



# COUNTY OF UNION

OFFICE OF THE COUNTY MANAGER  
*George W. Devanney, County Manager*

January 22, 2009

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Dear Freeholders:

Enclosed please find the 2009 Executive Budget proposal, as per N.J.S.A. 40:41A-1 et seq. This year's Executive Budget totals \$449.3 million.

Given the deepening recession and national economic crisis, all levels of government face more challenges than ever before in recent history.

Revenue sources have greatly diminished during this time, while mandated governmental costs have continued to climb, leading to a \$24 million budget gap.

Barely a day goes by that we don't hear stories of residents and businesses struggling to make ends meet, and of the overwhelming demand at social services offices across the region.

It is against this backdrop that we worked to present a 2009 budget that makes cutbacks but maintains the core mission of County government, without overburdening taxpayers. This cannot be done, though, without hard choices, sacrifice and great discipline.

Given the complexity of the budget deficit, there is not a single answer that would fill the budget gap.

Instead, we've met this challenge with an action plan to make \$10 million in additional cuts to those we have already made over the years that incorporates a variety of options including:

- A reduction of the workforce through traditional and non-traditional methods;
- Employee givebacks through negotiated contracts;
- A comprehensive plan to restore our golf courses to profitability;

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- The maximization of existing revenues and the creation of new revenue sources.

We begin by offering a curtailed 2008-2009 exclusionary tiered pay package, which among its features, eliminates salary increases for employees making more than \$90,000. The tiered exclusionary pay package and benefit give backs will save the County more than \$700,000 this year. Last year's six-month salary deferral saved \$580,000. In addition, our elected officials will forego pay raises.

This came on the heels of a four-year agreement with Council 8--the County's largest bargaining unit--which will save \$900,000 in health benefit costs over its four-year span. That agreement featured no salary increases for both 2008 and 2010 and modest 3% salary increases in 2009 and 2011. The agreement also calls for new employees to contribute more to their health insurance, representing one of the highest contribution levels in the state.

In total, we will layoff 28, and another 63 positions will not be funded. We will also eliminate 55 seasonal positions.

We have implemented a hiring freeze on all non-essential positions. We will have 24 retirements in 2009 which will save \$900,000. Twenty-one of these vacancies will be eliminated.

We will continue to examine and eliminate funding for vacancies as they arise. We will anticipate a total of \$2 million in savings through the elimination of funding for vacant positions in the Sheriff's Office, Surrogate's Office, Prosecutor's Office, and the various County Code Departments as a whole.

We also anticipate layoffs totaling approximately \$1.3 million in the Engineering Division, the Department of Parks and Community Renewal, and the Department of Human Services.

Through all these mechanisms--layoffs, retirements and the elimination of funding for vacancies--we will realize \$4.6 million in annualized savings.

One key area we identified last year for reform was our County Golf Division. Currently, the County's three golf courses are operating at 50 percent capacity, while **operational** costs are running as if they were at 100 percent.

Our golf courses incurred an operational loss of \$690,000 in 2008. However, this was a \$500,000 revenue improvement over 2007. This improvement was due in part to operational efficiencies and an increase in fees. We must now take a number of steps that could complete the return to profitability.

All three golf courses are facing their own challenges, but the downtrend in the economy has especially magnified the failings of one course, Oak Ridge in Clark. The executive budget proposes the indefinite closure of Oak Ridge Golf course, and as a result, we would anticipate a savings of \$740,000 through that closure.

This particular facility would require a minimum of \$5-7 million to rebuild its antiquated club house and ailing golf course, which also suffers from structural flooding. Oak Ridge sustained the worst operating loss among our County courses this past year, at a total of \$410,000. Our statistics showed that many golfers who normally used Oak Ridge instead utilized the County's Ash Brook course in nearby Scotch Plains.

The County would realize a much better return on its money by focusing its existing manpower and resources on Ash Brook in Scotch Plains, and Galloping Hill in Union. Both courses currently require the modernization of their club house facilities in order to continue to generate a revenue stream that would help restore our golf division to profitability. I am therefore recommending that we contract out the club house operations at both Galloping Hill and Ash Brook.

Under this public-private partnership, the golf management company would be responsible for managing the construction, development of new revenue programs, and day to day operations for each club house with the objective of attaining profitability. The County will continue to maintain the courses. We will structure a request for proposal within the next few months, with specific requirements for meeting financial goals. Through this process, we would be able to eliminate additional seasonal positions.

In completing the overhaul of our golf courses, we have begun the construction of a driving range and learning center at Galloping Hill. Market studies have shown there is a lack of driving range facilities in the region. Such an attraction will bring a wider audience to golf at Galloping Hill, which also enjoys an outstanding location near regional transportation. We anticipate opening the facility by the end of the summer which will generate \$600,000 in annual revenues.

I am also proposing a pilot program this year, which creates a Preferred Tee Time membership program for both Galloping Hill and Ash Brook. The membership program could generate in excess of \$100,000 for access to tee times seven days in advance.

These measures will restore our golf courses to profitability in the near future.

Countywide, we have continued the exhaustive search for new and creative sources of revenues which could yield as much as \$7 million for 2009.

The Governor has proposed offering a pension deferral. The County is prepared to take advantage of this offer in a fiscally prudent manner. While we are eligible for a maximum of \$10 million, we will defer less than half of what we are entitled to.

We hope to realize \$1.3 million in revenues through the sale of vacant land at Runnells Specialized Hospital to the Berkeley Aquatic Club. In addition to the initial revenue, we will see recurring revenue through the return of this property to the tax rolls.

The new Juvenile Detention Center in Linden has also presented an opportunity for revenue enhancers. We are exploring the shared service of possibly renting vacant beds to other Counties, which could raise as much as \$500,000 in recurring revenues beginning this year.

In our quest for substantial long-term dollars, we have requested a proposal from a correctional company regarding the re-dedicated use of our former juvenile detention center and old jail at the County complex in Elizabeth. Given their close proximity to transportation and governmental resources, we believe we can capitalize on these assets.

Union County has 172 miles of County roadway which we believe provide an opportunity to create a County-wide towing and vehicle storage facility. This could generate as much as \$100,000 a year. We hope to have such a facility operational in the Fall.

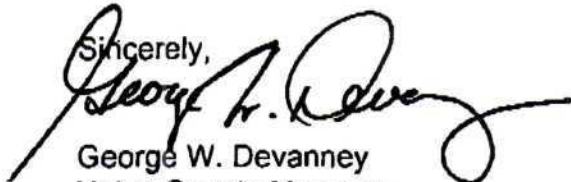
In closing, I must stress the importance of finding a willing partner in the State---who must move forward with its offering of a one-year deferral on its pension mandate. We have further asked the State to relax mandates that would enable the County to save an additional \$1.8 million over the next three years, allowing us to consolidate some of our mandated children's programs into our new state-of-the art Juvenile Detention center.

Additionally, we will be asking the State to review and increase its reimbursement for the education of juveniles held in county juvenile detention facilities. This review and increase will better align it with the original intent of the State Fair Education Act. This could potentially save approximately \$160,000 annually.

***Finally, in closing, if we do not implement the entire action plan, more layoffs and drastic workforce reductions will be necessary to close the budget gap.***

That being said, while we face a challenging year ahead, I look forward to working with the Freeholder Board, as we face these issues and keep our County strong. Our best days are still ahead.

Sincerely,



George W. Devanney  
Union County Manager