

TOWNSHIP OF WASHINGTON, WARREN COUNTY

Budget Meeting Minutes
February 12, 2011

The budget meeting of the Township Committee was held on this date at the Washington Township Municipal Building, 211 Route 31 North, Washington, N.J. The meeting was called to order at 10:03 a.m. by Mayor Samir Elbassiouny.

SUNSHINE LAW COMPLIANCE – The Mayor noted this meeting is being held in compliance with the Open Public Meetings Law of 1975 in as much as a notice has been published in the Star-Gazette and transmitted to the Express-Times, posted at the Municipal Building and a copy is on file in the Clerk's office. This agenda is subject to change by order of the Washington Township Committee before and/or during the scheduled meeting.

ROLL CALL:

Elbassiouny, present; Finke, present; Klingel, present; Kovacs, present; Marks, present. Anna C. Godfrey, Acting Township Clerk; Peter deBoer, Township Administrator/Certified Public Works Manager; James McDonald, Police Chief; Dave Evans and John Mooney, Municipal Auditors; Barbara Emery, Chief Financial Officer; Suzanne Heerwagen, Deputy Treasurer; Thomas Cicerelle, Lieutenant; Jeff Cooper, Assistant Municipal Supervisor of Public Works; and Walter Godfrey, Recreation Commission Chairman were also present.

SALUTE TO THE FLAG

2011 BUDGET DISCUSSION

D. Evans stated the Committee has the latest revenue, expense and tax summary numbers. We are currently compliant with both the expenditure CAP and tax levy CAP. Semi-final numbers were received from the Police Department. Some of the problems which need to be resolved include the situation with Oxford, whether or not the increase to Washington Boro will be satisfactory to Washington Boro, the local tax rate is set to go up 9 points this year (6 points for debt service, 1 point each for pension, health insurance and normal 2% increase). This equates to approximately \$19 per month for taxpayers based on an average assessed home value of \$250,000. We are maxed out on revenues. \$67,000 of revenue equals one tax point. D. Evans explained the Township's debt to Mr. Finke. Mrs. Marks would like to look at the expenditures and make reductions. Mayor Elbassiouny agreed. Mr. Kovacs asked if we will have the same situation of \$0.09 next year. D. Evans replied we will if no other changes are made. Mr. Kovacs asked if the note principle could be reduced. D. Evans replied no because we converted to a permanent debt schedule in 2010 and stated we used \$1.2 million of surplus and have less than \$600,000 left. Mr. Kovacs noted we can generate revenue and be back in that \$1.2 million range next year. D. Evans agreed. Mr. Kovacs stated ratables from last year to this year are about the same. Mayor Elbassiouny noted the Township received 100% of the partial assessment from Shop-Rite this year, but next year we will only receive 15%.

Mayor Elbassiouny asked B. Emery for her recommendations regarding budget cuts. B. Emery replied the budget is tight and is not sure where to start cutting. Utility, debt, pension, and health benefits are all listed at the necessary amount. D. Evans stated the numbers are accurate; however, they are unaudited and subject to change. There is no indication as to what the State aid number will be, and we won't know until mid-March. Last year we received approximately \$540,000 in State aid. Mayor Elbassiouny feels we need to come up with \$50,000 if the aid is reduced by 10%. D. Evans stated there was a change in the law where in the past, capital and debt services were added to your base for capitalization. If you had lower capital money in the prior year, you lost ground in the levy cap. In 2011, that went away and if the capital and debt service went down, you were not penalized on the levy cap. Mayor Elbassiouny stated he is more concerned with the tax increase to the residents. D. Evans suggested looking at the departments with the bigger numbers such as Police and Road Departments. Mr. Finke suggested all department heads cut 20% from their budget. Mayor Elbassiouny explained why this will not work. Mr. Kovacs noted revenues are down and asked if we anticipate any additional revenue coming in. D. Evans replied no and explained the agreement with both the Boro and Oxford Police, stating we are not making any money from this. The Police Department is doing very well handling their finances. Mr. Kovacs feels we have saved money but are not making any money. It is designed to be more efficient. D. Evans agreed. Each municipality saved one salary. Mayor Elbassiouny feels the cost cutting will take place in the next three to five years due to employee turnover.

Mayor Elbassiouny would like to cut \$250,000 from the budget and brought up Mr. Finke's recommendation to cut 20%. Mr. Klingel stated if 20% is cut from the overall budget we are talking about staff. He is not in favor of this. Mayor Elbassiouny agreed. D. Evans questioned the \$100,000 for chip and tar. After a brief discussion, the Committee decided to leave this line item as is due to the abundance of pothole repairs that will need to be done after this winter. Mr. Klingel asked how much of

the money goes to oil and chip. Mr. deBoer explained it varies and sometimes that money is used for blacktop if oil and chip is not needed.

Chief McDonald stated police overtime could be cut \$26,000. Vehicle expenses could be cut to \$10,000 as long as the insurance company pays us \$10,000 on the vehicles that were totaled. Mr. Kovacs is concerned lowering the CAP will affect us next year. D. Evans explained the levy cap will help. Mayor Elbassiouny suggested rescheduling the officers to help with the overtime budget. Chief McDonald explained his scheduling strategy. B. Emery confirmed for Mr. Kovacs the \$122,000 for crossing guards includes the money from the Boro. D. Evans stated this amount is not inside the CAP. He noted the Division of Motor Vehicles is cutting the money paid to have an officer on-site by one-third. This year we are receiving \$78,400 from the State. The salary, when considering officer's salary and benefits, is over \$100,000 so we are losing money. Mr. Klingel suggested placing a lesser paid officer at the DMV. Chief McDonald feels that wouldn't make a difference.

Mr. Finke asked if we have any options with the open space tax. D. Evans stated other towns elect to reduce or eliminate the tax for a year. Mayor Elbassiouny stated some of the open space tax money is used to pay on the bond for the park. D. Evans stated there is \$66,000 in open space at the end of 2010. Nothing was purchased and there are no purchases anticipated in 2011. Mr. Kovacs noted the taxes will still go up \$0.09. D. Evans suggested keeping the tax in 2011, but anticipate it as revenue to off-set the bonded debt making the local tax go down 2 to 2½ points. The Committee agreed to go with this recommendation.

Mrs. Marks questioned the part-time employees in regards to park maintenance on the weekends. Mr. deBoer explained both part and full-time employees are used. A full-time person is used infrequently, but comp time is taken rather than overtime. Contractual salary obligations are tight. Operating expenses are evaluated on a year to year basis. Up until last pay period, the Road Department took their overtime as comp time; however, Mr. deBoer reminded the Committee they have the rest of the year to change their minds. The Committee discussed the maintenance of the park.

Mayor Elbassiouny stated there is still approximately \$150,000 left to cut from the budget. B. Emery explained to Mr. Finke how capital money is used. Mr. Finke suggested using half of the capital money to help reduce a tax increase.

Mayor Elbassiouny questioned the Police and Public Works salary increase at a 3.5% raise. D. Evans stated the increase would be an average of \$5,100 per officer including overtime. Public Works would show a \$2,700 per man increase. Mr. Kovacs stated if both departments' salaries were cut by 1.5%, we would save approximately \$18,000 after splitting the savings with the Boro. Chief McDonald stated he can anticipate the officers' response to this and it won't be favorable. Mrs. Marks would like to go line by line in each department and see if we can cut expenses rather than cut salaries. Mr. Klingel reminded the Committee of complaints in the past regarding end of year transfers and feels if we are to hold the department heads accountable for decreasing their budget, they shouldn't expect transfers at the end of the year. Chief McDonald stated cuts being made in the Prosecutor's Office are putting an extra burden on the towns in Warren County. Cuts can be made in the Police budget, but most of the major purchases they have made, with the exception of cars, have come from donations, grants, etc. including furniture, computers and radio equipment. Overtime is dictated by events and cannot be easily controlled.

B. Emery stated for the eight DPW employees, a 3.5% raise would be a total of \$13,984. A 2% raise would be a total of \$7,824. This does not include overtime, and the difference would be a savings for the year of \$6,160. Each employee would have to pay \$767 for health care for a total of \$6,136. Mayor Elbassiouny asked B. Emery to calculate the same for the Police Department. Mayor Elbassiouny stated the Police Department will have a total savings of a rounded amount of \$20,000; \$9,000 in overtime and \$10,000 from the insurance for the totaled vehicles.

Mr. Kovacs stated the three services given to the residents for the taxes they are paying are the Police, Road Department and the parks. Mr. deBoer stated the phone, fuel, electricity budgets for Public Works are tight as it is. D. Evans suggested speaking to each department head before cutting across the board to alleviate scrambling at the end of the year to make ends meet. They need to be held accountable for what they will do differently and which things cannot be eliminated. Mayor Elbassiouny stated \$0.09 would be the highest tax raise we've ever had. Nothing has been saved, rather we took from the Open Space money which was voted on by the people to purchase and preserve open space. Now we're using it to balance the budget. We are in a bind. Mayor Elbassiouny spoke about having the Police and Road Department take a cut in salaries from a 3.5% increase to a 2% increase instead of completely freezing their salaries or lay-offs. Mrs. Marks asked for the overall savings for both Public Works and the Police Department. Based on B. Emery's numbers, Mayor Elbassiouny stated it would be a contribution from

the employees of approximately \$50,000. Mr. deBoer stated we have other employees who have already volunteered to do this in the past. D. Evans stated some towns are using furlough days.

A motion was made by Finke, seconded by Marks, to authorize Mayor Elbassiouny to write a letter to the unions asking them for a 2% increase rather than a 3.5% increase.

ROLL CALL: Finke, yes; Marks, yes; Klingel, yes; Kovacs, abstained; Elbassiouny, yes

Mayor Elbassiouny stated since the salary resolution has already been passed, this would become retroactive. From now on, and D. Evans agrees, our policy will be not to entertain the salary resolution until after the budget has been passed.

A motion was made by Klingel, seconded by Marks, to postpone the February 26th budget meeting until March 5th.

ROLL CALL: Klingel, yes; Marks, yes; Finke yes; Kovacs, yes; Elbassiouny, yes

Mayor Elbassiouny asked Mr. deBoer to set up a meeting with both union representatives within the next two weeks. Mr. Finke will attend the Police meeting and Mr. Klingel will attend the Road Department meeting. Mayor Elbassiouny would like each department head to trim at least 5% from their budgets. D. Evans feels decisions on what can and cannot be cut from the budget should be discussed by the Governing Body.

Mr. Finke questioned the police salaries and the 17% increase. It was explained this is due to the step increases. D. Evans feels it will help clarify things if B. Emery listed the W2 earnings for 2010, take the anticipated 2011 salary plus overtime, adjust for the four officers who were there eleven months and see what the increase is. Mayor Elbassiouny asked B. Emery to have this information available prior to the March 5th budget meeting. He questioned her office hours and the agreement was discussed.

PUBLIC COMMENTS

Mayor Elbassiouny opened the meeting to the public. Walter Godfrey, Chairman of the Recreation Commission, spoke about the discussion at the last budget meeting regarding use fees being used to pay the secretary's salary. He was under the assumption use fees can only be used for maintenance of the fields and asked for clarification of the ordinance. Mayor Elbassiouny stated Recreation had determined a paid secretary was needed and Recreation would keep all the fees. If it becomes an issue, the Township could keep the fees and determine if a secretary is required as Recreation is not a Commission, but a Board. Mr. Kovacs agreed it is not set up as a Commission. Right now, the Township is subsidizing a secretary but not receiving any financial compensation for that position. The Board is gaining all financial flexibility by collecting the fees. Mayor Elbassiouny feels the Board is in the best position to determine the fees to charge and the salary to pay. Mrs. Marks agreed Recreation has to look at the fees being charged and be sure they adequately cover expenses. The Township cannot keep incurring costs. Mr. Klingel feels the ordinance needs to be reviewed by the Township attorney. N. Godfrey will provide a copy to Mr. Lavery. Mayor Elbassiouny clarified the intent of this discussion is to make sure expenses are covered by the fees and not subsidized by the Governing Body. W. Godfrey stated he has no problem paying for the secretary from the use fees; he just wants to be sure it's done properly.

B. Emery clarified her hours with Mayor Elbassiouny and discussed in and out of office hours.

ADJORNMENT

Hearing no further business to come before the Committee, a motion was made by Klingel, seconded by Finke, to adjourn the meeting at 12:39 p.m. All were in favor.

Respectfully submitted,

Anna C. Godfrey
Acting Township Clerk