

MINUTES**OCTOBER 15, 2008**

The Board of Chosen Freeholders of the County of Warren met in Work Session in its offices in the Wayne Dumont, Jr. Administration Building, Belvidere, New Jersey on October 15, 2008 at 7:30 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, Assistant County Counsel Erik Hassing 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 OCTOBER 15, 2008 WAS GIVEN IN ACCORDANCE WITH THE OPEN PUBLIC MEETINGS ACT BY FORWARDING A SCHEDULE OF BUDGET WORK SESSION 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 led off with a broad summary of where the budget now stands. He said we've reduced the budget "significantly" by eliminating various positions through attrition, funding a Cultural & Heritage position out of the Open Space Budget and transferring paving and bridge expenses into Capital Expenditures. In the 2.5%/3.5% CAP calculation, we are able to apply the CAP Bank which is good news. The bad news, however, is that if no funds had been set aside in the CAP Bank, we would be about \$1 million short and have a huge problem. Once the CAP Bank is spent, this will no longer be an option.

Mr. Houck adamantly emphasized that these are preliminary numbers. Some budgeted amounts are estimates as the true numbers are not yet available. Tax revenues will be about \$180,000 below last year. The amount generated by new construction appears to be in line with the number we had estimated, he said.

We have to be careful with some of the things we're doing here, Mr. Houck said. When we start moving things around and change the source of funds, this alters the number on which the CAP is based.

There was some discussion regarding the State increasing the counties' share of mental health institutionalization expenses from 10% to 12.5%. From Warren County's Budget perspective, this is an increase of 25% and is inside the CAP. Mr. DiMaio thought it was one thing to make us pay for it; the least they could have done was move it outside the CAP. Mr. Houck said they're still sending us adjustments from the Year 2002. On the positive side, Mr. Chamberlain said the Warren County Adjuster's Office is doing a great job tracking these charges.

Mr. Houck emphasized that the County doesn't really have a budget problem, but a CAP Law compliance problem due to the State's unreasonable legislation. Regarding any word on the

MINUTES**OCTOBER 15, 2008**

street that Warren County is not on top of the situation, Mr. Houck said that is "absolutely bogus". We have been proactive since day one. This problem is basically beyond our control.

While at the moment we're inside the CAP in both the 2.5%/3.5% and 4% CAP calculations, Mr. Houck continued to underscore that all the information is not yet available and this could change. With Capital and Debt Services expenses outside the CAP, Mr. DiMaio thought those areas of the budget can be addressed in January.

Mr. Chamberlain asked to go over responses to the directive to reduce departmental budgets by 5% over 2008. He wanted to know who complied, who didn't and who made an effort. Mr. Olshefski then went over the departments line by line. By and large, most departments were able to either reduce Operating Expenses (OE), attain savings by making personnel changes or offset cuts with revenue, although not every department was able to meet the 5% goal despite the effort.

The Surrogate reduced OE somewhat and hoped to generate increased revenue in the coming year. A bill was introduced that would increase Court fees, but whether it will pass in time to help with the FY '09 Budget is unknown.

The Public Health Nursing Agency (PHNA) proposed personnel changes to achieve savings, but did not quite reach five percent.

The Prosecutor responded by saying cuts had been made in the past and he could not reduce his budget any further.

Warren Haven's Administrator proposed some anticipated revenue offsets and estimated that outsourcing the dietary, housekeeping and laundry divisions could save between \$300,000 and \$500,000.

Mr. Houck said the County is basically locked into budget agreements with both the Technical School and Community College. The Technical School is required by law to return any surplus in excess of 6% of budget to the taxpayers. We are anticipating \$400,000 in revenue as a result.

In summary, Mr. Marvin thought the departments had "done a pretty heavy lift" thus far with the caveat that we have to wait to see what other numbers come in. Once again, Mr. Houck stated that applying the CAP Bank will only help in the short term. Assuming implementation of the strategies presented this evening, the CAP Bank will be less than \$1 million for the Year 2010. Further, once the new building goes up, any related maintenance and operating expenses will be inside the CAP. Maybe we can no longer afford to provide the current level of services.

Mr. Olshefski thought longer term budget savings could be achieved through strategies including job sharing, downgrading titles and eliminating positions as employees retire.

At this point, Mr. Houck said, we think we'll be okay for 2009. However, he reiterated that once salaries are moved into the Capital portion of the budget, not only will it be virtually impossible to move them back in, but the number on which the CAP is based will decrease.

The people in Trenton who write these laws amaze me, said Mr. DiMaio. They'll spend and borrow like there's no tomorrow while we are faced with reducing services. Most of the members of the legislature started out in local governments. How soon they forget. Mr. Marvin thought only when they hear an outcry from the constituency that put them in office and ultimately that time will

MINUTES**OCTOBER 15, 2008**

come, will the CAP Law be changed.

The Board decided to schedule another Work Session to call in the Department Heads of Warren Haven, Public Health Nursing Agency and the Prosecutor's Office to further examine these departmental budgets.

On motion by Mr. Chamberlain, seconded by Mr. Gardner, **SCHEDULED WORK SESSION MEETING FOR WEDNESDAY, NOVEMBER 5, 2008 AT 7:00 P.M. IN THE FREEHOLDERS' MEETING ROOM IN THE WAYNE DUMONT, JR. ADMINISTRATION BUILDING, 165 COUNTY ROUTE 519 SOUTH, BELVIDERE, NEW JERSEY 07823 FOR THE PURPOSE OF DISCUSSING FY '09 BUDGET MATTERS.**

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

Mr. Gardner commended the efforts of Mr. Olshefski and Mr. Houck, but added that the Board is going to be faced with some difficult choices. Mr. Chamberlain said that is the bleak side, but this gives us a chance to look for opportunities in retirements, consolidation of services and operational improvements. Self-examination is a positive thing.

Mr. DiMaio thanked Mr. Marvin, Mr. Houck and Mr. Olshefski for coming up with some ideas to get us through the next budget year. The CAP Law is unrealistic and unfair and has to change within the next three years.

Under Public Comments, Bob Cavanaugh of Belvidere said "If it ain't broke, don't fix it" regarding privatization of Warren Haven divisions. He described a stay in Veterans' Hospital and how bad the food was. The food was cooked off site, fast frozen, sent out and then steamed. He wouldn't want that to become the norm at Warren Haven. Mr. Cavanaugh questioned why the Board Members had raised their annual salaries from \$17,000 to \$24,000 if money was so tight and wondered how much they are reimbursed for mileage.

Mr. Gardner pointed out that each member of the Freeholder Board declined health benefits for themselves and their families. Compensation to the Board had not been adjusted for 11 or 13 years prior to the raises, said Mr. DiMaio who added he has never submitted a voucher for mileage. The Freeholders must devote quite a bit of time to numerous aspects of conducting the business of County Government.

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 8:42 p.m.

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

ATTESTED TO:

Steve Marvin, Clerk of the Board