

TOWNSHIP OF WASHINGTON, WARREN COUNTY

Budget Meeting
March 15, 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 10:10 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; Horensky, present; Mueller, present; Strunk. Present. Mary Ann O'Neil, Township Clerk, Barbara Emery, CFO, Dave Evans and John Mooney, Auditors, were also present.

Also present were Evan Howell, Tax Collector; Anna Godfrey, Deputy Clerk, Eric Lucy, DPW; Tom Marks DPW; John Kauffman and Chief Mc Donald, Police Department and Betty Wysocki, Animal Control Officer.

The Mayor said the Committee had asked employees to come to the meeting, because they had previously developed a budget based on flat State Aid, as had most municipalities. The State cut the State Aid by \$186,853.00, which is roughly 2.79 cents in the tax rate. There has also been other increases due to unfunded State Mandates, like the pension a few years ago that they had a .02 increase this year. He wanted to call everybody together to see what they could cut. The last thing on his mind was cutting staff and he wanted to make this very clear. There will be cuts in various departments, which will also affect services, but this is Governor's Corzine's responsibility to answer that one day.

The Mayor said a handout was available. On the second page, it shows in 2008 there was a increase up 1.5 cents from previous year. They have always maintained through previous committees 1.5 cents. This was like a 10 year record to do this. On Third page, there was a 4.4 cent increase due to cut in State Aid and pension increase. The last two pages show the pension increase costs. They are going to see what additional cuts they can make.

The Mayor proposed doing a Budget B, just in case the scenario changes and aid is given back to the Township. Evans, Auditor, said if there are going to be any restorations it will be in June or July, long after budget is adopted, and aid restoration will come as a direct reduction of local tax rate increases. If you adopt a budget that has a worst case scenario, the Township will have to live with the worst case scenario. They will not allow the Township to amend it. The budget adopted is the one you have to live with. Any aid restoration, in all likelihood, will not happen until it is too late to do anything with it, other than reduce your local tax levy. Evans cautioned the Committee, if they put together a worst case scenario budget, that is the one they have to live with from an expenditure standpoint. Evans said, if they are given any State Aid, it will be timed before the tax bill goes out, so the County Tax Board will then take the local tax and reduce it by the additional State Aid, not giving the Township any flexibility on how the money is to be used.

Evans said with the decrease in State Aid and increase in pension, based on the budget prepared, the rate would be 4.4 cents. This way, if there is any aid restoration they are where they expected to be. This was his recommendation. He said the Committee has to be careful when they start amending the expenditure plan thinking they have the opportunity to change it later, because, unless there is an agreement within the next 30 days, they will not be able to amend the expenditure budget. Also, whatever cuts contemplated today, they would have to live with and it would catch them for the next two years.

The Mayor said they should consider the Port Colden Monitoring. It was \$11,150 in budget, but the bid that came in was \$8,580, so this could be deducted. Evans said there are two ways to construct a budget, (1) take all the current revenues up to the maximum (money collected for this year will be sufficient to run township) or (2) take the savings, surplus, and not going to take revenues to the maximum and the combination of the two will be there to run the Township. Evans said, the more you shift and take the more current fund balance surplus sucked down and the greater you bring the revenues close to the maximum, you end up with a period of time next year or the year after not having the surplus they are looking for.

Pete de Boer, Certified Public Works Manager, said he had heard various things, such as the salaries were going back to 2007 salaries and said if this is an option, he implored this not be done because it would greatly decrease employee moral. He said his department could not provide the amount of services it has if the department was decreased. It would also affect the streets and roads. He said that recently at a Shared Meeting with Washington Borough, discussion came up about sharing the Township Mechanic. The Borough currently sends their equipment out for service and they could share the salary, benefits, etc. He will be meeting with them again to discuss this further. The Mayor said there never was any discussion on laying people off. He is very uncomfortable with a 4.4 cent rate increase.

Evans said that before they do anything he wanted to caution them about two things. First it would take most of

the year to get details ironed out, so it would not affect 2008. Secondly, there are two towns in Morris County that did everything the State wanted them to do, regionalize the police force, sharing school superintendent, sharing financial services and they each got cut \$200,000. They are smaller than the Township.

de Boer said if they do the bond for road improvement, then his yearly budget for roads could be taken away. Also, they could also bond for equipment and recreation/building and grounds in the big bond being considered to combine the debt. Elbassiouny was not in favor of bonding for equipment.

Evans said the Township Debt is significantly below what the State says you can be. He said there was about \$6 million dollars of unfunded debt. This means it is temporary debt that must be addressed. You have to pay it off or bond for it. They are now in a good area where they can get good interest rates, because it is getting up in amount. There will be a lot of bidders and interest. Strunk said he did think the Township had debt that they are in trouble with, because they have been carrying it for a long time in BANS and paying interest. He had done an analysis some years ago and the Township is about seven years behind in the oil and chip program. The Borough went through this scenario several years ago when they took their capital money and decided to do Street A, B, C and D and totally repave it, but streets E and F declined because the capital road did not maintain the streets any more and they ended up with a worst case scenario. The Township is in trouble now with maintaining the streets, because we have not maintained a good posture. So, to take money to load on to debt and pave three streets and let the rest go down is not a prudent idea. The Mayor said it would be a Township Wide Improvement Plan for all the roads. It is a multi-year plan to get roads back into shape.

Strunk said the DPW could cut back on salt and go back to the old method. Elbassiouny said this had been resolved before. The spread is considered hazardous and hard to get rid of and this is a decision that de Boer should make for the department. (de Boer left the meeting at 11:00 a.m.)

Evans told the Committee they should only concern themselves on what they can control. They cannot worry about what they cannot control. If the Committee goes with 4.4 cents, on a \$250,000 house, it would be approximately \$9 a month increase. Strunk said he could not support 4.4 cents tax increase.

Chief Mc Donald said he had looked at his budget. He said when he took over the department in 1997 he had submitted a budget of approximately \$108,000 for O&E. The Committee said no, we will give you \$60,000 and he lived with it. He has always looked for alternate way to buy equipment through grants, donations, etc. He does not spend money just because he has it. For this year, he requested \$62,600, which means it has increased \$2600 since 1997. He cannot find any cuts in his O&E Budget, but was open to suggestions. There was no further discussion and the Chief left at 11:20 a.m.)

Betty Wysocki, Animal Control Officer, said there had been a raise in fee and she was hoping that her budget will handle it. She said she buys her own equipment and never charges the Township for it. She takes her dogs to Dr Blease who charges \$9 a day, but usually finds homes for them and very few are put to sleep. If he does have to put the animal to sleep, he does not charge the Township. Any other veterinarian would keep animals for 7 days then euthanize and you are charged for that and disposal of body.

John Kauffman, PBA Representative, said he wanted to applaud the Committee for looking for ways to save money. As far as layoffs, this was outstanding. The Chief does a great job on trying to keep budget down and they try to work with him. He was glad the Committee was not going to sacrifice public safety.

Eric Lucy, Teamster Representative, said they had same basic concerns about what they were going to supply the people.

Anna Godfrey, Recreation Commission, said she is working with Green Acres to try to increase the field usage fees. She plans on doing a minimum increase for Township Residents and a maximum increase for outside usage. This would be for the fields this year and will do for the pavilion next year. Also, if a big bond is done with debt, equipment., de Boer mentioned new fields over by Pleasant Valley. Right now, they are at maximum usage. They have been talking about the Mill Pond Road Property. Recreation has \$20,000 set aside from a developer, which has been earmarked for preliminary work to get started on Mill Pond Road. If a bond was done, she could free this money up to use for recreation. Also, if the overtime is cut with DPW workers, it would have to be made clear that when the fields are groomed on Friday, they will not be groomed again until Monday.

Eric Lucy said about the fields, they cover the whole park and there is problems with the bathroom and pavilions. If you rent it on Saturday, it will not be cleaned up until Monday. These are things done on weekends. Elbassiouny asked why the part time seasonal help could not take on cleaning up fields and park on weekends. Lucy said the seasonal workers in contract, works as they work with them, not when they are not there and not to

take their overtime. Seasonal work comes in between 6:00 a.m. and 2:30 p.m. for 35 hours a week - during the week. They do not work after 2:30 p.m. and they do not work weekends. Seasonal help cannot take overtime away from the regular workers, it is in the contract.

Evan Howell, Tax Collector, said that tax collection is revenue, reserve for uncollected taxes as revenue. The levy has grown every year and his job is getting harder every year. He is collecting more money and the rate of collection is level. If you cut the reserve too much, it is a bad economy out there. If a major tax payer decides not to pay taxes, this could take a hit. Most of his budget is out of his control.

Kerry Pflugh, Land Use Chairperson, said their budget is not a huge piece of the township budget. Most of the money exchanged with work they do is for professional services, which is supported by the escrow that applicants provide. She said they would continue to be on top of anyone in arrears. If anybody owes money they do not hear them. They have money reserved for the Reassessment of Master Plan in the amount of \$18,000.

(The employees that were present left the meeting at 11:40 a.m.)

After further discussion, the Mayor said they have no choice but to go with the 4.4 cent increase. This did not make him happy, but there was no other way to go. Horensky said, in the past, to keep taxes low they have sacrificed tomorrow for today. This is something that has been forced on to us by the State. Everybody in New Jersey is in the same situation. They have to go forward with the budget. Mueller said he did not see where the Committee had any other choice but to do this now. Elbassiouny said the school did receive aid, so the Township 13 ½% of taxes that the Township gets, the increase will be offset some by the school. Strunk said he could not support this increase and feels the Township should look harder for cuts. Elbassiouny asked him what they should do. Strunk said that all departments come in and start to look at some hard cuts, reopen the contracts, to renegotiate some health benefits and somebody could come in and clean the park at a part time rate and not union rate. Its nice to pay those things, but the Township can no longer support 15 sick days and 100% of benefits. Those are the hard facts that nobody wants to mention. Elbassiouny asked, what are the chances of reopening contracts and being successful, how much do you think you will spend in legal fees? Strunk said it must be addressed. Horensky said, in union contracts, you cannot open for one issue, the entire contract is opened. Opening the contract would cost a lot of money. Elbassiouny said to open contracts would be foolish and does not make sense right now. Elbassiouny said in the future, when they do contracts again, he will not support the issue of not allowing other people, other than DPW doing jobs. The only thing they can promise is that they have a full time position.

Elbassiouny asked Strunk, instead of just saying he would not support it, what is he proposing? Strunk said the Committee should sacrifice their salary and possible reducing salaries for this year and reducing staff if they have to do so. Horensky said the amount of money they make is not significant. If you are looking just to send a political image to people saying "Look what I am doing" definitely do it. He was not in favor of doing that because it shows the Township does not think they are worth anything. Horensky said if you are looking for a "Political Fix" then yes do it, it is a flag waving in front of people, it means nothing. Strunk said "Political Fix" does not mean anything to him. If they are asking the employees to sacrifice, they should be doing the same reason. This is the reason for his suggestion.

The Mayor said he is very frustrated with the State, because he does not feel they support local government. He does not like the feeling of being powerless to control the destiny of the Township, that the State can cause so much concern and impact to the tax payers. This increase will be a burden to some people and he was concerned.

The budget will be introduced on Monday, April 14, 2008 and adopted at the meeting on Tuesday, May 20, 2008. Evans will be at the public meeting. Evans cautioned the Committee that they need a majority vote to pass budget. The Mayor would like to have the budget available on the website.

PUBLIC QUESTIONS AND CONCERNS

Nobody from the public wished to be heard.

APPROVAL OF BILLS

The Mayor said there are additional bills to be signed. Some new bills came in from other meeting and he asked the Committee Members to stop by the building by Tuesday to sign them. Elbassiouny asked Emery why he is constantly getting e-mails to come in and sign checks. This is the first time he has so many e-mail about coming in to sign things. The Mayor said there is a new person in the finance office. Elbassiouny said, why are the checks not being signed when they are supposed to be signed, why is he getting e-mails? Emery said, at this point, only she and the Mayor or Strunk can sign. Strunk said when he was requested to do so, he ran right down and signed the checks.

There was discussion on BANS that are due in May. Emery said the rates at this time were very good and they might consider doing it right now. Emery will give Bond Counsel a call to see if the BANS could be done at a lower rate at this time. If it can be done, Bond Counsel will do a resolution to roll over the notes.

There was further discussion on the cell phones provided to the Police Department and DPW Workers. Emery said different employees have different plans. It was the consensus of the Committee if the Township owns the cell phone, the plan should be set accordingly. Strunk made a motion that Elbassiouny and Horensky be authorized to review the cell phones and plans being used by Police Department and DPW, Mueller seconded. All were in favor. It was the feeling, if the Township owns the phones, they should be the ones to set plan accordingly.

Horensky made a motion that Emery continue to split the bills the way she has done until this problem has been resolved, Mueller seconded. Elbassiouny asked her to refer to contracts to see who would have telephones.

Horensky made a motion to adjourn at 12:35 p.m., Elbassiouny seconded. All were in favor.

Respectfully submitted,

Mary Ann O'Neil RMC/CMC/MMC
Township Clerk