5,218,467	21.2%	13.68%
Combined	5,146,588	19,475,930	24,622,518	100.0%	100.00%

^ Includes MCIA lease/debt service

OBSERVATIONS

- Net debt for both municipalities is far below the statutory limit of 3.5% of the average of 3 years assessed valuation.
- Debt for a consolidated municipality places the Borough and the Township in proportionate positions quite close to their relative equalized assessed valuations.
- The deviation can partially be explained by the proportion of tax-exempt property in the Borough relative to the Township as described above.
- 2008 debt service is 5.1% of total general appropriations in East Windsor and 7.3% in Hightstown.
- Under these conditions, it is safe to say that each municipality is essentially equal to the other in the amount of debt they possess relative to their respective tax bases.

Comparison of Unappropriated Surplus

The manner by which a municipality manages its surplus tells a great deal about the stability of the tax levy and property tax rate. Exhibit G compares the amount of surplus remaining at the end of each year; this amount can be carried forward for numerous purposes including providing positive cash flow and a reserve for a “rainy day.”

EXHIBIT G: CURRENT FUND SURPLUS ANALYSIS, 2004-2007

	Per Capita Analysis				Percent of Budget Analysis			
	Hightstown		East Windsor		Hightstown		East Windsor	
	Amounts	Per Capita	Amounts	Per Capita	Budget	% Budget	Budget	% Budget
Balance 12-31-2004	\$ 307,349	\$59	\$ 6,277,765	\$252				
Anticipated 1-1-2005	\$ 306,000		\$ 4,234,400		\$ 4,803,025	6.37%	\$ 18,336,792	23.09%
Balance Remaining	\$ 1,349	\$0	\$ 2,043,365	\$82		0.03%		11.14%
Balance 12-31-2005	\$ 569,151	\$109	\$ 6,430,788	\$258				
Anticipated 1-1-2006	\$ 567,000		\$ 4,234,400		\$ 5,295,497	10.71%	\$ 18,944,600	22.35%
Balance Remaining	\$ 2,151	\$0	\$ 2,196,388	\$88		0.04%		11.59%
Balance 12-31-2006	\$ 541,434	\$104	\$ 6,224,545	\$250				
Anticipated 1-1-2007	\$ 540,000		\$ 4,234,400		\$ 5,792,995	9.32%	\$ 20,098,898	21.07%
Balance Remaining	\$ 1,434	\$0	\$ 1,990,145	\$80		0.02%		9.90%
Balance 12-31-2007	\$ 497,662	\$95	\$ 6,351,568	\$255				
Anticipated 1-1-2008	\$ 490,000		\$ 4,359,400		\$ 5,919,138	8.28%	\$ 20,655,173	21.11%
Balance Remaining	\$ 7,662	\$1	\$ 1,992,168	\$80				9.64%

From Exhibit G we can observe:

- Hightstown has consistently depleted surplus to offset the tax levy each year of the analysis. This fiscally questionable approach is generally required by the state when it awards “extraordinary aid,” which Hightstown has been receiving.
- East Windsor’s surplus has consistently grown and has anticipated almost the exact same amount each year to support the budget.

Comparison of Severance Liabilities (Accumulated Leave)

Exhibit H shows the severance liability of both municipalities and the monies available on a current and reserve basis to fund these liabilities. The conditions of each municipality are reasonable for each and relatively consistent with conditions found in many other municipalities.

EXHIBIT H: ACCUMULATED LEAVE LIABILITY AND FUNDING, 2005-2008

	East Windsor				Hightstown			
	2005	2006	2007	2008	2005	2006	2007	2008
Est. Liability	2,393,000	1,307,500	1,200,000	1,180,000	386,400	463,450	464,250	452,941
Reserve	46,600	96,000	25,000	25,600	-	-	-	-
Annual Appropriation	96,000	102,000	110,000	-	90,000	101,500	89,000	90,000
Total \$ Available	142,600	198,000	135,000	26,600	90,000	101,500	89,000	90,000
Unfunded Liability	2,250,400	1,109,500	1,065,000	1,154,400	296,400	361,950	375,250	362,941

The item of most interest is the drop by about 50% of the estimated unfunded liability of East Windsor between 2005 and 2006. Upon investigation, East Windsor reports that the 2005 amount was incorrectly estimated at the time. It was high by about \$646,000 due to a calculation error. In addition, during 2005, staff used about half of the accrued vacation time that was posted at the start of the year. The amounts shown in the last three years reflect a more accurate pattern.

Duplicate facilities

Just as two separate communities have duplicate public officials, so they have duplicate public facilities. Because East Windsor's administrative and police facilities are larger and newer, they would likely become the locus of services. Public works facilities would have to be evaluated for both suitability and location.

A consolidated municipality could sell the borough hall and police station, both located in the heart of the town. One of the public works facilities could also be sold. Determining the value of these properties would require a careful professional appraisal, and is beyond the scope of this study. However, it is reasonable to assume that the value would be a significant asset of the new community, both in financial terms and as a land-use and economic-development opportunity.

DCA Fiscal Formula

In formal studies of consolidations, the law requires that the New Jersey State Department of Community Affairs (DCA) must have a representative on the Joint Municipal Consolidation Study Commission. One of DCA's responsibilities is to complete a fiscal analysis of the projected tax rate and property tax levy for residential property owners in the new municipality. In order to anticipate the probable outcome of this analysis and make an early projection of this analysis available at this time to determine the feasibility of a consolidation, we have applied the DCA formula to the conditions in the two municipalities today. This formula was used in the Princeton's Study of 1996 and in the Franklin-Hardyston Study of 1997.

This analysis used by the Department of Community Affairs is simply a snapshot in time without consideration for the economies and efficiencies that would inure to the newly consolidated municipality. For example, above it is shown that through reductions of staff, consolidation could result in a savings of \$1,840,000. This condition alone would reduce the impact on the average East Windsor residential taxpayer by about 18%.

EXHIBIT I: FISCAL ANALYSIS FOR CONSOLIDATION OF MUNICIPALITIES (DCA FORMULA)

(No consideration to potential cost savings)

2007

		East Windsor	Hightstown	Total or Average
A	Local Net Valuation Taxable	\$1,410,709,636	\$218,806,857	
B	County Equalized Ratio(8)	0.455	0.4447	
C	County Equalized Value (11)	A/B		
D	Share of Comb County Value	C/Total C		
E	2007 Tax Levy			
F	Equalized Share of Tax Levy	D x E (Total)		
G	2007 Consolidated Tax Rate	F/C		
H	Local Residential Value	2007 Abstract		
I	Equalization Ratio (Abstract)			
J	Equalized Resid Value	H/I		
K	No. of Residential Parcels			
L	Av. Eq Local Residential Value	J/K		
M	2007 Consolidated Tax Rate	G		
N	2007 Average Res Taxes	M x L/100		
O	Assessed Residential Value	H		
P	No. of Residential Parcels	K		
Q	Avg. Assessed Res Value	O/P		
R	2007 Actual Muni Tax Rate			
S	2007 Actual Average Taxes	Q x (R/100)		
T	Consolidated Average Taxes	N		
U	Change in Taxes	T-S		

This DCA-required analysis assumes that there are no economies of scale and therefore no savings that will accrue to the municipalities as the result of consolidation. Other parts of this report clearly indicate that this is an inaccurate assumption. However, a review of the results of the analysis provides an added understanding of the financial impacts of consolidation, as follows:

- If the Calendar Year 2007 municipal property tax levies for both municipalities were in place as a single levy for a single consolidated municipality and no efficiencies or cost reductions were implemented:
 - The property taxes would increase by \$163.82 for the average East Windsor residential property owner
 - The property taxes would decrease by \$942.00 for the average Hightstown residential property tax owner.
- This occurs for these reasons:
 - Currently, Hightstown property owners pay a greater absolute amount for municipal services than do East Windsor residents.
 - The costs of solid waste collection and disposal are included in the Hightstown tax rate. In East Windsor, either the customer pays the Township, a private homeowner community or a vendor **a separate fee** for garbage collection and disposal services.
 - East Windsor holds a slight advantage over Hightstown as East Windsor residential properties compose 72.3% of the total assessed valuation while Hightstown residential properties compose 75.2% of the total assessed valuation.
 - East Windsor has a broader and larger tax base over which to spread the cost of municipal services, than does Hightstown.
 - Hightstown possesses a significantly higher proportion of tax exempt property that receives municipal services but does not pay for those services through the property tax.

Therefore, in any discussion of this analysis, it is vital to remember four potential mitigating factors:

- Hightstown includes solid waste collection and disposal in its tax rate while East Windsor uses a sanitation district to finance its service to a limited area of the Township.
- Using assessed values, Hightstown possesses about 5 times the proportionate tax-exempt property value of East Windsor.
- Savings resulting from reorganization and/or improved efficiency may offset the transfer of tax burden. See the analysis beginning on Page 18 of this report, which forecasts more than \$1-million in employee-related savings after consolidation. A new governing body is likely to find additional economies.
- The \$1.84-million in potential savings identified in the workload study equates to 18% of the combined municipal tax levy for 2007. While the average East Windsor residential property is projected in the DCA analysis to see a tax increase as the result of consolidation, incorporating the projected savings would reduce the effective increase from \$164 to \$12. Those savings would increase the tax reduction in Hightstown from \$942 to \$1080.

Finally, State law provides for a subsidy to residential taxpayers who are adversely affected by consolidation. After analysis of pre- and post-consolidation budgets, the NJ Departments of Community Affairs and Treasury are authorized to subsidize adversely-affected residential property-tax payers as long as they own the properties.

State Aid

In several previous consolidation studies, the Department of Community Affairs has funded the cost of the work of Joint Municipal Consolidation Study Commissions. DCA is presently funding such a study in the Borough of Sussex and the Township of Wantage in Sussex County. Under the statute, DCA also supplies a representative and prepares a fiscal report.

Here is an excerpt from the DCA report for Sussex and Wantage entitled “Fiscal Aspects of Consolidating Sussex Borough and Wantage Township (November 2008):

In general, and under current municipal state aid policies, consolidation will not affect the total ... allocation of formula-based State aid currently received... There will be no loss in any aid such as Consolidated Municipal Property Tax Relief Aid (CMPTRA) and Energy Tax Receipts (ETR) due to consolidation. In addition, the Clean Communities Program and State Recycling Tonnage grants are based on the tonnage recycled by the municipality. The Municipal Alliance on Alcoholism and Drug Abuse funded by Sussex County would not be affected.

Due to current differences in valuation and demographics, some aid programs, which consider these parameters and are driven by them, may not be available or the new town may not receive as high a ranking as either former municipality because of the new profile... Thus, if consolidated, the new municipality would not likely be eligible for a new State aid program that targeted less affluent municipalities.

Alternatively, there is potential for some additional aid if the State continues to fund programs that encourage municipalities to provide consolidated or regional services. Changes that may occur in the future will be due to overall policy changes at the State level.

If the municipalities do consolidate, current State law provides additional resources to assist with the process. The “Sharing Available Resources Efficiently (SHARE) program (N.J.S.A. 40A:65-30) specifically authorizes funding for one time start-up costs (Implementation grants) of a municipal consolidation. The Division of Local Government Services has great latitude in setting amounts for these grants.

In addition, the current State budget includes a "Consolidation Fund" which is intended to provide assistance to municipalities and boards of education that undertake consolidation, with the express intention of providing funding to overcome obstacles to consolidation. As the Commission continues its work, the Department will discuss funding under these programs. The outcome of those discussions will be reflected in the Commission's final report.

Therefore, the state will fund the costs of the consolidated study commission, implementation costs of transitioning to a newly consolidated community and provide credits for residential property owners who might experience an increase in taxes as the result of the consolidation.

Hightstown has received "Extraordinary Aid" over the past several years amounting to between \$150,000 and \$280,000 per year. On an equalized basis, \$200,000 amounts to less than 0.6 cents on a consolidated tax rate or less than \$6 per year for every \$100,000 of assessed valuation. A consolidated municipality would not be likely to receive this aid in the future. However, the tax credits and the efficiency savings would more than compensate for this loss in state aid.

The State has pledged to fund any transition costs which a newly consolidated municipality might incur.³ It is not possible at this time to prepare an estimate of these costs. The amount can only be determined following an affirmative consolidation vote, knowledge of the choices made by the vote and preparation of reasonable estimates of transition costs. Transition costs have not yet been defined as there has not yet been a consolidation under the new law. In discussions with State officials, it appears that it would be similar to implementation costs associated with shared services. These have previously been defined as follows:

- *Management and coordination costs* required to implement the shared service, but not including routine job responsibilities or activities that would normally fall to a municipal position as part of its everyday function.
- *Integration costs* arising from the merger of the fuel dispensing systems, including the cost of purchasing any software and non-capital equipment necessary to implement the program. Neither the pumping equipment itself nor the ongoing costs of dedicated telephone or cable connections to transmit data are eligible for grant assistance.
- *Legal costs* incurred in drafting the cooperation agreements and drafting the joint meeting contracts, resolutions and other legal instruments effecting the creation of the joint entity.
(Source: p. 33 Shared Services Study for Sparta Township and Sussex County, November 2006, GMA LLC)

³ According to N.J.S.A. 40A:65-28(b) the State will provide a credit to residential taxpayers for any increase in a future consolidated municipal and/or school tax levy over the prior levy. In this calculation the State will "... adjust the tax levy to reflect any revenues or expenditures that do not reflect routine operations ("normalize"). This procedure is intended to ensure that the budget reflects only normal operations..." As costs incurred by municipalities to consolidate would not be included in "normalized budget" they would be removed and funded as an implementation cost of the consolidation.

Profile of a Consolidated Town

If East Windsor and Hightstown consolidate, a single organization will govern and serve the community. Based on the analysis of workload and potential staffing of those services, here is a profile of what the consolidated municipality might look like.

NOTE that there is no single best way to staff a municipality and there is no single ideal organization chart. The organization described here is based on a theoretical view of the consolidated municipality and on an analysis of existing workload. It does not attempt to take into account the strengths or abilities of current employees. When establishing its structure and setting its first budget, the new governing body will need a far more in-depth analysis, review, and evaluation of the organization and its potential employees.

Governance

The vote on consolidation will determine the exact form of government for the new community. The choice will be made from among the alternatives provided by state statute:

1. One of the traditional forms (township or borough, of example), presumably with an appointed chief administrative officer.
2. One of the standard charter forms (mayor-council or council-manager, for instance), with members of the governing body chosen either at large or by wards.
3. A special charter, designed specifically to address the needs of the new consolidated community. This requires special approval by the state Legislature.

Depending on the form of government, the elected governing body will likely have five, six, seven, or nine members of the council, with either a separately elected mayor or one chosen from among the members of the council. Members may be elected at large, by ward, or in some combination. In the traditional township form and the charter forms, the governing body can function as the board of health. Other boards — recreation, for instance — may or may not be created.

The governing body will appoint various advisory or functional boards, such as recreation and land use. They may hire their own staff, if permitted by statute, or municipal employees may be assigned to provide support, either as part of day-to-day functions or as extra-time, extra-pay assignments.

There will be five key business functions of the municipality:

- Public safety
- Community development
- Finance and administration
- Community facilities and services
- Judiciary

Public safety

(The following commentary is subject to a more in depth SHARE feasibility study of police operations in the two municipalities presently being conducted by the Patriot Group.)

There will be a single police department. Our analysis indicates that the chief should have a management and supervisory team of twelve lieutenants and sergeants and an operating complement of 44 officers performing patrol, traffic, investigative, crime prevention, and other community services. Depending on the desired level of service in a newly consolidated municipality, greater savings might be realized.

Dispatch and communication services are provided by eight civilian radio officers. Six civilian employees provide office support services. The aforementioned feasibility study could provide added insight into the matter of police services staffing.

Fire-suppression services will continue to be provided by volunteers. However, special care and consideration will be needed when integrating the functions of the three volunteer fire companies that currently exist in the two communities. It will be important to coordinate their service areas, equipment, and management structures in order to ensure the best protection for the entire community.

Emergency medical services (EMS) will also continue to be provided by the existing volunteer squads, supplemented by contract or interlocal service agreements. By the time a consolidation vote takes place, it is likely that current proposals for new legislation covering EMS will have been debated and perhaps voted upon. If uniform statewide requirements are put in place, the new governing body will be faced with implementing them.⁴

The town will have a single Office of Emergency Management (OEM) whose function will be to design and implement a single, coordinated emergency management plan for the entire community. The director may be a member of the municipal staff.

Community Development

For the first time ever, planning, zoning, community development, economic development, business-relations management and code administration will be in the hands of a single, unified government. There will be a comprehensive approach to issues that address the needs of the entire community.

There will be planning and zoning boards. One of the first duties of the new planning board will be to develop a master plan covering the entire community. There will also be an advisory board to create a comprehensive economic development plan.

Code administration will be handled by an efficient office consisting of four licensed FTEs who work full- and part time, plus one fulltime office-support employee. (For a discussion of FTEs, see Page 18.) One secretary will serve the planning and zoning boards. Two employees will administer the property-maintenance code.

Business relations are handled by the office of the chief administrative officer.

Finance & administration

The governing body will appoint a chief administrative officer, whose responsibility is day-to-day management of municipal operations, based on policies adopted by the governing body. The purchasing function is also in the CAO's office, to ensure that authorization, approval, and processing of payments are separate.

⁴ If consolidation does not occur, Hightstown and East Windsor will have to deal with this issue individually. According to a report in the *Star-Ledger*, "The draft bill would create standards that mandate response times, as well as require two volunteer emergency medical technicians on every ambulance responding to a 911 call. It would bring all emergency services under the jurisdiction of the state Health Department, while requiring all municipalities to make provisions for EMS service, just as they do for fire and police. The committee did not put a price tag on implementing the recommendations, now under review by state health officials." (http://www.nj.com/news/index.ssf/2008/11/panel_proposes_setting_statewi.html: "Panel proposes setting statewide standards for EMS" Angela Stewart, November 09, 2008, downloaded 1 Dec 2008 2:17PM)

There will be a treasurer, tax collector, and assessor. The treasurer and tax collector's roles may be combined. Based on workload analysis, 8.1 FTEs could handle the entire function. With the treasurer, tax collector, and assessor needing state certification, office support staff is pooled in order to provide staffing when and where needed, such as during tax-payment periods. One of the three certified officials serves as director of finance, in order to coordinate the activities of the offices and employees.

Community facilities & services

This function includes maintenance of all municipal facilities and provision of services such as snow control and sanitation. All these are managed by a director.

Based on workload analysis, the full complement of current borough and township employees will be needed for all functions except building maintenance and, perhaps, sanitation:

- Building maintenance: Because consolidation will permit disposal of at least three existing facilities, fewer workers will be needed for maintenance.
- Sanitation: Workload and cost analysis indicated a high per-unit annual cost with the current traditional approach to collection in East Windsor. The new governing body will have an opportunity to re-examine how refuse is collected, in order to coordinate between the different methods currently used.

Excluding sanitation, 19.3 FTEs will be needed to provide these services.

Also included in this category are services that are generally provided directly to residents, such as recreation, health, and welfare.

- Recreation: The review of recreation offerings and participation information from the two municipalities revealed no opportunities for savings through consolidation.
- Health: Services are consolidated in the new municipality. Based on population, it appears that a staff of four FTEs could effectively serve the community.
- Welfare: The new governing body will decide whether to provide welfare services with municipal staff or with the county.

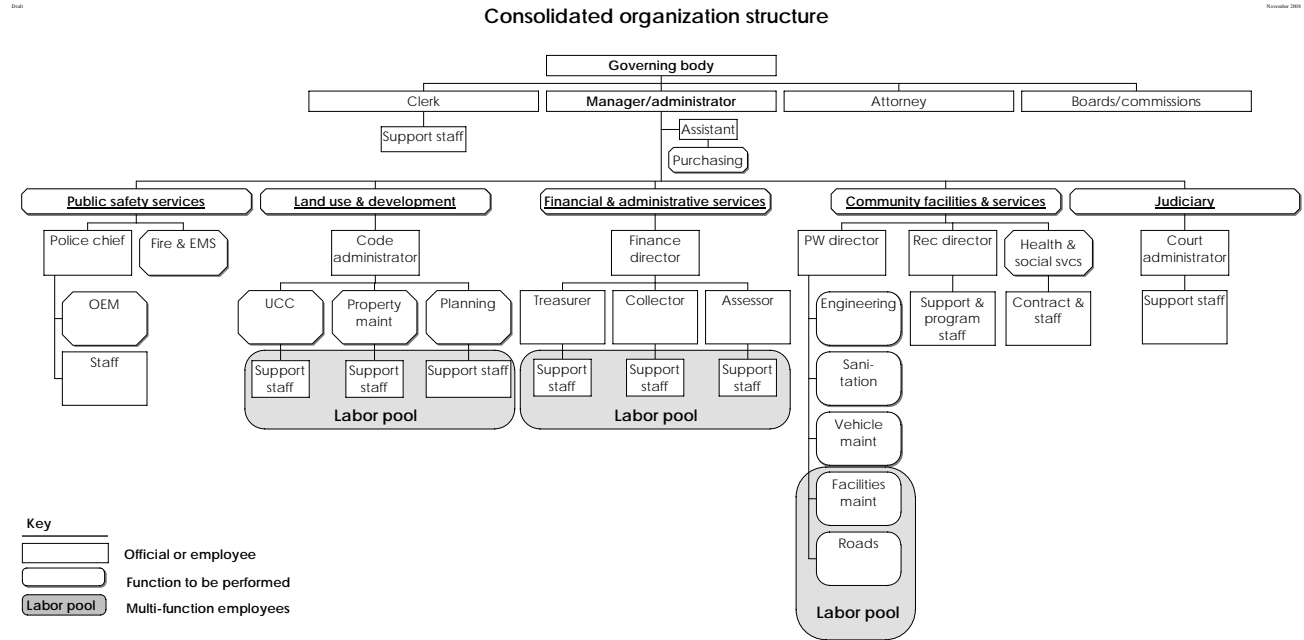
Judiciary

(The following commentary is subject to a more in depth SHARE feasibility study of police operations in the two municipalities presently being conducted by the Patriot Group.)

A single municipal court with a staff of 6.2 FTEs will serve the community.

Organizational structure

Realizing that there is no single perfect or ideal organization structure, this chart uses the traditional hierarchical approach to illustrate one possible approach to providing services.



Conclusions Drawn from Findings

1. Hightstown's higher per capita tax levy indicates a higher cost of providing services to its residents. This is consistent with East Windsor's separate sanitation district and lower proportion of tax exempt properties.
2. East Windsor's scale of operations has permitted greater specialization of its workforce.
3. While debt per capita is greater in Hightstown, the proportion of debt to the equalized valuation of each municipality is similar. This is especially true when viewing the proportion of tax-exempt properties in Hightstown, including public schools, houses of worship and cemeteries.
4. A governing body of a newly consolidated municipality will have the opportunity to reduce municipal operating expenses, lower operating and maintenance costs, reduce employee counts, and produce lower overall costs by restructuring municipal services.
5. Significant economies of scale can be achieved by consolidating the municipalities. Not only does the consolidated municipality not need several duplicate positions, the efficiencies that can be achieved by functioning as a single municipality, as shown in the workload and performance analysis, more than double the savings from just eliminating duplicate positions.
6. A new governing body needs to be cautious that all functions are designed for maximum efficiency. Failure to negotiate tight collective bargaining agreements, risk manager contracts or professional services agreements can easily dash the efficiencies sought in this study.
7. Not discussed here, but identified by Professor Slack to the Joint Legislative Committee on Government Consolidation and Shared Services in 2006, are master planning, economic development, land use and transportation planning, capital improvement program and environmental planning benefits that will inure to the two municipalities that function as one.
8. Shared services are often a reasonable method to pursue efficiencies between separate municipalities. However, the time, effort and energies that are necessary to negotiate and manage such agreements create "lost opportunity costs" that could be used to pursue other community objectives. As stated above, the perspective of a consolidated governing body changes when it is "thinking as one." No longer would one governing body behave as a vendor and another behave as a customer, each attempting to achieve the best result for their individual constituency. Rather, the one consolidated municipality would act as supplier of a service to a single constituency.
9. Existing general obligation debt of the municipalities should be consolidated, not segregated, as part of any overall plan of consolidation. Consolidating debt permits the new governing body to pursue refinancing at a larger scale thereby increasing potential savings in the future. The existing capital improvement programs would be merged permitting development of a comprehensive debt management plan and providing for new alternatives and other currently unanticipated potential savings to the consolidated community that only come from larger scale debt management.
10. The ability to sell three public facilities would create not only a financial bonus, but a remarkable land-use and economic-development opportunity.

Statutory Provisions Affecting Consolidation

There are now two statutes that can govern a consolidation study process. The first is the older statute found in Title 40; the statutory reference is N.J.S.A. 40: 40:43-66.39, et seq. The second and more recent statute is found in Title 40A; the statutory reference is N.J.S.A. 40A:65-25. The Legislature adopted and the Governor signed the second statute as part of the CORE Reform legislation that resulted from the Special Legislative Committee hearing of 2006. It is part of the bill entitled “Uniform Shared Services and Consolidation Law.” The section in which it appears is called “Local Option Municipal Consolidation.” This law attempts to provide flexibility to municipalities studying this issue to increase the opportunity for a customized process of achieving consolidation of municipalities throughout the State of New Jersey. The Division of Local Government Services in administering these statutes has shown itself willing to accept a blending of the provisions of both statutes. A general overview of the more significant elements of the laws as they might affect a consolidation study and an eventual consolidation follows.

A Comparison of Municipal Consolidation Statutes

Below are the principal issues addressed in the statutes. The paraphrased material is taken from work performed by James Doherty, Township Administrator, Township of Wantage in preparation for the Sussex-Wantage Joint Consolidation Study Commission earlier in 2008.

1. Flexibility in time to get the study report done: Up to three years under 40A, compared to ten months under Title 40
2. Greater Flexibility in Progress Report construction: Under 40A, you have the option of including a preliminary report as well as a final report, or opting to skip the preliminary report and concentrate on the final report. (Under Title 40, the Preliminary Report must be done)
3. Flexibility in Scope of the Study Report: Under 40A, you have the option of either including a consolidation implementation plan as a part of the study, or opting not to include an implementation plan (in effect, leaving it up to the new municipality and the State to work out the implementation details).
4. Flexibility in Approval method for consolidation: Under 40A, a proposed consolidation plan may be approved either by voter referendum, by an action by all of the affected governing bodies, or both; under Title 40, the proposed Consolidation Plan must be approved by voters in referendum.
5. Phased-in Consolidation: Under 40A, a phase-in of a consolidation may be authorized over a fixed period of time. Such a plan shall be subject to review and approval of the Local Finance Board prior to its being approved by the governing bodies or subject to voter referendum.
6. Variations from existing State law or department rules: When variations are proposed, they shall be submitted to the board which shall refer it to the agency with oversight responsibility. After due consideration, the referee agency is empowered to waive such law or rules if a waiver is found reasonable to further the process of consolidation.
7. Use of advisory planning districts: 40A provides for the option to create such districts, which would be comprised of residents living in the former territories of each former municipality, to provide advice to the planning board and the zoning board of adjustment on applications and master plan changes affecting those areas.
8. Establishment of service districts: 40A provides for the option to create such districts, which would be comprised of the boundaries of any or all of the former municipalities which may be used to allocate resources and used for official geographic references in the new municipality.

9. Continued use of boundary lines of former municipalities to continue local ordinances that existed prior to consolidation: 40A provides that this option shall be reviewed by the newly consolidated governing body at least every five years and shall only be continued upon the affirmative vote of the full membership of the governing body, and if such continuance fails, the governing body shall then adopt uniform policies for the entire area.
10. Apportionment of existing debt between the taxpayers of the consolidating municipalities: 40A allows this option, including whether existing debt should be apportioned in the same manner as debt within special taxing districts so that the taxpayers of each consolidating municipality will continue to be responsible for their own pre-consolidation debts.
11. Charter Study Commission: Under both 40 and 40A, the Consolidation Study Commission serves as a Charter Study Commission and recommends a type and form of government for the newly consolidated municipality.
12. Property Tax Relief - Written Promise in the Statute: In any consolidation there is likely to be a condition where the tax payers of one municipality are benefited. Conversely, taxpayers of the other municipality will likely see an initial increase in their taxes. To compensate the residential taxpayers of the other municipality for this condition, the statute provides for credits for these taxpayers. Under 40A, the owners of any residential property or residential tenants of any consolidated municipality, who experience a municipal or school district property tax increase in the first tax year following the municipal consolidation, shall be entitled to annual property tax relief until such time as they sell or transfer their home or no longer reside as tenants in the rental unit they occupied just prior to the municipal consolidation. (This issue is dealt with in more detail below. Material below has been supplied by the Department of Community Affairs for the aforementioned Sussex Wantage Consolidation Study Commission.)

Local Option Municipal Consolidation

The Local Option Municipal Consolidation Act creates new ways of pursuing the consolidation process. The process can be initiated in several ways:

- Governing bodies may introduce ordinances creating joint municipal consolidation study commissions. (This is the suggested course of action here.)
- Representative groups of citizens or governing bodies may apply to the Local Finance Board (LFB) to either create a consolidation study commission or seek approval of a consolidation plan with no ordinance issued by the municipality.
- The law permits the LFB to be flexible when considering such requests.
- The governing bodies can serve as the consolidation study commission.
- A proposal for consolidation can be placed before the voters as a referendum or the governing bodies through ordinances may consolidate without direct voter approval.

Local Finance Notice 2008-19 dated 29 October 2008 summarizes these provisions of the law.

Local Option Municipal Consolidation Property Tax Relief Program

The Department of Community Affairs has provided this explanation of how the tax relief program will operate:

The Local Option Municipal Consolidation Act at N.J.S.A. 40A:65-28(b) which provides that owners of any residential property or residential tenant of any consolidated municipality who experience a municipal or school district purpose real property tax increase due to municipal consolidation in the first tax year following the municipal consolidation shall be entitled to annual property tax relief until such time as they sell or transfer their home or no longer reside as tenants in a rental unit they occupied just prior to municipal consolidation.

In the case of the owner of a residential property, the State will provide a credit for a tax bill equal to the difference between the prior year taxes and the current year taxes for municipal and school districts purposes real property tax payable by the taxpayer. Tenants will receive a rent rebate pursuant to the Tenant Property Tax Rebate Program. The State will pay the municipality the amount of the credits quarterly. (Emphasis added.)

While this process is new and has not yet been implemented, if consolidation is approved, some key details surrounding how the credit is calculated are as follows:

BUDGET ADJUSTMENTS

1. DCA will review the budgets of each municipality for the year prior to consolidation to adjust the tax levy to reflect any revenues or expenditures that do not reflect routine operations ("normalize"). This procedure is intended to ensure that the budget reflects only normal operations, without consideration related to the consolidation, an unlikely, but possible circumstance.
2. The first year's budget of the newly consolidated municipality will be similarly reviewed to normalize for non-routine operations.

CALCULATION OF TAX BILLS

1. Once consolidated, the assessed value of each parcel will be equalized based on the final equalization ratio for the individual municipalities. In the absence of a revaluation in both municipalities, this will be the assessed value for each parcel.
2. The budget for the first year will be adopted and the municipal tax levy and tax rates will be established for the newly consolidated municipality.
3. A separate analysis will calculate for each residential, farm homestead, and apartment property:
 - i. What taxes would have been in the pre-consolidation year using the normalized tax levy; and,
 - ii. What taxes would be in the first consolidation year using the normalized tax levy; and then,
 - iii. Calculate the difference, and for each parcel whose taxes increased, set that amount as the "consolidation tax credit". The credit will remain on the property until ownership or tenancy changes.

The State Divisions of Local Government Services (DCA) and Taxation (Treasury) will work closely with local officials including the chief financial officer, tax collector and tax assessor to develop the administrative and computerized procedures to implement these changes.

These procedures will include tracking when properties change ownership or tenants change. When ownership changes, the seller and real estate professional should advise the buyer of the circumstances concerning the property taxes (the credit will clearly show on the tax bill). Tenants in properties with more than four units will receive a pro-rated rent credit. A reporting system will be established to track tenant changes and to adjust the credit accordingly.

At the local level, the administration of the program will be the responsibility of the tax assessor and the tax collector of the consolidated municipality. These individuals will be trained in what steps have to be taken with the property transaction that will take place and will have to input these transactions and update the databases to reflect the change. In time as the state implements the new Property Assessment Management System (PAMS), this can be automated.

When a property is sold to a buyer, the seller and real estate professional should advise the buyer of the circumstances concerning the property taxes. The tax bill will also reflect that there is a credit; ultimately, it is the responsibility of the seller to advise the buyer.

This is a new law and there is no established program, but if a consolidation is approved, a system will be developed by the state working closely with the local officials to implement this program.

Recommendations

1. The governing bodies of East Windsor and Hightstown should prepare and adopt identical ordinances to create a Joint Municipal Consolidation Study Commission.
 - A The governing bodies of each municipality should carefully and thoughtfully select individuals to serve on the Commission.
 - B Appointees should represent each community's best interests and possess the knowledge of governmental processes and financial analysis needed to determine that which is in the best interests of each municipality and the entire community.
2. The Commission should intensively examine the following matters:
 - A The fiscal report that will be prepared by the Department of Community Affairs.
 - B The reasonableness of the newly consolidated municipality to consolidate the debt of both municipalities.
 - C Continued use of boundary lines of former municipalities to continue local ordinances that existed prior to consolidation to continue to address the special conditions within the Borough that caused these ordinances to be adopted.
 - D Creation of advisory planning districts to be comprised of residents living in the former territories of each former municipality, to provide advice to the planning board and the zoning board of adjustment on applications and master plan changes affecting those areas.
 - E Continued use of the sanitation (garbage and refuse) service district, which would be comprised of the boundaries of the borough and the portions of the township sanitation district excluding private homeowner communities as they do not receive public sanitation services, currently.
 - F The appropriate form and type of municipal government to manage the provision of municipal services.
 - G Providing recommendations to the newly consolidated municipality's governing body regarding organizational structure, staffing plan, service delivery efficiencies, contractual relationships and other matters that will affect the eventual success of the consolidation.
 - H Development of a suggested full projected budget for the consolidated municipality.
 - I Providing recommendations to the newly consolidated municipality regarding:
 - i. "... a timetable for implementing a consolidation plan ..." (N.J.S.A. 40A:65-26.a(1))
 - ii. "... creation of a consolidation implementation plan to establish a timetable of significant events and goals to be achieved as part of a consolidation study;" (N.J.S.A. 40A:65-26.b.(1))
 - iii. "a phase in of a consolidation over a fixed period of time...." N.J.S.A. 40A:65-26.b.(2))

Appendix

Government Management Advisors, LLC – Firm Description

Government Management Advisors, LLC (GMA) serves the needs of local governments, municipalities, counties, districts and their agencies. GMA was formed in 2004. Since then it has had almost two dozen local government and other clients. The firm provides consulting services to these agencies in the following subject areas:

- Shared Services and Consolidation Feasibility Studies
- Operational Effectiveness Studies
- Executive search services to recruit and assist in the selection of appropriate personnel to fill vacancies including managers, administrators and department heads
- Interim management services including temporary replacement for chief executive, chief administrative and chief financial officer positions, among others
- General and financial management consulting
- Management, operations review and staffing analyses
- Other subject areas including personnel and fiscal impact analyses

Currently, GMA serves as the consultant to the Joint Consolidation Study Commission of Wantage Township and Sussex Borough.

Government Management Advisors, LLC utilized the following individuals in the conduct of this study

Gregory C. Fehrenbach is the principal of Government Management Advisors, LLC. He currently serves as the Coordinator of the League of Municipalities' Interlocal Municipal Cooperation and Management Advisory Service. For over 38 years he has served municipal governments as a planner, deputy manager, manager and administrator in the following governments: Milwaukee, WI, Easton, PA, Moorestown, Ocean (Monmouth County), East Brunswick, New Brunswick, Lakewood and Piscataway and as County Administrator for Sussex County, NJ. He is a past president of the New Jersey Municipal Management Association. Mr. Fehrenbach holds an A.B. in Government and Economics from King's College (PA), and a M.A. in Urban Affairs from the University of Wisconsin.

Reagan Burkholder is the principal of Summit Collaborative Advisors, llc. For over 32 years he served municipal governments in Norwich, CT, Leonia, East Windsor (1978-1985) and Summit, NJ. He is a past president of the New Jersey Municipal Management Association. Mr. Burkholder holds a B.A. in Liberal Studies from Notre Dame University and a M.A. in Public Administration from the University of Connecticut.

John Coughlin served as a review resource for the instant study prior to the production of a preliminary report. He also has twenty-five years of experience working in New Jersey municipalities in Holmdel, East Brunswick and Old Bridge. He concluded his career as the Director of the Division of Local Government Budget Review in the Department of the Treasury where he oversaw the conduct of performance audits in numerous municipalities, school and other districts. Mr. Coughlin holds a B.A. in Communications from Fordham University and a M.A. in Public Administration from Central Michigan University. Mr. Coughlin is also a past president of the New Jersey Municipal Management Association.

Brief History of 1969 Consolidation Study Commission and Ballot Question

The following is a summary of the news reports from the “Windsor-Hights Herald” from 1969. Stories of the process that reviewed for this report started on 9 January and continued through 17 April 1969. The question on the ballot was voted on 17 April 1969.

No stories were found to describe the defeat of the question. It has been reported that the Borough voted YES and the Township voted NO. None of the news articles report on the number of votes that carried each position nor do they suggest the reasons why the question failed in the Township.

The Joint Consolidation Committee Study

By 23 January 1969, the “Joint Consolidation Committee, studying the proposed merger ... announced that it almost completed its work in Phase I of attempting to find a suitable plan for both communities regarding consolidation.” The Chairman, Robert E. Wright, reported to the newspaper that the committee saw “three pivotal issues” to be encountered while considering consolidation of the community. “These are the possible impact of taxes, the choice of a name and choice of a form of government.”

From this article it appears that the “consolidation committee,” as it is referred to in the articles, began meeting on 4 November 1968 and met twice weekly throughout their deliberations. They separated their responsibilities into three phases. Phase I was the data gathering phase. Phase II was dedicated to drafting the consolidation plan. Phase III appears to be the presentation of the plan of consolidation to the public. The meetings of the consolidation committee were held in closed sessions during the data gathering phase that might explain why the first news article on the subject appears to have been on 23 January, two and one-half months after the organization meeting of the committee.

Reaching Out to Citizens

In early February, the newspaper reported that the Consolidation Committee created a special “Citizens Committee of the Joint Consolidation Committee.” Maurice Hageman was appointed to head the citizens committee “to keep citizens informed of the proposed merger plan being scrutinized by the Consolidation Committee and to present all facets of merger to area citizens.” Mr. Wright stated

“It will be Mr. Hageman’s responsibility to keep abreast of what is happening in the Consolidation Committee, and then to report back to the citizens, informing them of the work being done ... It will not be the job of the Citizens Committee to sell consolidation. It is the wish of the Consolidation Committee that each citizen who will vote on the plan on April 15, casts an informed, objective ballot, either yes or no and that the vote is based on facts, and not on emotional or sentimental issues.” (2/6/69)

Joint Consolidation Committee Recommendations

On 20 February 1969, the newspaper reported that “The type of government recommended to preside over East Windsor Township and Hightstown, if both municipalities choose to consolidate is the Council-Manager Plan E form as adopted last year by East Windsor voters.” Mr. Wright stated that under this form “The mayor’s position would be an honorary one and he would be appointed by councilmen. His duties would only be to sign official documents.”

The Committee also announced that the name of the new municipality would be Hightstown. Additional elements of the plan of consolidation included (2/20/69):

- The Town Council would appoint the police chief.
- “It would also be the Council’s prerogative to appoint a public safety director, if it chose to do so.”

- According to the news report, “Mr. Wright said the East Windsor Township Utilities Authority would become the authority of the community ... The borough’s Housing Authority would become the official housing unit for the consolidated communities.”
- The present water and sewer systems operated by the borough continue to function pending an engineering and financial feasibility study to determine the ability to merge these into the Utilities Authority.
- The Consolidation Committee would continue to function as a “codification committee” to develop a body of laws for the new municipality based on those currently in existence in the two municipalities.
- All debt obligations of both individual municipalities would be assumed by the new municipality.
- Any debt obligations issued after the vote on the consolidation would be “retired by a separate tax levy for debt service upon property in the former borough, or township areas.”
- “Volunteer fire companies now in existence would become official fire fighting units of the new town” as would “any new companies formed prior to consolidation taking place.”
- 1 January 1970 was determined to be the effective date for the new government “...if voters approve the plan on a special referendum slated for April 17.”

Citizen Concerns and Objections

On 6 March 1969, the “Windsor-Hights Herald” reported on two public forums held by the Consolidation Committee. On 28 February 1969, the Joint Consolidation Committee held its second and final public hearing in the Hightstown High School Auditorium with “some 232 residents” attending. During the first forum, “The proposed name Hightstown touched off an abundance of uneasiness among half the crowd of 82 persons and Consolidation Committee Chairman Robert E. Wright had to quiet the throng more than once while the new community name was discussed.” The other name that was considered was “Windsor Hights.”

Arguments included the costs to residents and business to change the name that most use as a mailing address. One East Windsor resident complained that “... his property value would decrease if the name Hightstown was assumed by the new community.” Another East Windsor resident suggested that a poll be taken – “This name is very important and a poll taken by the press would give us a good estimation of what the people want.”

A heated argument developed between a Consolidation Committee member Robert Holdway and East Windsor Mayor Donald Schultz. Mr. Holdway attempted to explain a small difference in the current and future tax rates for both municipalities using data prepared by the New Jersey Division of Local Finance. Mr. Holdway is reported to have said: “If both municipalities had agreed on consolidation, the township’s residents would have seen an increase of \$10 in their tax bills while the borough would have gotten a \$23 reduction.”

Mayor Schultz demanded to know where Mr. Holdway got his figures. He disputed the comparison and argued that with the disparity in the base figures and the Township’s new ratables, the impact on East Windsor would be greater than estimated.

Dr. William Miller, legal counsel to the Committee, stated that the municipal portion of the tax rate is “a very small part of the total tax rate. The rest depends on county and school taxes. It is too early to be accurate about those rates. Our figures are used to show trends, not to be precise.” Later Mayor Schultz countered with his prediction that the trend for taxes in East Windsor “...will be down this year ... We have lots of ratable activity now.”

Questions were raised about the borough’s water and sewerage systems and their compatibility with that of the East Windsor Utilities Authority. Mr. Wright answered these concerns. “We had testimony by Mr.

Henry (Hightstown Engineer) and Mr. Harvey (East Windsor Engineer) that both systems are compatible ... Their opinions are that both systems are similar..."

Also reported in the 6 March issue of the newspaper was a report that a group of East Windsor and Hightstown residents was organizing a new committee to "present the proposed idea of consolidating East Windsor and Hightstown to the public." This new committee was named the "Concerned Citizens Committee." A committee "spokesperson" stated that "... it was necessary to form another citizens group because 'we are not getting the full story on merger from the Joint Consolidation Committee or its citizens group'..." This new group alleged that the aforementioned "Citizens Committee of the Joint Consolidation Committee" functioned with a prejudice for consolidation rather than being open minded about the advantages and disadvantages of consolidation. Later this Committee created a list of 22-24 objections to consolidation. Mr. Hageman of the Citizens Committee of the Joint Consolidation Committee offered to hold a public forum to address the 22 concerns, but this forum never materialized.

Finally, in the 10 April 1969 issue of the "Windsor-Hights Herald" the Concerned Citizens Committee published their 24 questions and directed readers to vote No on the question on 17 April. Some of the issues identified in the published list included:

- "Why does the consolidation committee believe that the Borough will become a slum if we don't merge? Have they asked the Borough Citizens if they want to be "SAVED" by East Windsor?"
- "What are true tax rate figures and what effect on merger, and what will the total dollar tax difference be in the two municipalities?"
- "Utilities – How do you justify feasibility study of utilities after the fact?"
- What is status of urban Renewal? What Urban Renewal projects are contemplated for merged town?"
- "Whose ordinances will take effect after January 1, 1970 and prior to adoption of new code by council?"
- "Can two such dissimilar communities be pushed together in a few short months without chaos?"
- "What are the true benefits to East Windsor Township residents of merger? What are the actual benefits to the Borough if we merge?"
- Is the name Hightstown the best choice to residents for both municipalities?"

At the end of the published piece it states, "IF YOU BELIEVE AS WE DO THAT THESE QUESTIONS HAVEN'T BEEN GIVEN ADEQUATE STUDY (Princeton's report on the feasibility of merger was 225 pages long compared to the Consolidation committees 66 page report), THEN JOIN US VOTING NO THURSDAY, APRIL 17 ... We can always MERGE after adequate study and planning. BUT WE CAN NOT UN-MERGE"

Support for the Plan

Endorsements for the plan of consolidation were provided by several groups according to the newspaper. The Hightstown Borough Council unanimously endorsed the plan of consolidation. Mayor Turp of Hightstown also endorsed the plan and praised the work of the Consolidation Committee. Both Boards of Health of Hightstown and East Windsor endorsed the plan. Hightstown Democrats announced that it would "actively support consolidation."

On 10 April 1969, the Windsor-Hights Herald ran an Editorial "A 'Yes' Vote." The editorial made the following points:

- The timing of the consolidation vote is right.
- Major question is "whether this plan will best suit the future needs of both municipalities."
- "Council-Manager Plan E is the best form of government for a merged community with a projected population of 25,000, since it will provide for the election of council men on an at-large

basis rather than wards. It will provide for partisan elections in the new town, keeping the two party system working.”

- “The name of the new town should not be a key issue in determining if consolidation is good for” these two communities.
- “If consolidation received voter approval those residents now residing in East Windsor Township will see a rise in their taxes. This is one of the disadvantages of the Consolidation Plan.”
- “But, consolidation will form a broader tax base which will see the future tax spiral equalize among all residents in the new community. For example, new schools, churches, road improvements, etc. will be added in the East Windsor areas and, subsequently, the cost of these facilities and improvements will be shared by everyone.”
- “Schools in Hightstown and East Windsor are already consolidated. Eighty percent of the tax dollar or both communities is already merged.”
- “When considering geography of both Hightstown and East Windsor Township, consolidation is the only logical move, thus eliminating the ‘hole in the donut.’”
- “The Fels Report recommended consolidation of both municipalities after extensive investigation. Since the Fels study was impartial, the recommendations with it reflect the feelings of an outsider looking in at the problems...” of the two municipalities.

On 17 April 1969, the vote on the question of consolidation was held in the two municipalities. According to Alpheus Albert writing in the 1976 Bicentennial History of Hightstown and East Windsor “... the Plan did not pass. Although the total “yes” vote was 1971 to 1829 “no”, the Township vote was “no” 1600 to “yes” 942, which resulted in the defeat of the proposed consolidation.” Therefore, the Borough overwhelmingly voted in favor of the proposal with 1029 yes and 229 no votes.

Fels Institute Study

About two years before the work of the Joint Municipal Consolidation Committee, in August 1967, Joseph Q. Benford, Project Supervisor with the Fels Institute of Local and State Government at the University of Pennsylvania prepared a report entitled Consolidation Study, East Windsor Township – Hightstown Borough, Mercer County New Jersey: A Report to the East Windsor-Hightstown Study Committee. “The study was conducted for the East Windsor-Hightstown Study Committee, which was appointed by the Township and the Borough governing bodies which jointly financed the project.”

Selected Excerpts from the Study:

- “The municipal governments of East Windsor and Hightstown are characterized by a highly decentralized organization. Each is governed by an elected body which exercises both legislative and administrative responsibilities.” (p. 4)
- “Hightstown retains a planning consultant and has prepared a master plan under New Jersey’s planning assistance program. East Windsor does not have a comparable plan ...” (p. 7)
- “Expenditures for governmental services and operations are on the increase in both municipalities. Between 1960 and 1966, total current fund expenditures rose by 89 percent in Hightstown and by more than 300 percent in East Windsor and per capita outlay increased by 39 percent for the Borough and by 86 percent for the Township... The largest increases are attributable to the expansion of public works functions and police protection.” (p. 8)
- The total tax burden on the property owner ... is heavier in Hightstown than in East Windsor. The local [municipal] tax rate in East Windsor is increasing at a more rapid rate than in Hightstown. (p. 9)
- “Notwithstanding the contrasting patterns of development in the Township and in the Borough, certain major physical features and other factors bring them into close relationship with each other.” (p.10)
 - “Major roads and streets are arteries common to both communities...” (p.10)

- “Along most of the boundary line land uses as well as zoning districts are compatible.” (p. 10)
- The two communities are dependent upon common services and participate cooperatively in several important areas. Hightstown’s central business district serves the entire community with its banks, post office, eating establishments, realtors and other establishments...” (p.10)
- Children from families in both municipalities attend the same schools in the East Windsor School District...” (p. 11)
- “... East Windsor and Hightstown are closely related parts of the same community. No major physical barriers separate them, certain public and private facilities (such as the Borough business district, industries in both communities, the library, and other) are oriented to the larger community, and children from the Township and the Borough attend the same public schools.” (p. i)
- “Both municipalities have certain basic resources essential to economic growth. Hightstown is a well-established and stable community, completely served by a full range of municipal services, with a small but viable business center and with some additional capacity for future commercial and industrial expansion. East Windsor has a strong and rapidly expanding tax base, attractive residential and industrial developments, new water and sewer systems and ample land for future growth and development.” (p. 11)
- “The prospects for economic growth would be improved if the combined resources of the two communities were consolidated under a merged government. Of course, the Township’s resources are such that even without merger it possesses considerable growth potential. The Borough, on the other hand, is limited because of its small area and the scarcity of land for future development.” (p.12)
- “The importance of coordinate or unified planning for the entire East Windsor-Hightstown area can hardly be exaggerated. Planning on the basis of unified goals, policies and programs could insure the protection of the area’s future economy, the development of a balanced land use pattern, the construction of an interrelated streets system, and the orderly and efficient extension of utilities and other governmental services.” (p.13)
- Local municipal property taxes were estimated to increase slightly for East Windsor residents while they would probably drop a little for Hightstown residents. “The differences in the tax burdens are due to the differences in the tax bases and in the volume of tax revenue required to provide necessary services.” (p.21)
- “A merged municipality would be in a stronger position than either municipality to finance necessary capital improvements.” (p. 23)
- “Merger would not affect the debt situation of either the Borough’s water and sewer or the Township Utilities Authority’s system. Debt payment would continue to be financed from charges for service on customers of the respective systems.” (p. 23)
- “On the basis of study analyses and findings, it is concluded that consolidation of East Windsor Township and Hightstown Borough would be desirable and feasible.” (p.30)
- Recommendations (p. v):
 - “East Windsor Township and Hightstown Borough should undertake procedures for consolidation at the earliest possible time in order to obtain certain benefits relative to planning and development control ...”
 - “The consolidate municipality should be a city of the second class, with a council-manager form of government...”
 - “All officers, other than solicitor, auditor and magistrate, should be appointed and supervised by the manager...”
 - “Operations and services should be consolidated in a department-type organization...”