



State of New Jersey

OFFICE OF THE STATE COMPTROLLER
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Lt. Governor

A. MATTHEW BOXER
State Comptroller

February 25, 2011

David B. Drumeler, Esq.
Town Administrator
Town of Secaucus
Municipal Government Center
1203 Paterson Plank Road
Secaucus, NJ 07094-3287

Re: Review of Town of Secaucus Procurements

Dear Mr. Drumeler:

This letter serves as a follow-up to our meeting regarding the review by the Office of the State Comptroller ("OSC") of selected procurements and expenditures of the Town of Secaucus (the "Town"). As you are aware, over the past year OSC requested and reviewed selected contracts and related documents from the Town. Based on this review, OSC identified a pattern of questionable expenditures. We understand that following our meeting, the Town took steps to stabilize its budget by eliminating some of these expenditures. Specifically, the Town eliminated the biennial Fire Chief's dinner that cost nearly \$30,000 and ended its retention of multiple lobbyists who were paid approximately \$25,000 a year to provide seemingly duplicative services.

While we appreciate the steps the Town has taken, there are additional expenditures that remain a concern. They are as follows:

1. While using competitive contracting pursuant to the Local Public Contracts Law, N.J.S.A. 40A:11-4.1 et seq., Secaucus failed to consider cost in awarding a five-year contract for recreational services valued at over \$250,000. The recreational services consisted of an Easter Egg Hunt, Independence Day Celebration, Summer Fun program, Secaucus Hoe Down, Halloween Celebration, Christmas Celebration and certain entertainment services provided to Secaucus Day Care.

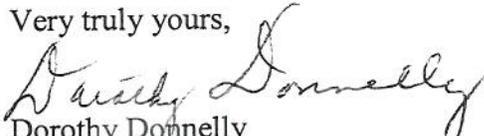
The Town's Request for Proposals did not include "costs related criteria" in the list of factors to be evaluated even though the governing statute required consideration of such costs. N.J.S.A. 40A:11-4.4.

2. The Town made several charitable donations and other expenditures of public moneys for private purposes in violation of the New Jersey Constitution. Specifically, article VIII, section 3, paragraph 3 of the New Jersey Constitution sets forth that "No donation of land or appropriation of money shall be made by the State or any county or municipal corporation to or for the use of any society, association or corporation whatever." This ban is designed to ensure that public money is used for public purposes. See Roe v. Kervick, 42 N.J. 191, 207 (1964). In 2008, the Town made a \$400 donation to the Gong Club (an organization that provides services for firefighters throughout the Hudson County area). In addition, the Town purchased for \$700 a full-page ad in a Kiwanis directory (a private organization whose principal focus is community service) as well as a full-page ad in a Secaucus Unico publication for \$175 (according to its website, Unico is a private organization that "promotes and enhances the image of Italian Americans"). The vouchers for these expenditures failed to detail any public purpose justifying the contributions or advertisements. While these donations and expenditures may have been motivated by good intentions, they were nonetheless impermissible expenditures of public funds.
3. The Town spent thousands of dollars in 2008 and 2009 on refreshments and meals for its employees and local elected officials, including \$3,000 to Aramark for coffee/tea/soup and over \$1,650 at Burger Stop for food to be served at caucus meetings. The Town should look to the parameters for meal allowances set forth in the School District Travel Policies and Procedures regulations, N.J.A.C. 6A:23A-7.12, to ensure that expenditures on meals are necessary and fiscally prudent.
4. The Town booked 13 rooms for its employees and elected officials at the NJ League of Municipalities in 2008 for over \$5,000. The Town should look to the parameters for travel expenditures set forth in the School District Travel Policies and Procedures regulations, N.J.A.C. 6A:23A-7.1, to ensure that such expenditures on travel are necessary and fiscally prudent.

Please provide to this office, within 30 days, the internal controls or other procedures the Town has in place or will put in place to ensure the propriety of future expenditures.

If you have any questions, please call me at (609) 984-2888. Thank you for your continued cooperation in this matter.

Very truly yours,


Dorothy Donnelly
Director, Procurement Division

cc: Mayor Michael Gonnelli