

NEW JERSEY SENATE

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October 24, 2023

Jacquelyn Suarez
Acting Commissioner
Department of Community Affairs
101 South Broad Street
PO Box 0800
Trenton, NJ 08625-0800

Local Finance Board
Department of Community Affairs
101 South Broad Street
Trenton, NJ 08625-0803

Dear Commissioner Suarez and Members of the Local Finance Board,

I respectfully request that you refrain from taking formal action at your meeting tomorrow on a proposed application submitted by the Jersey City Municipal Utility Authority (the JCMUA) to issue more than \$150 million of debt until you are satisfied that Jersey City and all of its agencies, including the JCMUA, are in compliance with State laws that prohibit and/or limit, cash payments (commonly known as "boat checks") to employees for unused sick and vacation time.

Councilman Solomon in Jersey City recently issued a report which can be found at [Final Version: A Review of Sick and Vacation Leave Policies in Hudson County.pdf - Google Drive](#) alleging that public employee contracts in both the City and the JCMUA are either not in compliance with prohibitions and limitations, or are ambiguous as to compliance in practice. The burden of Jersey City's "boat checks" has been so severe that Jersey City' is unable to pay them without financing them every year -- with the latest Jersey City audit showing a new \$10 million financing just last year. I am unaware of what additional financings may have been undertaken by the JCMUA or other authorities in the recent past.

Though it was Councilman Solomon's report and the Authority's application which prompted me to contact you, I would request that a similar approach be taken by the Board and the Division when considering various applications for approvals and/or grants pending before the Local Finance Board or the Division.

Using broad discretion that is already available to the Division of Local Government Services and/or the Board, you could help enforce statutory limits on boat checks in two easy steps. First, require licensed labor attorneys and CFOs to certify as part of any application for discretionary approvals or grants that employee contracts and policies are in compliance.

Second, routinely check State comptroller reports, local government audits, and reports by other public officials (including Councilman Solomon's report) and require applicants to address any negative findings prior acting on applications.

As indicated, it's not just the Local Finance Board that could be taking this approach. The Division of Local Government Services and the Division of Community Development administer probably close to 100 discretionary "legislative grants" and other grants to local governments. For example, the Division of Local Government Services has been charged with administering a special \$2 million grant to Jersey City in this year's state budget, and the Division could use its discretion to condition disbursement upon the simple steps to ensure enforcement.

If for whatever reason, you believe your office lacks either the authority or resources to take these simple discretionary steps to prevent the unconscionable and unlawful waste of taxpayer and ratepayer resources on boat checks that fleece taxpayers, please advise and I will be happy to draft legislation or funding as may be needed.

As a final matter, please do not interpret this letter as otherwise supporting the JCMUA's application. To the contrary, I strongly support concerns expressed by Senator Testa in a recent letter to the Board. Those portions of the application that amount to the JCMUA issuing debt to help paper over city deficits through expensive gimmicks ought to be rejected.

I look forward to working with you as Acting Commissioner and Chair of the Local Finance Board to finally get compliance with the laws we have, and to broaden them to go farther.

Sincerely,



Declan O'Scanlon

c: Kevin Walsh, State Comptroller
Mayor and Council of Jersey City