

BUDGET SESSION MINUTES**JANUARY 13, 2007**

The Board of Chosen Freeholders of the County of Warren met in Budget Session in its offices in the Wayne Dumont, Jr. Administration Building, Belvidere, New Jersey on January 13, 2006 at 9:00 a.m.

The meeting was called to order at 9:05 a.m. by Director Chamberlain and upon roll call, the following members were present: Freeholder Everett Chamberlain, Freeholder John DiMaio and Freeholder Richard Gardner. Also attending were CFO Charles Houck, Fiscal Analyst Dan Olshefski and County Administrator Steve Marvin.

The Pledge of Allegiance was led by Director Chamberlain.

Director Chamberlain read the following statement: **“ADEQUATE NOTICE OF THIS MEETING OF JANUARY 13, 2007 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.”**

Mr. Chamberlain thanked those in attendance for coming out to the Saturday Work Session before turning the meeting over to Mr. Houck.

Mr. Houck reviewed the following budget process and CAP Law requirements: the deadline for budget introduction is February 26, 2007 and the budget adoption deadline is March 26, 2007 both of which had been extended. The Cost of Living Adjustment (COLA) for the 2007 calendar year is 5.5%. The CAP Rate for CY 2007 is 2.5%, which may be increased by resolution to 3.5%. CAP banking is no longer automatic; a resolution is required to bank any unappropriated balance. A single resolution may be implemented to accomplish both objectives prior to budget introduction. Mr. Houck provided a sample resolution with the appropriate language. Insurance appropriations will be budgeted inside the CAP in CY 2007, an important CAP exception change. Pension contribution phase-in periods continue. Currently at 60%, PERS is in its third year and will reach 100% in 2009. Currently at 80%, PFRS is in its fourth year and will reach 100% in 2008.

The tax base amount has not yet been made available by County Tax Administrator Melissa Pritchett. The information is expected by the end of January. Mr. Houck estimated revenue from new construction would be between \$700,000 and \$800,000. Mr. Marvin noted that the Townships of Blairstown, Hope and Oxford had been revaluated in 2006.

Beginning with an overall summary, Mr. Houck pointed out that salaries increased by only 3.31% which he thought was very good. Considering the inflation rate, we're doing well, he said. However, the overview does not at this time include any increases in educational costs per the Board's instructions. It was decided to schedule both the Community College and Technical School separately the following Saturday, January 20, for budget planning.

A summary of operating expenditures by department/agency, excluding salaries and wages, was presented.

Only modest increases were posted in insurance expenses and the Board asked why the percentage was so low when compared to the prior year. Employee contributions, healthy returns on investments and a prior account balance were all contributory factors. It would, however, be a

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mistake to assume that future increases would be as low. Quite the contrary, the possibility of rising costs is a concern.

Under the Public Safety umbrella, the Communications Center showed a significant increase due to their telephone expenses having been moved to this portion of the budget from the centralized County-wide account, to be outside the CAP. Fire company training was increased to fund a Fire Academy Coordinator. An increase for the Prosecutor's Office was attributed to equipment, firearms and ammunition and technological advancements for response teams to gather forensic evidence. Mr. Chamberlain noted that the Prosecutor has a discretionary fund at his disposal and if we can "make crime pay for crime", we should. Education costs were the reason for the increased Juvenile Detention budget. State Aid is granted based on the population incarcerated on a single day, as opposed to an average which resulted in an unrealistically low number. The Adult Correctional Center's increase was due to medical expenses, although Warden Foster was credited with working closely with the Prosecutor's Office and Superior Court to process people with medical problems expeditiously.

In the Public Works Section, it was noted that the Road Maintenance Department has been holding the line well for the last couple of years. The mold problem in one of the Prosecutor's buildings was to blame for an increase in Buildings and Grounds Maintenance. Regarding the Mosquito Commission, since it is autonomous and not a County department, salary, medical and pension expenses as well as additional areas in which to spray pesticides, are included in the operating expenses portion. Mr. Chamberlain wondered if it would be cheaper to convert this commission to a department. Mr. Houck's opinion was that it would not in fact, save money.

In regard to Utilities, the new phone system, including internet and a maintenance agreement with Sprint are all included in the telephone portion. Mr. Chamberlain was interested to know how many cell phones are provided by the County. It was decided to ask for a report from Information Systems Director Barry Smith at the next Budget Meeting. Also requested by Mr. DiMaio was a departmental list of what cars are assigned to whom and whether or not they are driven home at night.

Under Health and Human Services, a substantial increase in the Senior Services Administration Section was due to increasing contracted caseworker services which are expected to be recouped from the State. The budget for Warren Haven decreased because Medicare/Medicaid costs were lower than expected. The County Adjuster decreased as well; State mental institution expenses were lower than in prior years. The County has yet to be credited for overcharges going back to 1992, however, and does stand to make gains in the future.

In the Education section, no increases or decreases were reflected as mentioned earlier. All educational institutions are outside the CAP. Regarding the Vo-Tech, Mr. Chamberlain thought they have a history of poor planning and clarity problems. Tuition is now being charged and there seems to be some confusion as to what those funds can be used for. They can in fact be applied to capital improvement projects. When Vo-Tech representatives come in next week, Mr. Chamberlain said he wants "all the cards on the table" – how much money they have in reserve and how much they expect to generate from tuition – enabling the Board to have a clear picture. People who are using the facility should help pay for it, he said. We have to make it clear to them where we stand.

Under Statutory Expenditures, pension contributions to both PERS and PFRS increased considerably, but there is nothing that can be done to avoid it. Employer FICA and Medicare expenses are driven by salary increases.

Federal and State Grants, Capital Improvements and Debt Service are all outside the CAP.

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At 10:33 a.m., the meeting was recessed for a short break.

A discussion of Capital Projects revealed that a bid for the Warren Home Project has been awarded for \$2,972,000, which will come out of Open Space Funds initially, with \$500,000 later being put back into Open Space. Nothing has been put into the Budget for the Warden's House yet. Figures are expected in the coming week from Architect Ray O'Brien.

A summary of debt service illustrated that the County's debt continues to steadily decrease with a significant drop in the Year 2009-2010. This timing works out nicely as financing of new projects should have minimal impact. This year, projects Mr. Chamberlain would like to see completed are the Warren Home, the Warden's House and a new Court House entrance. In 2008, he hopes to begin the planning process for the architectural phase of Court House renovations. Other future plans include selling some properties such as the Public Health Nursing Building and get them back on the tax rolls. Looking at revenue generation outside of taxes is another goal.

Mr. Olshefski asked the Board to give some thought to a target tax rate. Last year, the rate had been reduced by one cent. The Board was in agreement that they have to cut the tax rate, yet roll as much money as possible into capital projects.

A list of items to be discussed at the next Budget Meeting to be held on January 17 was established.

Mr. DiMaio asked why the Bridge and Road Departments were separate. Shouldn't they be together, sharing equipment? Mr. Chamberlain thought perhaps it was time to have an outside entity come in to do efficiency studies.

On motion by Mr. Gardner, seconded by Mr. DiMaio, and there being no further business to come before the Board at this time, the meeting was adjourned at 11:25 a.m.
Recorded Vote: Mr. Gardner yes, Mr. DiMaio yes, Mr. Chamberlain yes

ATTESTED TO:

Steve Marvin, Clerk of the Board