

PRESS RELEASE

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Taxpayer-Funded Study Claims Sea Isle City Can Save \$56 dollars per Household per Month for a Service That Only Costs \$16

In December 2008, the consulting firms Hatch Mott MacDonald and Gershman, Brickner and Bratton jointly issued a Shared Services Study Report for Avalon Borough, Dennis Township, et. al. The study showed that the combined Sea Isle City trash and recyclable savings under a shared services agreement would equal \$55.95 per household per month (See Attachment , Exhibit 14 from the report). Unfortunately this savings is grossly over-stated because it starts with the flawed assumption that the current average monthly trash and recyclable cost is \$61.99. SICTA's independent calculation of the actual cost based on figures drawn from the City's annual 2010 budget is only \$16.55¹ per household. Sea Isle City personnel were unsuccessful in their attempts to get information from Hatch Mott MacDonald as to how that firm computed current costs for the City.

According to invoices we received through an OPRA request to Trenton, the State spent \$71,637.95 for this study. We have twice contacted the consultants about this report. Upon our second request, Gershman, Brickner and Bratton stated that they were a sub-contractor on this project and referred us to Hatch Mott MacDonald from whom we have not had a response.² **We implore that the state demand the firms refund the monies they received for this faulty study.**

The consequences of this flawed study go beyond the wasted money to the fact that because the study so lacked credibility that consideration of the use of shared services has ground to a halt. The latter will ultimately cost us more in the long run than the cost of the survey.

We at SICTA think that a shared services solution (or possibly outsourcing to a private concern) continues to have merit. **For example, if the correct current costs of \$16.55 were used in the study and through shared services they could be lowered anywhere close to what the study suggests of \$6.04 per household per month, the City would still save over \$10 per household per month (\$120 per year), a dramatic 64% decrease!** We strongly encourage all of the communities involved to re-engage in exploring shared services or outsourcing for the benefit of all. Not only will we all save a considerable amount, but we could afford the best talent available to run these operations.

¹ Computed from amounts extracted from the 2010 Annual Budget, which, for consistency purposes, used the simple average calculation employed by the Consultants. SICTA would have preferred to use a season and non-seasonal weighted average of \$22.89.

² Fortunately, through an OPRA request we found that this report is an isolated incident.