

**RESOLUTION**  
of the  
**BOROUGH OF NEW PROVIDENCE**  
Resolution No. 2015-365

Council Meeting Date: 10-12-2015

Date Adopted: 10-12-2015

TITLE: RESOLUTION APPROVING FILING OF CY2015/SFY2016 BEST PRACTICES INVENTORY QUESTIONNAIRE

Councilperson Galluccio submitted the following resolution, which was duly seconded by Councilperson Muñoz.

WHEREAS, the New Jersey State's Fiscal Year 2016 Appropriations Act requires that each municipalities final 5% allocation of its CMPTRA and ETR aid will be disbursed based upon the results of their completed Best Practices Inventory; and

WHEREAS, Local Finance Notice 2015-17 requires that this Inventory be completed and filed with the Division of Local Government services by October 16, 2015 and that the Inventory must be discussed at regular meeting of the Borough Council; and

WHEREAS, the Borough's Chief Financial Officer and Borough Administrator completed and filed the Best Practice Checklist on September 26, 2014.

NOW THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of New Providence, County of Union and State of New Jersey that they hereby approve the CY 2015/SFY 2016 Inventory, a requirement of the New Jersey State's Fiscal Year 2016 Appropriations Act, prepared by the Borough Administrator and which is attached hereto and made part of this resolution.

APPROVED, this 12<sup>th</sup> day of October, 2015.

## RECORD OF VOTE

	AYE	NAY	ABSENT	NOT VOTING
GALLUCCIO	X			
GENNARO	X			
KAPNER	X			
MADDEN			X	
MUÑOZ	X			
ROBINSON			X	
MORGAN			TO BREAK COUNCIL TIE VOTE	

I hereby certify that the above resolution was adopted at a meeting of the Borough Council held on the 12th day of October, 2015.

Wendi B. Barry, Borough Clerk

## Mayor Morgan and Members of the Borough Council

The Best Practices Inventory has been in place for several years and has progressed toward being more meaningful each year. The Division of Local Government Services continues to improve the process and the list of Best Practices. It's quite difficult to develop applicable Best Practices that are suitable for all 565 municipalities – we are all different.

Communities such as New Providence do not attain – and maintain – a triple A bond rating without being leaders in financial and business management. All rooted in Best Practices. This is a much more relevant since it results from a thorough financial/business analysis. It's a focused review rather than generic.

With respect to this year's Best Practices checklist, out of a possible 50 yes answers, we answered 46 either Yes, N/A or Prospective. Of the remaining 4 questions:

1. FEMA rating – Interestingly, of the 565 municipalities in New Jersey, only about 55 participate in this voluntary program. In speaking with Andy, he suggested that this rating is most valuable to those communities that have large floor plain areas, such as Cranford or Wayne. With a community rating of 9, homeowners can save 5% on their floor insurance premium. He said the process is multi-step requiring identifying all flood zones, and updating each year. He said the first step would be to review all flood maps and determine the affected areas. He said this could cost several thousand dollars. I told him that I wasn't sure the cost would support the minimal benefits to only a small portion of our residents. He is not taking any action at this point – he will await further direction.
2. Assessed/Market Value Ratio below 65% - This number appears arbitrary because unique circumstances may apply to a municipality – such as the ratio of commercial vs. residential properties. Or the relationship of the ratio to other communities in Union County. In New Providence, the commercial/residential property value ratio is a factor. If/when a revaluation occurs; it is highly likely that residential property taxes will increase, while commercial property taxes will decrease. In addition to the cost of the revaluation (perhaps \$1 million), the shift in property tax burden will be unpopular with our residential taxpayers. Based on other Union County communities with much lower ratios, New Providence's share of county taxes are sure to increase.
3. Flat rate for insurance brokers. Our agreement with Brown & Brown is up for renewal in 2016. While the cost of the service for the brokers is a percentage of our insurance costs, the fee is paid by the insurance carrier. While that supports an argument that an unscrupulous insurance broker may try to increase the cost of insurance to increase his commission, we know that is not the case in New Providence. We work hard at keeping our rates as low as possible and are enrolled with the Brown and Brown Trust to help assure the best possible premium for our coverage. However, moving forward, it may be prudent to seek proposals with a flat fee as an alternative.
4. Limiting Worker's Compensation to statutory limit – unable to change at this time due to contract(s)... would need to be negotiated. However, one may argue that cutting the compensation for an employee who was injured while working for the community is *not* a best practice, aside from the financial benefits. Imagine an extreme case where a police officer who is wounded in the line of duty - having his weekly compensation reduced from \$2,000 to \$843.00, which is the statutory maximum limit.

The most challenging aspect of the Best Practices is that we don't know what the Administration will deem a best practice before the list is distributed. In some cases this year, they decided that best practice applied to items that had no statutory requirement, such as the Community Rating System – a voluntary program. In another case, they required publication on bonds and notes that was beyond the statutory requirements. It's difficult to predict which fifty (of perhaps thousands) best practices will make the list each year, as many change year-over-year.

While we can always learn from other's Best Practices, it may not make sense – for New Providence – to follow and/or implement them simply because they are on the state's list. New Providence continues to grow and excel as a leading community because of the insightful leadership of our governing body and we continue to challenge ourselves to reach higher every year to best serve our taxpayers.