

REPORT ON POSSIBLE BENEFITS AND DRAWBACKS TO CONSOLIDATION: STAFFING

This report consolidates work by

- the Joint Consolidation Study Commission's committee on administration
- Government Management Advisors, LLC, consultants to the commission
 - Duplicate positions report
 - Workload & staffing analysis

BUILDINGS

Shutter the Sussex Municipal Building; use the Wantage Municipal Building for the new township. Cost Savings: No monthly utilities, saving approximately \$12,000 a year. In addition, the building will eventually be sold for a one-time return of approximately \$250,000.

EMPLOYEE BENEFITS

Health benefits in Sussex and Wantage seem to be quite different:

- During years 1-5 of employment, Sussex provides health insurance for just the employee; years 6 and beyond, Sussex provides health benefits from NJ Plus for employee and family.
- Wantage's policy offers health benefits to a wide range of people including township committee members and part-time employees. . Also, as an additional benefit, Wantage offers its employees a yearly sum of \$120 for a life insurance policy.

If both towns combine, we recommend a work force reduction of four jobs, which will mean the reduction of four benefits packages. (Please see the last page for a complete review of projected savings in salaries and benefits, which total more than \$400,000.)

One benefit that should be examined is the yearly payout of \$2,000 dollars to each retired individual who has worked for more than 25 years in Wantage Township. This payment is to buy supplementary insurance to fill the gaps where Medicaid leaves off. This is a benefit that could turn into a hefty yearly payout for a combined town, where 25 retirees could mean a payout of \$50,000 a year. This should be examined by the new town council.

Indeed the new town council will have to deal with negotiating a completely new contract with its hired employees. Wantage's contract ends on Dec. 31, 2009. Other than the payout to retirees with 25 years service, both Sussex and Wantage employees retire under the P.E.R.S. program Public Employees Retirement System. (Article 5, section 2 of the Sussex Borough contract)

One benefit that Sussex Borough provides is reimbursement for 100% payment of employee's tuition costs required to maintain or obtain certification, they also provide 50% cost reimbursement for any tuition costs which increase an employee's value to the Borough" (Article 5, section 3). The Borough also pays for conferences and lodgings while at conferences. The employees have to stay for two more years after reimbursement on tuition; if they leave, they have to repay the amount reimbursed. Wantage, we believe may have the same type of agreement, which should be left in place.

LONGEVITY

Longevity Pay in Sussex Borough is on this schedule:

- 5+ years \$600
- 10+ years \$1200
- 15+ years \$1,800
- 20+ years \$2,400
- 25+ years \$3,000

This is a benefit that Wantage does not seem to have. This could also be looked at.

SALARY CONSIDERATIONS BY DEPARTMENT

Construction Department

Using Wantage’s organization paradigm as a model the Administration committee sees no need to change any of the officials from the Construction Department detail sheet. The inspectors’ duties might increase slightly but, basically, this is already a shared service. The savings will be minimal.

Department of Public Works

The work rules are different in Wantage, as best as we can tell. If so, it means that either all jobs have to be relinquished and people are rehired based on interviews. If we use, for the sake of argument, the Wantage paradigm again, we believe that all but two jobs could be restructured into a Civil Service Contract that would be negotiated by the new town’s council.

Because there are two towns with two heads of DPW, one of those jobs would be relinquished. The salary in Sussex is \$68,543. The salary in Wantage is \$65,166. Using the higher salary as the pay and the lower salary as the savings, this move would save \$65,166. (The benefits package has already been examined.)

While two superintendents of public works would be redundant, it should be noted that the Sussex utilities would continue to require the expertise of an experienced manager. That cost, however, would presumably be borne by the utility.

Township Administrator and Office Staff:

If the Sussex borough administrator’s (\$50,000) and the Wantage township administrator’s jobs (\$119,905) were combined, the new administrator would make \$119,905 and thus save a further \$50,000.

Also, there is no need for two chief financial officers. In Wantage, the salary is \$57,200 plus benefits. In Sussex, it is a part time job at \$20,430 with no benefits. This is another \$20,430 savings.

It is also the recommendation of the administration committee that the new town’s council also streamline the offices of administration and finance. Based on a comparison with staffing and workload in other communities, it appears that one administrator/clerk with two support staff would be adequate for a consolidated municipality. A finance staff of four should be adequate

to cover treasury, investment, payroll, and revenue-collection functions. Thus, a consolidated staff of seven would perform the work now done by 9.8 employees of the two towns.

An analysis of these and other proposed changes can be found at the end of this report.

NOTE ON DISPARITIES

Overall, there is quite a disparity between salaries of similar positions in the two towns. If people from the Sussex municipal model move over to the new town's pay scale and the new town's pay scale is set using Wantage as the model, they're in for a big raise. Conversely, if Sussex Borough's model were used, there would be some streamlining and salary reductions in the new model.

Pay- and job-related issues:

- The tax collector in Sussex, who also collects the water bills, makes \$425 a week, or approximately \$21,000 a year. In Wantage the tax collector, who only collects taxes, makes \$57,000 a year.
- Wantage has many more tax accounts, but how do you combine these jobs and not have someone take a huge pay cut, or someone else receive a giant pay raise?
- When the new town structures its financial operations, it should make all revenue collection, including utilities, the responsibility of the collector.

These are issues that a new governing body and administration would need to address. However, we can approximate a model based on the larger town, Wantage. The problem is that Wantage has the "heavier" personnel and benefits packages. Wantage's current health-insurance costs are much higher than Sussex's. The new governing body would have the opportunity to re-evaluate these costs and packages. In projecting the pay-and-benefits savings from consolidation, we have used Wantage's pay scale, but the less-expensive State Health Benefits Program currently offered by Sussex.

The detailed analysis at the end of this report summarizes the salary-and-benefit results of eliminating duplicated positions, as well as other reductions based on the workload analysis. In addition to the \$400,000+ that the consolidated municipality would save from following these recommendations, there is the possibility of an additional \$175,000+ to be saved from changing to the less-costly State Health Benefits Program.

Council member's pay

Council members in Wantage make \$3,200. Council Members in Sussex make \$1,300. As stated earlier, in Wantage they are offered health benefits totaling 78,000 a year collectively.

We recommend a five-member governing body, each paid \$3,200 with no benefits.

WORKLOAD ANALYSIS

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 with the two administrators and, as needed, discussed the data with other officials.

As is typical for smaller communities, many employees in Wantage and Sussex "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 Wantage and Sussex staffing levels, forecasts the needs of a consolidated municipality, and offers comments on the analysis of workload.

| Function | Current combined | Projected | Comment |
|-----------------------------|------------------|-----------|--|
| Administration | | | |
| Administrator/clerk | 2.0 | 1.0 | Only one CAO-clerk is needed |
| Support staff | 2.0 | 2.0 | Two support staff could handle all duties for a community of this size |
| Code administration | | | |
| Construction code | 2.3 | 2.0 | Currently a shared service; # of permits processed per employee is low compared with other communities |
| Planning & zoning | 1.2 | 1.2 | Existing staff should be able to handle current load, plus some additional |
| Property maintenance | 1.5 | 1.5 | Currently a shared service; appears very efficient compared with other communities |
| Municipal court | 2.3 | 1.5 | Newly created shared service; with backlog eliminated, a smaller staff could handle the caseload |
| Public works | | | |
| Road maintenance | 12.3 | 12.3 | The workload per FTE is already very high |
| Vehicle maintenance | 1.0 | 1.0 | The workload per FTE is already very high |
| Building maintenance | 1.0 | 1.0 | The workload per FTE is already very high |
| Grounds maintenance | 2.4 | 2.4 | The workload per FTE is already very high |
| Financial operations | | | |
| Assessment | 2.3 | 2.3 | While the workload per FTE appears low, farmland assessments require a lot of additional work |
| Revenue collection | 2.8 | 2.0 | Workload analysis indicates a possible savings |
| Treasury/general | 3.0 | 2.0 | Even at the reduced level, workload would be relatively low compared with other towns |
| SUMMARY | 36.1 | 32.2 | |

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. Special conditions have been taken into account, specifically with regard to the very large number of farmland assessments in Wantage.

It appears that four FTE positions could be eliminated because of consolidation. In some cases, this is elimination of redundant positions (administrator-clerk, for instance); in other cases, reduction comes from improved efficiency, based on the comparative workload analysis.

Notably, code administration, court, assessment, and collection are already shared services that presumably have already yielded economies. Despite these previous economies, it does appear that further efficiencies could be realized, based on data from the communities in the performance-measurement study.

CONCERNS & SUMMARY

It is common for neighboring towns to have different salaries and benefit packages. The governing body of a newly consolidated municipality will need to look at the needs of its new constituency and determine staffing patterns, salaries, and benefits that will best meet those needs. This report is meant to show one possible pattern, based on elimination of duplicate positions and on comparison with staffing patterns in other communities.

Total savings per year of about \$592,000 are projected. Those savings are shown in detail on the last page of this report.

It will be important for the new governing body to begin with a very lean organization. As the new town gains experience with providing coordinated, consolidated services, it can make appropriate adjustments. If it begins with too large an organization, the process of slimming down can become a long and arduous one. If it begins lean, it can easily and quickly add staff as needed.

Personnel-related savings from consolidation

| Position Title | Sussex | | | Wantage | | | Projected: NEW TOWN | | | | | |
|---|----------|------------------|-----------------|------------------|------------|------------------|---------------------|------------------|------------|------------------|-----------------|------------------|
| | Nature | Salary | Retirement | Health | Nature | Salary | Retirement | Health | Nature | Salary | Retirement | Health |
| Administrator | | | | | also Clerk | 119,905 | 18,765 | 18,533 | also Clerk | 119,905 | 18,765 | 11,221 |
| Assessor | | | | | FT | 47,814 | 7,483 | 18,533 | FT | 47,814 | 7,483 | 11,221 |
| Attorney | Contract | 42,000 | DNA | DNA | Contract | 73,899 | DNA | DNA | Contract | 75,000 | DNA | DNA |
| Chief Financial Officer | PT | 20,430 | 3,197 | DNA | FT | 57,200 | 8,952 | 18,533 | FT | 57,200 | 8,952 | 11,221 |
| Clerk | FT | 45,000 | 7,043 | 11,221 | also Admin | | | | also Admin | | | |
| Construction Code Official | | | | | FT shared | 59,972 | 9,386 | 18,533 | FT | 59,972 | 9,386 | 11,221 |
| Court Administrator | | | | | FT shared | 50,152 | 7,849 | 18,533 | FT | 50,152 | 7,849 | 11,221 |
| Engineer | Contract | 3,941 | DNA | DNA | Contract | 26,100 | DNA | DNA | Contract | 30,000 | DNA | DNA |
| Governing Body Member | 7 PT | 9,299 | 1,455 | DNA | 3 PT | 9,600 | 1,502 | 55,598 | 5 PT | 16,000 | 2,504 | DNA |
| Supt of Public Works | FT | 68,543 | 10,727 | 11,221 | FT | 65,166 | 10,198 | 18,533 | FT | 65,166 | 10,198 | 11,221 |
| Tax Collector | PT | 15,345 | 2,401 | DNA | FT | 57,200 | 8,952 | 18,533 | FT | 57,200 | 8,952 | 11,221 |
| Total cost by category | | \$204,558 | \$24,824 | \$22,443 | | \$567,008 | \$73,087 | \$185,326 | | \$578,409 | \$74,089 | \$78,549 |
| GRAND TOTAL | | | | \$251,824 | | | | \$825,421 | | | | \$731,047 |
| Projected savings from elimination of DUPLICATE POSITIONS | | | | | | | | | | | | |
| Projected savings from elimination of 1.5 OTHER F.T.E. POSITIONS after consolidation (salary + benefits) | | | | | | | | | | | | |
| TOTAL projected salary + benefit savings from consolidation | | | | | | | | | | | | |
| ADDITIONAL savings if all employees are enrolled in the State Health Benefits Program | | | | | | | | | | | | |
| GRAND TOTAL PROJECTED SAVINGS from eliminating duplicate positions and changing health plans | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |

Sources: 2008 Salary resolutions or worksheets from Sussex and Wantage
 FICA + Medicare @ 7.65% of salary
 Pension @ 8.0% of salary
 Sussex health: State health benefit plan rates, including prescription & dental
 Wantage health: Township budget worksheets
Assumptions: Health costs based on a composite of various classes of insurance coverage
 Consolidated town will choose less expensive health-insurance coverage
 Elected officials in new town would not receive health benefits
 Attorney retainers would not be duplicated, but other fees would remain the same
 Engineering fees would not be affected by consolidation