

## MINUTES

## FEBRUARY 4, 2009

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 4, 2009 at 7:07 p.m.

The meeting was called to order by Deputy Director Chamberlain due to the compromised voice of Mr. Gardner who was suffering from a cold. Upon roll call, the following members were present: Freeholder Richard Gardner, Freeholder Everett Chamberlain and Freeholder John DiMaio. Also attending were CFO Charles Houck, Fiscal Analyst Dan Olshefski, County Engineer Dave Hicks, County Counsel Joe Bell and County Administrator Steve Marvin.

The Pledge of Allegiance was led by Director Gardner.

Director Gardner read the following statement: **“ADEQUATE NOTICE OF THIS MEETING OF FEBRUARY 4, 2009 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.”**

Architect Jim Guerra was invited to come forward to provide an update on plans for the proposed building to house the Library Headquarters and Departments of Human Services, Elections and Public Health Nursing. Mr. Guerra said a meeting had been held the prior evening and by this point, the floor plans have been gone over extensively. We believe we have them ninety-nine percent the way they're going to be, he said. A booklet that included the floor plans, proposed schedule and opinion of probable cost for the project was distributed.

According to the proposed schedule, construction is expected to begin no later than October 2009. Mr. Chamberlain noted the timeline had extended about seven months beyond a previous estimate and asked his colleagues if they had any problems with this. “We're going to hold Mr. Guerra's feet to the fire” to stay on schedule, said Mr. Chamberlain.

Regarding the project's budget, Mr. Guerra said the numbers were very conservative and he expects them to come down a bit, but he was hesitant to “lowball”. Mr. Gardner asked if these numbers reflected department heads' requests. Mr. Guerra said no, this is usually what is required for a building of this size.

Mr. Marvin pointed out that certain expenses were not factored into the estimate including inspections, gas, sewer and water lines and hookups and data and phone requirements. Mr. Guerra's estimate does include geothermal heat pump expenses however.

Dave Hicks noted that the plan is to re-use as much furniture as possible. The Division of Temporary Assistance and Social Services has a lot of fairly new work stations that can be moved over. Old library shelving will be used for storage, but common areas and

meeting rooms will require some new furnishings.

Mr. Chamberlain said people may question the timing of erecting a new building now and

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the Board may face some criticism for staying on its schedule. In his opinion, however, this creates some local economic stimulation when you consider all the work to be done.

Mr. Gardner said while it may be difficult for the average citizen to understand, this building will serve multiple functions and moving forward is critical. As a result, a large building in Washington Borough will be sold and put back on the tax rolls and voting machine storage costs will be saved. The current Library Headquarters site is antiquated.

Mr. DiMaio said we've been banking money toward these projects for years now. Construction costs should be more favorable now than they will be in another couple of years plus interest rates are advantageous now. Mr. Chamberlain agreed with his colleagues, adding that program delivery will become more efficient. There are a lot of benefits, but it is healthy to have this discussion.

Mr. Guerra introduced John Carson of Barry Isett & Associates Consulting Engineers and Surveyors to speak about potential cost offsets. Alternative Energy pursuits are a big piece of the expected federal stimulus package. Mr. Carson said they have a grant writer on staff that thinks perhaps geothermal may fall under the stimulus expected through the Department of Energy. Somewhere between \$100,000 and \$500,000 may be available and the grant writer thinks there is a 25%-50% chance that we may be able to get this grant, but quick action is required. Mr. Chamberlain asked if Barry Isett & Associates would pursue this on the County's behalf. Mr. Carson said they can make a proposal to do so. Another grant through the Department of Agriculture – a rural communities library grant – may also be a possibility, said Mr. Carson. There is no deadline and the grant writer thinks there is a 15%-25% chance of obtaining funds.

Projects Committee Chairman Joe Houston then said a few words. Progressing with this building allows Public Health Nursing to move out of a major building in Washington that can then go back on the tax rolls. When the Annex is vacated, divisions of the Prosecutor's Office can move in, freeing up several rental locations. This should alleviate the County's space problems for the next 20-40 years, considering the area's growth seems to have hit a plateau. Further, some funding may be recouped from New Jersey toward bonding for the next 20 years through the Human Services Department, Mr. Houston said.

Mr. Guerra left some exterior brick samples for the Board's consideration. Mr. Gardner expressed concern about the roof color as it appeared in the rendering. He thought there was not enough contrast between the roof and exterior walls. Mr. Guerra assured him that there is still plenty of time to select specific finishes. He said he would produce art depicting a darker colored roof, but didn't want to go too dark due to heat absorption.

This portion of the meeting concluded at 7:35 p.m. at which time, Mr. Hicks departed. The County's financial advisor, Gary Pulcini, then approached the Board to present long-term financing options.

Mr. Pulcini distributed booklets summarizing impacts of a few different debt structures, emphasizing a wrap-around debt approach that would keep the long-term debt burden at a fairly even level for the life of the loan, even in combination with existing debt. He said interest rates are relatively low right now.

Mr. Pulcini said in the current financial climate, fund balance has become more and more important. Fund balances should not be used to pay recurring expenses such as salaries. He

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advised the Board to establish a policy to keep the fund balance at a certain level.

A discussion about bond ratings and insurers followed. Mr. Marvin asked if we were due for a rating review. Mr. Pulcini said it had been done in 2007 for the Community College bonds and at that time, the rating was A2. Municipal bonds should be rated higher than corporate, but the industry has been turned on its head.

With the groundbreaking not scheduled to take place until late 2009 or 2010 and considering interest rate projections, Mr. Houck asked Mr. Pulcini what his recommendation would be in terms of timing our entry into the bond market.

The first thing, said Mr. Pulcini, would be to pass a reimbursement resolution as a safety precaution. Eighty-five percent of the proceeds have to be spent within three years. If things continue as we expect - interest rates will probably go up – it should be done as soon as possible.

Mr. DiMaio said he would like to see wrap-around figures on \$15 million in debt service (30, 20 and 10 million dollar figures had been presented) as the project draws closer. He wanted the amount spent on debt to remain pretty much the same from year to year.

Mr. Gardner asked if the County's bond rating would change depending on whether the debt is wrap-around or regular. Mr. Pulcini said no. Mr. Houck said the shorter the term to pay off the debt, the better.

This portion of the meeting concluded at 8:08 p.m.

Focus then turned to updated budget numbers provided by Mr. Olshefski and Mr. Houck. The Library Budget, including the Capital Improvement portion, was reviewed. Noteworthy was the spike in PERS (Public Employee Retirement System) contributions which practically doubled.

Next, the Board examined the Open Space Budget. A portion of Historic Preservation funds therein can be used to pay for part of the exterior Court House renovations. Without knowing what the base is going to be, we were very conservative, said Mr. Houck.

The annual roads, bridges, drainage and resurfacing projects were then reviewed in the Capital Improvement Program followed by equipment and furnishings. The Election Board had requested funds for a voting machine replacement plan and battery backup replacement. Mr. Marvin thought no funds should be allocated because the State had fumbled on electronic voting machine requirements from the beginning; changes may be on the way. Warren Haven expenditures were to be paid out of an Economic Development fund grant at

no expense to the County. Mr. Chamberlain proposed moving \$40,000 budgeted for an infoshare sex offender module for the Prosecutor's Office from Capital to the Prosecutor's forfeiture fund. Mr. DiMaio said he would rather reduce the tax levy by \$40,000. Mr. Chamberlain said he would be in favor of that strategy.

A discussion on capital, fund balance and surplus ensued. Alluding to bond ratings again, Mr. Houck said rating agencies are looking for consistency. Warren County has been operated in a responsible and consistent manner for the past 15 years.

Although the tax base still remained in question, the timeline was established to introduce the Budget on February 25, 2009 followed by Budget adoption on March 25, 2009. Boards of School Estimate Budgets will also have to be adopted on March 25. It was decided to change the time of the previously scheduled meeting with Warren County Community College Board of School

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Estimate on February 18 from 7:00 p.m. to 5:30 p.m.

Mr. Chamberlain asked when Mr. Marvin's appointment was to expire. Mr. Marvin said his term as County Administrator is up February 9, 2009 and his term as Clerk of the Board is up February 9, 2011. Mr. Chamberlain wondered if action had to be taken this evening, asking County Counsel Joe Bell if complications would ensue should the Board wait until the following week. Mr. Bell said there would be no complications.

There were no closing public comments nor press comments or questions.

On motion by Mr. DiMaio, seconded by Mr. Chamberlain, and there being no further business to come before the Board at this time, the meeting was adjourned at 8:47 p.m.

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

**ATTESTED TO:**

**Steve Marvin, Clerk of the Board**