

November 6, 2011

Princeton Borough and Township will be voting Tuesday on whether to disband two governments of healthy, active thriving municipalities and to create one new bigger government. This is the fifth time public officials have asked voters to allow them to form a new unified government. Four times over the past sixty years, Princeton voters said "No." And it comes back again. The desire for larger organizations and bigger budgets is strong among government officials and, in Princeton, the desire to unify is strong among some members of the community. But let's be careful.

Research sponsored by the state and Rutgers university shows that "there is no compelling evidence for consolidation" and that the results of "consolidation are not consistently beneficial in terms of long-term financial and political considerations." (LUARCC report sponsored by Rutgers School of Public Affairs and Administration, May 2009). A *Wall Street Journal* article on studies of consolidating municipalities in Illinois, Pennsylvania, and New York concludes "all found small governments cost less than big ones" and quotes Wendell Cox, the author of multiple studies on the issue: " 'Anyone who looks at the data is going to come to the same conclusion.' [and] 'In government, the whole idea of economies of scale is turned on its head,' " (WSJ, When civic mergers don't save money, Aug 29, 2011).

Let's take the particular case of Princeton. The Consolidation Commission's report estimates that the new municipality could reduce its payroll by \$3.2M if it eliminated 16.5 staff positions, including 9 unionized police officers. A large part of the savings comes from eliminating non-management positions and thus realizing a decline in service (eg, reduction of 20% in police patrol squad officers and up to 50% reduction in dispatchers). Whether the additional management cuts can be made without turmoil or an even further decline in service is questionable

Now what about the costs of consolidation? The Commission has underplayed them, not giving the cost of extending trash collection to the Township in their list of Official Recommendations (a \$1.2M-\$2M estimate) and releasing, and then failing to correct, the \$3.16M savings number instead of the \$1.98M net savings. They have buried their severely underestimated transition costs in three unnumbered pages at the end of the Final Report and have not included even this estimate in their calculations of household tax impact. Can IT and phone systems really be harmonized for \$160K when municipal employees estimated this would cost over \$2M? (See <http://preserveprincetonborough.wordpress.com> for independent research on Princeton's consolidation, including evidence from OPRA disclosures.) Their tax impact statement is post-transition and they have provided no 5-year financial estimates for the transition. And then there are the costs of equalizing services. Should Boro police officers receive the advanced first responder training that Township police have? Should as-needed leaf and brush collection, regular street cleaning, and immediate snow removal be extended to the Township? ***The inexorable logic of consolidation is higher taxes and fewer services.***

Members of the Commission have talked of a "downtown district" with different services to solve this problem. This idea seems fraught with political consequences, and, in any case, there are no concrete plans in place. If a "downtown district" needs to be created, a political structure must be put in place to

support it. The 2-1 voting ratio of Township to Borough means suburban concerns will dominate politics unless wards are set up. The 2-1 ratio is not mentioned in either the Commission's 164-page Baseline report or their Option Report and was given a cursory mention in the Final Report only after a citizen brought it to the public attention of the Commission.

Finally, what I have found most disturbing in the consolidation process is that a paid consultant and a majority of volunteers (7 out of 12 on the Commission) have created a "roadmap" for a new downsized municipal government without public hearings on the substantive issues. These include the new form of government, how to ensure political representation of the "downtown district", substantial reductions in our police force, and how we handle the need for new Public Works facilities.

Why is the state government pushing consolidation on its towns? The research doesn't back it up, and except for a few cases where consolidation may make sense, the reports of those who want it so badly show that there is not much, if any, to be saved by eliminating a few high-level administrative positions. A strong argument can be made that instead of costs going down they will go up. In Princeton, deputy positions may well need to be created to handle the doubling in staff. A standard rule of thumb is 4-6 reports per manager, and when there are 4-6 managers, you need a middle manager to manage them. . Larger service organizations without economies of scale, like municipal governments, have higher middle management and overhead costs, not lower as the Commission has assumed. And assumption it is; there are very few cases of municipal consolidation to guide us. Why should Princeton be one of the first?

Let's be careful. Our state government cannot take care of its own state capital. Why trust them to tell us what to do with our towns? Vote against consolidation on Tuesday, November 8th.

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