

TOWNSHIP OF WASHINGTON, WARREN COUNTY

Budget Meeting
February 9, 2008

The budget meeting of the Washington Township Committee was held this date in the Municipal/Police Building located at 33 Little Philadelphia Road. The meeting was called to order at 10:03 a.m. by Mayor David Dempski.

SUNSHINE LAW COMPLIANCE - The Mayor noted that this meeting was being held in compliance with the Open Public Meeting Law of 1975 in as much as a notice had been published in the Star Gazette, transmitted to the Express Times and posted at the Administration Building.

ROLL CALL: Dempski, present; Elbassiouny, present; Mueller, present. Mary Ann O'Neil, Township Clerk, Barbara Emery, CFO, Peter de Boer, Certified Public Works Manager, Police Chief McDonald, Dave Evans and John Mooney, Auditors were also present. Horensky came into meeting at 10:05 a.m.

Evans handed out a Funding Summary (as of February 1, 2008), 2008 Projected Salaries and Preliminary Projected 2008 Tax Rate. Evans said that somebody should look at the projected salaries and make sure they are adequate.

Evan said, on the Preliminary Projected 2008 Tax Rate, the appropriations inside the CAP currently as presented are \$66,000 over the expenditure CAP. They must cut \$66,000 in order to be under the CAP. Secondly, it does not appear as if they will need a tax levy waiver, but he cautioned them not to introduce the budget until the State Aid Numbers have been released. Thirdly, the Tax Levy Calculation Work Sheet for calendar year municipalities has not been released yet by the State. They are using the State Fiscal Year Calculation, which may or may not change. As of about 10 days ago, he was told that it will change, but he has seen nothing yet. The tax levy CAP could change if the guidelines change.

Evans said the way he has structured this was using similar surplus and similar tax collection percentages as 2007. If the budget were to be adopted the way it is now, a person assessed at a home value of \$250,000, the local tax would go from \$988 to \$1100 a year, or \$9.37 a month.

Evans said the assessed value was \$667,005,547. The Mayor said, as of January 23, 2008 it had been changed and the new number was \$667,945,747. The Mayor had received an update from the Tax Assessor. The Clerk was to send a memo to Tax Assessor that in the future, copies of Assessed Values and Changes should also be sent to the Auditor and CFO. Evans said, based on new figure, the \$9.37 a month was now \$9.26 a month. Instead of a 4.5 increase, it would be 4.4 increase, strictly on local tax.

Evans said the first thing that needs to be done is review the salaries. Finance will check with Police and DPW on salaries to make sure they are correct.

Elbassiouny asked why Code and Construction was not in budget. Evans advised it was outside the CAP by rider and would not appear in budget. Elbassiouny asked about the overhead. Evans said he did not know the percentage, but the money would flow into the dedicated fund. The money they are entitled to take as overhead would be pulled out and put in the general taxation as miscellaneous revenue. Emery said she receives checks on Mansfield Township and Washington Township to deposit. She asked if all the revenues coming from Mansfield, do they get it all? Elbassiouny said it is theirs, minus the State charges to process, which is taken directly out. Emery said she will get the amount from Carolyn Quinn, Code and Construction Technical Assistant and Andrew Coppola, Mansfield Township.

Evans cautioned the Committee, if they choose not to go up to the tax levy maximum this year, that may harm them in the future. They are now with the State in step about how much they can raise their taxes each year. Evans said there is 1.1 million coming out of surplus and there is \$1 million left. Evans said the tax levy cap is based on the amount to be raised by taxation, not what the impact is on the local rate. So, say it goes up .04, you say that is a 10% rate, it is on the amount to be raised and not the tax rate. You have over \$100,000 increase, which is near 2 points just for the pension increase. You have over \$100,000 for debt service. These are things to consider when they look at where they are going with the tax rate. This is going to get more and more difficult for the towns as the years progress with the tax levy cap. It is expected that municipalities will have to suck down all of their surplus, anticipate all of their revenues to the max and throw any financial planning out the window in order to comply with this law the further they go down the road. Evans said they must be very careful what they do in 2008, because it is going to have an impact in 2009 and 2010. He said what is not reflected in all this is what the State has done, especially in 2007. It has limited any increases in State Aid to the towns in order to give the property owners a larger rebate. The average property tax rebate is around 20%, but he did not know Townships rate. Evans said they must focus on what they control. Horensky suggested that the auditor present to the Committee, either in presentation or written form, an explanation on how they arrived at the figure be done on what they did and make it available as a hand out to the public and press.

There was discussion on debt and combining bonds to pay \$6.6 million debt. Evans said there are some bond ordinances where they may not be able to bond, because they spent the money too long ago. So, they may or may

not be able to issue the \$6.6 million debt, it depends on what the bonding attorney says. Evans urged them to address the unfunded debt, it needs to be addressed and a bond sale is warranted. Evans said he recommended that they clean up all the unfunded debt to that point.

Horensky said they had talked many years to have a system to improve the roads. There has to be a system to go forward and de Boer had advised the Committee years ago that a bond should be issued to do this. Horensky said, if the Committee is seriously considering long term improvements, that it might make sense to include a bond ordinance to clean up debt and include improving the roads.

Evans said that after the Committee took out the \$66,000 required, there would be a 4.4 tax point, not 4.4%. That would increase .045 tax point, which would be 39.5 cents/100 and the new one would be 43.9/100 of assessed evaluation. It would be an 11% increase, or \$9 a month on a \$250,000 home.

John Lombard, resident, said he had a question he needed to ask at this point. They talk about increasing taxes and ratables. He wanted to make it clear that looking at their budget over the last three years, the increase in the amount of money in the budget and the debt is because they keep hiring people. You keep increasing the size of the government over the last three years and its the same issue when you talk with the State. Its the same nonsense, you keep increasing what it costs to do business, then you come back and say the residents need to understand that. The increase comes in salaries and benefits for new people, you say the people are needed. You don't have the money, you need to look at cuts and employees. So, before you go and talk about tax increases, he would like to see to see them maintaining their expenses. Horensky said the comment was made they have increased the staff over last three years, what additional people did they hire? He made the representation that the total number of staff in this town has increased in the last three years, please tell me the exact number of people that have been on above and beyond what they had three years ago. Lombard said they have hired more contractors to do work for the township, have they increased their rates, have you increased salaries, yes you have.

Horensky said they have not increased the total work force in the Township over the last three years Lombard said he did not want to go into this.

The Mayor said the ENSR has worked out a solution with the NJDEP to reduce the cost of well monitoring. After 8 quarters of groundwater sampling, they can go to bi annual sampling, where they are currently doing twice a year. They will still be doing groundwater sampling, but reducing other costs that made it higher. The amount was left at \$13,000 for this.

The Committee took out all charitable donations except the one for Washington Celebrates America. The Summer Recreation (Municipal Alliance) was put back into budget for 2008.

There was discussion about the possibility of installing an above ground tank for bulk price on fuel. de Boer will check into this and report at future meeting. There was also discussion about going to Sunoco for better price on gas. Emery will check into this and get details. Chief Mc Donald will check with Lopatcong Township Police, who have their own storage tank, on details and pricing information. After further discussion on fuel costs, Elbassiouny made a motion to approve Resolution 08-45, Resolution authorizing the Qualified Purchasing Agent to obtain best pricing for fuel, Mueller seconded. All were in favor.

Horensky made a motion to approve Resolution 08-45- Resolution to Increase the Bid Threshold and Appointment of Barbara Emery as Qualified Purchasing Agent, Elbassiouny seconded. All were in favor.

The Mayor said some of the things that he was concerned about was the , paving plan, perhaps being rolled into a long term debt bonding ordinance, looking into grants, insurance and the Municipal Alliance money. The Committee went through the budget and took \$66,000 out.

Evans said the next meeting would have semi-final numbers. They know what the expenditures are and once they know what they are getting from State and how it will impact tax rate they can finalize the budget, which should be some time in March. The Mayor said they would do some finishing work on the budget on March 7, 2008. The Committee agreed that an additional budget meeting should be noticed for Saturday, March 15, 2008 at 10:00 a.m. The Mayor said that as of right now, the budget hearing and adoption would be May 1, 2008. Evans said there are two things they have to comply with, the hearing can be no less than 28 days after introduction. The advertisement can be no less than 10 days prior to the hearing. Tentatively, the budget will be introduced on March 18, 2008 and hearing on May1, 2008. The budget will be finalized on Saturday, March 15, 2008 at 10:00 a.m de Boer, Evans, Mooney, Mc Donald, Emery and Mc Cain left the meeting. . (Ended at 12:15 p.m.)

A break was taken from 12:15 p.m. until 12:35 p.m.

The Mayor said that at the last work shop meeting they had discussed going to the EIFS on the new municipal building and having a deduct on the building. de Boer and professionals have worked through a proposal. de Boer and his daughter, Elbassiouny and the Mayor met before the meeting and picked out the colors. De Boer went over Change Order No. 3 and the total amount was a minus \$148.00. This will change it so EIFS can be installed to the sides of the building, rear of the building and at miscellaneous locations and furnish and install 14 card readers. Soffiantini will be signing off on change orders. Elbassiouny was concerned about all the change orders and once they need the work done, how long will the original price be held. de Boer said that whenever there was a deduct, there was no change in the contract price, as long as it was done before the time is up. Horensky made a motion to approve Change Order 3, as presented, for EIFS on the side, rear and miscellaneous locations at the municipal building and furnishing and installing 14 card readers and other options as presented, Elbassiouny seconded.

ROLL CALL: Horensky, yes; Elbassiouny, yes; Mueller, yes; Dempski, yes.

The Mayor said they would have to have the CAP Ordinance ready for introduction to go up to the 3 ½%.

Elbassiouny made a motion to approve Resolution 08-43, Resolution of the Township of Washington, County of Warren, State of New Jersey, Authorizing the Sale of Certain Property Owned by the Township and not Required for Public Purposes, Pursuant to NJSA 40A:1`2-13A 9a) et seq an Establishing a Minimum Bid Amount, Mueller seconded.

ROLL CALL: Elbassiouny, yes; Mueller, yes; Elbassiouny, yes; Dempski, yes.

After discussion, Mueller made a motion to approve advertising for an auctioneer for Property A and Property B, Elbassiouny seconded.

ROLL CALL: Mueller, yes; Elbassiouny, yes; Horensky, yes; Dempski, yes.

There being nothing further to come before the Committee, Elbassiouny made a motion to adjourn at 1:10 p.m., Horensky seconded. All were in favor.

Respectfully submitted,

Mary Ann O'Neil MMC
Township Clerk