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February 14, 2020

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Municipal Clerks: Please forward to your Mayor, Governing Body and Department Heads.

I. State Issues

a. BPU Seeking Written Comments from Stakeholders on LED Streetlight Conversion and Tariffs

As you may recall, the Board of Public Utilities (“BPU”) [announced last month](#) that they are seeking input from municipal officials and other stakeholders regarding LED streetlight conversions and tariffs. Last week the BPU hosted an in-person stakeholder meeting where industry representatives and municipal officials were able to provide their insight.

The BPU is still accepting written comments on this issue. Written comments can be submitted to Aida Camacho-Welch, Board Secretary, NJ BPU, 44 South Clinton Avenue, 9th Floor, Trenton, NJ 08625. Written comments may also be submitted electronically to board.secretary@bpu.nj.gov. All comments must be received on or before 5 p.m. on February 21, 2020. Please see the [BPU's notice](#) for more information on the input sought.

We encourage our members to share their experiences with LED streetlight conversion and to participate in the stakeholder process with the BPU. If you plan on submitting written comments we ask that you forward a copy to the League as well.

Contact: Frank Marshall, Esq., Associate General Counsel, FMarshall@njlm.org or 609-

695-3481 x 137.

b. Senate Approves Municipal Water Authority Dissolution Bill

This week, the State Senate voted to approve [S-922](#), a bill the League opposes. This bill would require municipalities seeking Local Finance Board approval for the dissolution of their municipal water authority to meet certain requirements including: providing an asset management plan for the water system, and providing a plan to dedicate funds on an annual basis to address and remediate the highest priority projects for its water system as identified by the asset plan. Both of these requirements are already mandated by current law for water authorities.

Additionally, and most concerning, is the Local Finance Board may not approve a plan for dissolution unless all fund balances held by the authority will be used only for the purpose of the water system and not used for general municipal purposes. This requirement fails to consider the operational realities of the relationship between municipalities and local water authorities and prevents the elimination of costly duplicative services. To completely eliminate the ability of a municipality to recover some of the costs it shares with the authority is also contrary to current law that allows a municipality to recover up to 5% of their authority's retained earnings.

While the full Senate has already voted to approve this bill there is currently no Assembly companion. Before the bill can be presented to the Governor for his approval and to become law, the Assembly must approve their own bill or the Senate's. We will be sure to keep our members updated on this matter as it develops. In the meantime, we urge you to contact [your Assembly representatives](#) to express your concerns with S-922.

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II. Federal Issues

a. President's Budget Proposal Unveiled

On Monday in Washington, D.C., the White House proposed a \$4.8 trillion election-year budget that would slash major domestic and safety net programs. The budget would cut funding for Medicaid and the Children's Health Insurance Program and also wring savings from Medicare. It would target the Education Department for a nearly 8% cut. The Interior Department would be cut 13.4%, and the Department of Housing and Urban Development would be cut 15.2%. It also takes aim at domestic spending with cuts that are sure to be rejected by Congress, including slashing the Environmental Protection Agency budget by 26.5% over the next year, and cutting the budget of the Health and Human Services (HHS) department by 9%. HHS includes the National Institutes of Health and the Centers for Disease Control and Protection.

The budget aims to cut spending on safety-net programs such as Medicaid and food stamps, cutting food stamp spending by \$181 billion over a decade. It proposes to squeeze hundreds of billions of dollars from Medicare over a decade through cost-saving proposals such as reforming medical liability and modifying payments to hospitals for uncompensated care. Medicaid and the Children's Health Insurance Program are also

targeted for "reforms" that yield billions in cuts.

And it pledges a \$1 trillion commitment to a major infrastructure spending program, but it's still not clear how that initiative would be funded. The budget assumes a 10-year, \$810 billion reauthorization of the Highway Trust Fund, which currently faces a revenue shortfall by relying mostly on the federal gasoline tax.

The President's proposal also takes aim at several programs designed to assist state and local governments. Certain programs would be eliminated completely, while others would be significantly scaled back.

The Department of Housing and Urban Development's HOME Investment Partnerships Program, which provided \$1.3 billion last year in grants to 600 state and local governments to help pay for affordable housing for low-income households, would be eliminated.

"State and local governments are better positioned to comprehensively address the array of unique market challenges, local policies, and impediments that lead to housing affordability problems," states a budget document on proposed savings and reforms.

Also eliminated under the proposal would be the popular Community Development Block Grants (CDBG) program, which provided \$3.4 billion to 1,250 state and local governments last year to support economic development activities like blight removal, housing rehabilitation and infrastructure improvements. Budget documents refer to the program as "outdated" and said municipalities can provide the funding themselves or rely on philanthropic funding to pay for such development needs.

The Department of Health and Human Services' Social Services Block Grant, which is used to help pay for child protective services, foster care and case management, would also be discontinued because of a "lack of strong performance measures," the budget document states.

Proposed reductions to other grant programs that benefit state and local governments include:

- Cutting the Justice Department's COPS hiring program, which are used by local police departments to pay salaries of new police officers, from \$236 million to \$99 million.
- Cutting funding for Environmental Protection Agency grants that states can use to comply with federal environmental law (Clean Air Act, Clean Water Act, and Safe Drinking Water Act) from \$1 billion to \$605 million.
- Elimination of grants to Appalachian states for economic development projects done in conjunction with reclamation of abandoned coal mines.
- Cutting EPA funding for ecosystem protection in watershed regions from \$510 million to \$331 million, and ending protection funding in all but three regions, the Great Lakes, South Florida and Chesapeake Bay.

The Department of Transportation's discretionary spending would also be cut by 13 %, including deep reductions in spending on Amtrak and airport grants, as well as cuts of more than \$2 billion in highway infrastructure funds. At the same time, the Administration introduced what it called a "historic, 10-year, \$810 billion reauthorization of surface transportation programs," which would cover highways, transit rail and other programs and

would replace a five-year transportation bill, known as the FAST Act, which will expire later this year.

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

b. Progress Made on Portal Bridge Replacement

Thanks to steps taken by the Murphy Administration, New Jersey Transit and Amtrak, in terms of local funding, and in response to steady efforts by our Congressional delegation in Washington, and after years of foot-dragging by the U.S. Department of Transportation, the North Portal Bridge Project has taken a strong stride in the right direction. On Monday, the Federal Transit Administration upgraded its rating of the project to 'medium-high', clearing the way toward a Full Funding Grant Agreement that would allow the much-needed federal project contribution to flow. The 109 year old swing bridge frequently gets stuck in the open position, causing a cascade of rail delays along the northeast corridor line.

The replacement North Portal Bridge is designed as a high-level, fixed span bridge that will allow marine traffic to pass underneath, without interrupting rail traffic. The project is one hundred percent designed, fully permitted, and has seen early work completed on time and under budget. These successes make it especially well-positioned to begin construction to provide increased reliability and capacity to rail passengers throughout the region and nation in the near-term. Once full construction begins, the remainder of the North Portal Bridge Project is estimated to take approximately five years.

Though welcome news, we continue to await a renewal of the federal commitment to the Gateway Tunnel Project that is needed to ensure safe and efficient transport for New Jersey commuters, and for rail riders up and down the North East Corridor.

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c. NLC Leading Together Cities Agenda

Our nation is strongest when all levels of government work together to protect and advance the priorities of our communities and residents. And so, the National League of Cities (NLC) has announced the [Leading Together Cities Agenda](#) for the 2020 presidential election. This formative, bipartisan agenda seeks a federal partnership for a strong, safe and fair nation. As we call on presidential candidates to commit to the spirit of partnership and progress of Leading Together, we are calling on local leaders to do their part too. NLC has created a template resolution for you to introduce to your local governing body, as an official and unified mark of support for the Cities agenda. Here are the four easy steps you can take to connect Leading Together to the work you do every day:

1. [Download the Resolution.](#)
2. Introduce and adopt the Resolution into your local governance.
3. Report back to NLC using this [form](#) and tell about the Resolution adoption process in your municipality.
4. [Contact NLC](#) if you need any assistance! They are on hand to provide talking points, on-the-ground support, or any additional resources needed to support your adoption of the Cities Agenda.

Local leaders have an important part to play in this fall's election. Let's all do our part, and

secure America's brighter future, together.

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d. Federal Reserve Chairman Acknowledges Hudson Tunnel Supports National Economy

On Thursday, in response to questioning by Senator Bob Menendez, Federal Reserve Chairman Jerome Powell acknowledged that a closing of the Hudson River rail tunnels, or the Portal Bridge, would threaten the national economy. The exchange took place as the Reserve Chairman was testifying before the Senate Banking Committee, in the Capitol. Amtrak estimates that we would lose \$100 million in GDP each day, if either, or both, of these vital links were to fail. The NorthEast Corridor accounts for about 20 percent of the Nation's economic activity.

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III. Annual League Conference

a. Claim Your CEUs from the 2019 League Conference

Attention Municipal Officials! Do Not Forget to Claim Your CEUs from the 2019 NJLM Annual Conference! Visit the [Conference Tracking page](#) to claim your credits.

IV. Also of Interest

a. League Publications: Read All About It

The League offers a wide variety of publications to provide extra insights on the hot topics in local government, from Newly Elected guidebooks to the latest editions on OPMA, License Fees, Salaries, and Local Public Contracts. For more information on the full publication list or to order volumes for your reference, see the [Publication Order Form](#).

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