

MINUTES

FEBRUARY 20, 2008

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 February 20, 2008 at 7:10 p.m.

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

The Pledge of Allegiance was led by Director DiMaio.

Director DiMaio read the following statement: **“ADEQUATE NOTICE OF THIS MEETING OF FEBRUARY 20, 2008 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. Houck presented two different options for addressing the CAP problem. The main crux of the issue is that the County's health care costs are increasing 14-15 percent, roughly 10 percent above the State's health plan and the allowable limit. The County can opt into the State health plan, solving the CAP problem for now, but Mr. Houck and other County CFO's are convinced the modest increase in the State's plan is artificial.

Mr. DiMaio asked a few questions about the type of coverage, but Mr. Marvin said this has nothing to do with the coverage; it's all about the CAP. In future years, if we join the State health plan, that expense will be within the CAP. "Except it will cost us more money," Mr. DiMaio said, to which Mr. Marvin agreed.

The Board is faced with some tough decisions, Mr. Houck said. Each of the options being provided tonight is merely a stopgap to get through the approval process and buy us some time. Longer-term strategies must then be established. Over the course of this year, entities can be notified to expect less next year since the County simply can't afford to continue funding at present levels.

Option One had to do with Warren County Technical School's fund surplus of \$721,568 which is required to be returned to the County. Earlier in the budget process, the Board had agreed to turn these funds back over to WCTS to be devoted to the school's capital improvement projects. Mr. Houck proposed moving these funds out of the WCTS line on the County Budget and into the Capital Improvements line, evading the CAP issue. WCTS will still have access to the funds to put toward their capital improvements, but the operating expense portion of their budget will be reduced by that amount. Mr. Houck said he had spoken to WCTS officials and they were willing to accept this change with the understanding that next year, they will probably be back looking for another \$700,000 plus to fill the hole in their operating expenses. Mr. Chamberlain wasn't convinced this would be the case since

the school's enrollment is growing. It was pointed out to him that as enrollment grows, so do costs. Mr. Chamberlain thought the Board should have access to the financial statements of both

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educational institutions – WCTS and WCCC – before they come in to make their budget requests each year.

Option Two would cut funding to the County's healthcare trust by the same dollar amount (\$721,568) and put it toward reducing the County Purpose Tax. This is a medical insurance trust out of which claims are paid. Mr. Houck explained the amount of money deposited is based on what the actuary tells us. The number of County retirees continues to grow and in Mr. Houck's opinion, Option One was preferable to Option Two.

Mr. Marvin noted that "everything is down", such as interest rates and fees from offices. Regarding the healthcare trust fund, Mr. DiMaio said, "Eventually, you have to pay it." He said we have to take some here, some there and look at levels of staffing.

Mr. Chamberlain suggested taking Operating Expenses back to 2007 levels and combine Options One and Two. The whole purpose is to try not to grow government, he said. The decision is somewhat taken out of our hands. We have no choice, but to cut Operating Expenses or salaries.

Every program has an advocate and every program has a user, said Mr. Marvin. The Board is not compelled to fund a Cultural & Heritage Program or to give \$100,000 to the Regional Chamber of Commerce, Mr. Marvin said.

A recent development in the Prosecutor's Office was raised. A Victim/Witness grant is suddenly being reduced from \$175,000 to \$65,711. Mr. Ferguson requested the County pick up the funding.

Mr. DiMaio asked for a list of programs the County does not statutorily have to fund. Mr. Marvin said that would get complicated. A Planning Board is required, but not a Planning Department, for example. The departments of Library, Roads, Engineer and Prosecutor are among those required.

Mr. Houck pointed out some good news in that the net debt service for the County has gone down by about \$200,000.

Mr. Olshefski said he would rework the numbers to get back to 2007 levels which should save about \$55,450 and look at eliminating funding to the Chamber of Commerce. Mr. Marvin said he wasn't sure the County should be contributing to the business community in this budget environment.

Certain line items in the budget were deemed out of the County's control such as the rising cost of road salt and utilities. Not only is the cost of existing utilities rising, but within the next couple of years, there will be another building in operation. Mr. Gardner said we have to look at alternative energies. Mr. Marvin noted that there are zero dollars in the budget to put toward operating expenses of the new 65,000 square foot building.

Mr. Marvin reiterated that no matter what, there are going to be people that will complain about and be impacted by reduced services. He suggested the Board tell them that the blame lies solely on the heads of the legislators and governor.

Mr. Chamberlain repeated his suggestion to roll funding back to 2007 levels and wanted to try making up the rest by taking half from WCTS and half from the healthcare trust fund. He asked if the Board should meet with WCTS officials to explain the change. Mr. Houck said he already talked to them and they don't have a problem with it. He repeated his admonition that WCTS will most likely come back in 2009 seeking to fill their \$700,000 hole in operating expenses.

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Mr. Marvin said we are also taking a long-term approach by looking into the State health plan and possibly closing Warren Acres in six to nine months. If the Board wants to stop hiring, we can easily do that, he said. The Board agreed a hiring freeze would be prudent.

On motion by Mr. Gardner, seconded by Mr. Chamberlain, the following resolution was adopted by the Board of Chosen Freeholders of the County of Warren at a meeting held on February 20, 2008.

EFFECTIVE IMMEDIATELY, A HIRING FREEZE WILL BE PUT ON ALL COUNTY POSITIONS PENDING REVIEW AND ADVISEMENT ON AN INDIVIDUAL BASIS FOR ANY VACANT POSITION BY THE BOARD OF CHOSEN FREEHOLDERS WITH THE EXCEPTION OF ANY JOB OFFERS ALREADY EXTENDED

I hereby certify the above to be a true copy of a resolution adopted by the Board of Chosen Freeholders of the County of Warren at a meeting held on February 20, 2008.

Steve Marvin, Clerk of the Board

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

Mr. DiMaio wondered if it would be feasible to cancel the February 23 Budget Session and be able to finish up 2007 budget matters during the next Regular Session. It was decided to try to adhere to the previously noticed meeting schedule with the caveat that it may have to be altered due to predicted weather conditions.

Budget introduction was targeted for the Regular Session of March 12 with final adoption to take place at the April 9 meeting. An extension to the temporary budget will be implemented on March 12.

Human Services Director Karen Kubert was asked if she wanted to address the Board. She said in light of all she has just learned, she didn't feel now was the appropriate time to propose what she had planned. She had an idea that would cost a little money at first, but would in turn, earn money. The hiring freeze resolution answered her question, but she would like to give it more thought and possibly come back to make a proposal at a later time.

Mr. Houck said he thought our most valuable resource is our department heads. He suggested conducting a meeting with them to help them understand what we're up against. Maybe they'll be able to help come up with some ideas. He envisioned doing this after this year's budget adoption to strategize for 2009. Mr. Gardner thought it was a good idea.

Ms. Kubert wanted clarification on the hiring freeze. What will be the process? Should she go through her Freeholder Liaison? She was told to communicate with Mr. Marvin.

Mr. Olshefski brought up a situation in which the Election Board has been employing an individual to maintain voting machines. The person has been paid \$20/hour as a vendor.

The Election Board was hoping to continue paying this person at the same rate and have the Freeholders pick up the overhead at 28% additional cost to have this individual's employment run through the Manpower Wagemaster Program. A list of job duties was distributed. Upon examination, Mr. Chamberlain said we're paying \$5,000 in rent to store these machines. Why are we paying this guy to clean the floors and bathroom and check the building for leaks? This person's pay rate should be reduced by 28% and the \$20/hour rate paid to Manpower should include salary and overhead.

Under Closing Public Comments, Harold Hess of Belvidere approached the Board. He said he was a member of an ad hoc committee on taxation that has made a presentation to Belvidere Town Council with recommendations to reduce the town's tax burden. Since a

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considerable portion of the town is tax exempt due in part to the County properties located there, specifically the Court House, Belvidere has been losing revenue. Mr. Hess realized it was now too late to do anything for 2008, but asked when would be a good time to make a presentation to the Board for 2009.

Since the properties have always been tax exempt, Mr. Marvin asked how this could be considered a loss of revenue. Mr. Hess said services are provided for free, such as maintenance of parking areas and streets and removal of garbage in the park.

Mr. Chamberlain asked if we were to move the Court House out of Belvidere, what would happen to the businesses there? Mr. Hess said that was a point well taken, but Belvidere has the second highest area of tax exempt properties in the County. When asked which was the highest, he wasn't sure. Mr. DiMaio said it had to be Hackettstown. Between Centenary College, the fish hatchery, Stephens State Park and churches, Hackettstown is home to a much higher area of tax exempting properties.

Mr. Gardner pointed out that the County does help out on occasion, citing the takeover of the road leading to the bridge. Mr. Hess said the State is cutting aid and citizens of Belvidere are facing possibly the highest tax increase ever.

Mr. Hess just wanted to know when would be a good time to schedule a presentation. Mr. Marvin suggested August or September. The Board thought the first meeting in November.

On motion by Mr. Chamberlain, seconded by Mr. Gardner, and there being no further business to come before the Board at this time, the meeting was adjourned at 9:08 p.m.
Recorded Vote: Mr. Chamberlain yes, Mr. Gardner yes, Mr. DiMaio yes

ATTESTED TO:**Steve Marvin, Clerk of the Board**