

**MINUTES****JANUARY 10, 2004**

The Board of Chosen Freeholders of the County of Warren met in a special budget hearing session in its offices at the Wayne Dumont, Jr. Administration Building, Belvidere, New Jersey on January 10, 2004 at 9:00 am.

The meeting was called to order by Freeholder Director Gardner and upon roll call, the following members were present: Freeholder Richard D. Gardner, Freeholder John DiMaio, and Freeholder Everett A. Chamberlain.

Also attending were Fiscal Analyst Daniel Olshefski, CFO Charles L. Houck, County Administrator Steve Marvin, and Deputy Clerk Tammy M. Lynn.

The Pledge of Allegiance to the Flag was led by Director Gardner.

Director Gardner read the following statement: **"ADEQUATE NOTICE OF THIS MEETING of January 10, 2004 WAS GIVEN IN ACCORDANCE WITH THE OPEN PUBLIC MEETINGS ACT BY FORWARDING A SCHEDULE OF REGULAR MEETINGS OF THE BOARD OF CHOSEN FREEHOLDERS TO THE WARREN COUNTY CLERK, THE STAR-LEDGER, AND DAILY RECORD AND BY POSTING A COPY THEREOF ON THE BULLETIN BOARD IN THE OFFICE OF THE BOARD OF CHOSEN FREEHOLDERS. FORMAL ACTION MAY BE TAKEN BY THE BOARD OF CHOSEN FREEHOLDERS AT THIS MEETING. PUBLIC PARTICIPATION IS ENCOURAGED. IN ORDER TO ASSURE FULL PUBLIC PARTICIPATION, THOSE INDIVIDUALS WITH DISABILITIES WHO WISH TO ATTEND THE MEETING SHOULD SUBMIT ANY REQUESTS FOR SPECIAL ACCOMMODATION ONE WEEK IN ADVANCE"**.

Director Gardner asked County CFO Pete Houck to begin the 2004 budget overview.

Mr. Houck stated that information on the anticipated tax growth from the State is unclear until the Tax Administrator can prepare her report.

Mr. DiMaio asked what the estimate would be. Mr. Gardner and Mr. Marvin responded they were informed somewhere between \$5 or \$5 ½ million may be confirmed.

Mr. Houck explained the formula used as a rule of thumb is to take the new building growth and apply that towards the anticipated tax growth. Mr. Houck asked Mr. Olshefski to present the overall 2004 budget to the Board.

Mr. Olshefski stated that the first three summary sheets distributed were the historic records from 1999 through 2001 for the surplus figures. He explained he sees the amount changing for the better in the surplus because of the revenue totals in 2003. Most of the revenues were the result of interest rate reductions and a lot of refinancing recordings in the County Clerks Office combined with the new rate charges adopted by the state including the Sheriffs' and Surrogates offices. He did explain that although there is no official rule to follow, it has been beneficial to not use more than what was received in the year before. Mr. Olshefski stated that he reduced the amount by \$200,000 because he does not anticipate the same revenue as last year.

Mr. DiMaio stated that he believes that is too low, as history shows the lowest years \$500,000 was placed in surplus.

Mr. Chamberlain commented that the historical data indicates that we could have \$1 million by years end.

Mr. DiMaio asked Mr. Olshefski to look at the list of unexpected revenue and appropriations not spent again so they can determine what the best amount would be to place in the surplus line.

Mr. Houck explained that there is no crystal ball to tell the Board what to place in surplus. He explained that the State determines what can be placed in surplus.

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Mr. Houck suggested that the Board consider how much to allocate from the surplus this year.

After some discussion relating to the amount shown between the Board, Mr. Houck and Mr. Olshefski there were some potential changes in 2004 as the Welfare budget was added for the whole year for the first time, the Warren Haven revenue could change because of the territory reclassification change from the NY area to the Metropolitan area in Pennsylvania. It is the Medicare territory classification that determines what can be charged, which will also affect the PHNA reimbursement.

Mr. Chamberlain commented that he recognizes that this Board will not always be making the decisions and asked if there was anyway to set aside some surplus to control the tax rate. Mr. DiMaio agreed and explained that the surplus acts as a tax rate stabilization mechanism.

Mr. Houck responded to assure future coverage for capital projects the Board would have to move the amount out of surplus and place it into an appropriation account designated for capital improvements in the future. However, that doesn't guarantee a future Board from moving the appropriation. Nothing is binding from one Board onto another.

Mr. Gardner stated that he believes that as the county grows, revenue will increase to cover and maintain the necessary services, and then the difference should be considered for improvement projects.

Mr. Houck proceeded to the appropriation section. He pointed out that some areas are set without control like the cost to treat county residents that are institutionalized for psychiatric treatments, Health Insurance costs, and potential retirement issues that can happen since much of the work force is nearing eligibility.

The Board reviewed the requests that were presented by the departments. The Tech School should look at alternate way to raise their revenue. Possibly to consider tuition charges to the local school districts, etc.

Director Gardner called for a break at 10:06 a.m.

The Board returned to open session at 10:16 a.m.

Mr. Gardner noted that the budget increased substantially from last year, \$87 million in 2004 versus 2003 being \$79.1 million. Mr. Olshefski stated that was because of additional grants applied for and having the welfare figures included for a full year.

Mr. DiMaio asked to look at the county purpose tax portion, which shows the change went from \$45,500,000 to \$53,300,000

Mr. Olshefski reviewed the changes with the Board. He pointed out that Warren County's total debt is \$31million in comparison to Hunterdon having \$90 million. This shows Warren County doesn't borrow as much; instead we pay as we go on as many projects as we can.

Mr. Houck stated that some counties follow the philosophy that future generations should pay for the capital project that they borrow for because they receive the benefits longer.

The Board discussed the costs relating to the Health insurance program. The employees are in an age group that creates the increased claims and the co-pay program in place is low compared to the private sector.

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Chad Chamberlain, White Township asked the Board if he could speak. Mr. Chamberlain stated that his employer has a \$25.00 prescription co-pay program which helps to control the utilization costs of his program.

The Board agreed that the purpose of the meeting was to discuss all the department requests presented for now and will visit hard numbers at another meeting. They reviewed each department request with Mr. Olshefski.

Mr. Olshefski explained that there are some federal grants drying up and the Board will have to decide to keep the programs by adding the costs into the county budget or to remove the programs, which will affect some staffing issues.

Mr. Olshefski reported that because the PEER group funding will be changing a reduced the anticipated revenue by \$65,000 for Warren Haven.

Director Gardner called for a break at 11:30 a.m.

The Board returned to open session at 11:45 a.m.

Mr. Marvin stated that the capital funding for bridge and road improvements have stayed level with past years and a significant portion is State grant funding.

Mr. Olshefski explained that the new Election system is required by 2006. Mr. Marvin responded that this is because of the 2000 Florida results, and each state has to set uniform standards after the HAVA regulations were adopted by Congress.

The Board spent considerable time discussing the capital renovation needs for the Courthouse. They asked for details relating to the Correctional Facility capital improvements. Mr. Marvin explained that the Correctional Facility population increases will force the need to expand.

Mr. Marvin stated that unfortunately prior Boards deferred many future needs and now this Board must address some of the large scale. Long term projects. He commented that is why there are Architectural appropriations included so that a blueprint can be created for proper planning in the future.

The Board continued to review the remaining capital improvement requests with Mr. Olshefski, Mr. Houck and Mr. Marvin responding with details.

Mr. Houck described the part of the report showing options for wraparound funding. Estimates of \$30 to \$50 million would equal \$4.2 to \$5.1 million a year of debt service instead of the current \$3.1 million appropriated, or the Board could borrow \$10 million and pay back \$655,000 a year for 25 years. He stated that he created this report for the Board to have some idea of the options for capital funding programs they may be faced to make a decision on in the future.

Mr. DiMaio stated that he would like to know the accurate tax revenues before they introduce the budget.

Director Gardner asked the Board how they want to handle future budget meetings.

Mr. Chamberlain suggested that the Board plan to add budget reviews during the scheduled regular meetings and plan one to two hours will be spent reviewing the updates

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as we request them. The Board agreed.

Mr. Houck concluded that he wanted to bring to the Boards attention that he had an idea to move the NJ Transportation Railroad Museum funds currently held in the joint trust account with the State, over to Capital improvements, and suggested discontinuance of the revolving loan fund, utilizing these funds to recharge the Rail Museum Land acquisition account. He explained that the bond ordinance and statutes have language describing this can be done as long as the new capital project has the same life cycle as the original project.

There were no public comments or questions.

There were no press comments or questions.

On motion by Mr. Chamberlain, seconded by Mr. DiMaio, and there being no further official business to come before the Board at this time, the meeting was adjourned at 1:35 p.m.

Recorded Vote: Mr. Chamberlain yes, Mr. DiMaio yes, Mr. Gardner yes.

***ATTESTED TO:***

***Tammy M. Lynn, Deputy Clerk***