

MINUTES

JANUARY 5, 2011

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 5, 2011 at 7:00 p.m.

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

The Pledge of Allegiance was led by Director Chamberlain.

Director Chamberlain read the following statement: **“ADEQUATE NOTICE OF THIS MEETING OF JANUARY 5, 2011 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.”**

Prior to embarking on budget discussions, Mr. Chamberlain allowed guests in attendance to address the Board.

Keith Gonzalez, Captain of the Washington Borough Fire Department, asked the Freeholders for advice regarding a damaged piece of equipment. While he could not cite a specific date, he said his department responded to an incident more than two months ago in which a lift assist was required for a victim that was quite large. The patient expired on the site of myocardial infarction, but still needed to be removed. A Stokes basket owned by the fire department was left to aid the Medical Examiner's personnel in removing the victim. When he tried to repossess the basket, Mr. Gonzalez said the porous plastic covering the basket had been contaminated by blood and other fluids and no longer suitable to aid living victims. Though he did not recall with whom he had spoken nor the date, Mr. Gonzalez said he had been assured by one of the former Medical Examiner's assistants over the phone that the basket would be cleaned. If attempts to clean it proved unsuccessful, Mr. Gonzalez said the assistant told him the basket would be replaced.

With the passage of time and the former Medical Examiner no longer in the County's employ, Mr. Gonzalez was unsure how to proceed. He said the basket is still in the morgue at Warren Hospital and there have apparently been no attempts to clean it. Mr. Gonzalez estimated the cost to replace the basket would be \$4,000 to \$5,000. Filing an insurance claim would not help because the deductible is too high. Mr. Chamberlain said let us look into the matter and see what we can do to come up with a resolution.

Mike Grossmann, the County Insurance Risk Manager, was then asked to make his presentation to the Board. He distributed a summary of Property, Casualty, Liability and Workers Compensation Insurance renewal premiums. Employee health insurance was excluded. With the exception of an increase in Workers Comp coverage, every other line

item either decreased or remained the same over the prior year. Group travel accident insurance was not currently in force; the consensus of the Board was to pursue this coverage from Chubb

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based on the quote provided. The net decrease in these insurance expenses as outlined by Mr. Grossmann was \$52,729 for the coming year.

Mr. Sarnoski asked about current contract negotiations and policy cancellation options. Mr. Grossmann said he was unsure. Typically, he said, cancellation fees eat up about 75% of savings. Mr. Marvin asked Mr. Grossmann to tell Wells Fargo, which is earning a 15% commission on this new Chubb policy, to step it up on bond renewals. They're way behind.

Next, the Board turned its attention to Mr. Olshefski and his overview. He said this insurance savings is good news. From a fiscal point of view, said Mr. Olshefski, the County had a solid year in 2010. Overall revenues remained fairly flat yet we have a great bunch of department heads that have been spending only what they need so expenditures are down. While major bargaining units are still in negotiations, we still increased our surplus.

As expected, the County was hit with a significant increase in medical insurance expenses. However, that increase will be offset by employees contributing one and one-half percent of their salaries toward healthcare going forward.

Mr. Olshefski pointed out that \$50,000 is being paid out to the Warren County Regional Chamber of Commerce for economic development functions. This cost is encompassed in the Freeholder Department's Operating Expenses (OE) and the time is nearing to put out an RFP should the Board continue to support this venture. Years ago, the Chamber received \$100,000 in annual support, half of which was devoted to tourism promotion and later cut.

As the Freeholders looked over the departmental budget sheets, Mr. Olshefski brought certain items to their attention and answered questions. He suggested inviting certain department heads to future Budget Sessions to explain their specific requests in detail; namely, Barry Smith for an information/technology overview and Laura Decker for Warren Haven.

The OE for the Board of Elections increased to provide for voting machine maintenance. While the budget showed a savings over last year for the Medical Examiner, the exact number is uncertain because it is unknown how many autopsies will be performed in the coming year.

A marked increase in Salaries and Wages (S&W) in the Prosecutor's Office was noted. The Board seemed to reject the idea of inviting the current Prosecutor in to discuss the budget since he is not expected to hold the position much longer. What can be done to reduce the S&W is to reduce the number of positions in the office.

In the Public Works section, the OE for the Mosquito Commission went up because of a new truck and health insurance and pension costs.

Under Utilities, increases were budgeted for heating fuel, gasoline and sewerage, but not for electricity. Mr. Sarnoski questioned this, but the fiscal analysis didn't seem to

indicate there would be much change.

In the Health and Human Services section, Warren Haven was discussed. Its OE is increasing substantially, but revenue has been flat and Medicaid/Medicare reimbursement methodology has changed. Mr. Marvin explained the formula, but Mr. Olshefski thought the Board may want to invite Laura Decker to come in if they want further details.

The State Mental Disease Institution's line item appeared to have decreased, but this number was deceiving since there is actually an increase due to the revenue side of the equation

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and Mr. Chamberlin noted that still doesn't tell the whole story because the State is years behind on its reimbursement reconciliations.

Regarding the Education section, the timeframe for meetings was discussed. The Board should meet with Warren County Community College in February. The OE for the college would have been level, but decreased due to the net reduction for payment of debt service. Boards of School Estimate Meetings with the Technical School and Special Services are to be held between the last week in March and the first week in April.

Under Other Operating Functions, S&W funds are built into the budget for prospective bargaining unit settlements, sick time buyouts, etc. Pension obligations fall under the Statutory Expenses section. Large increases must be funded in both P.E.R.S. and P. F. R. S. according to actuaries; theoretically, to keep the programs going. Mr. Marvin said we all know local governments and employees are compelled to make payments every year. The State, however, does not compel itself to do so.

In the Grants section, Mr. Olshefski said surprisingly, the grants have remained fairly consistent and seem to have stabilized over the last couple of years. Mr. Chamberlain expressed concern about positions being funded by grants and then going away. Mr. Marvin thought it wasn't that so much as the positions continuing to be funded at a flat rate while actual cost of keeping the personnel increases over the years.

The County's debt service obligations are decreasing over last year, the College's Chapter 12 commitment included. There was some discussion regarding the different CAP calculations and the fact that P.E.R.S. and P.F.R.S. have to be worked in on the 2.5%/3.5% calculation.

The Board then turned its attention from the line-by-line synopsis to the Budget Revenue and Surplus Summary Analysis which essentially outlined much of which had already been discussed. Overall, local revenues are down substantially. One exception was an increase in fines in Weights & Measures.

Next, the Freeholders perused specific requests for Capital Improvements. Noteworthy was the Election Board's request of \$6,000 for spare parts for the voting machines as well as the final phase of radio system upgrades budgeted for \$175,000. Mr. Sarnoski said he thought that project was finished. Mr. Marvin said this is for police and fire departments and then the project will be complete. Mr. Chamberlain thought this was covered by a grant, but this particular project is not.

Mr. Olshefski then summarized the Analysis of Capital Balances. After accounting for current projects underway, we will have about \$6.5 million in the bank for Capital Improvements (before adding to it or committing to other projects). Included were lists of projects already authorized and projects for future consideration. Mr. Chamberlin expressed interest in opening up the front entrance of the Court House and improving its façade for the next round of improvements there. Discussion ensued regarding all the work already accomplished at the Court House and future undertakings. Mr. Marvin cautioned that there are substantial HVAC costs to come.

The Board then examined the Open Space cash analysis. With cash on hand in excess of \$18 million deemed "significant" by Mr. Olshefski, he thought the Freeholders may want to reconsider cutting the Open Space tax rate which they had talked about doing last year, but ended up deciding against. However, Mr. Marvin noted that it is very possible that infusion of State funds will cease.

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As the meeting drew to a close, Mr. Marvin said because this Board has been so conservative for so long, the County is in fairly good shape budget-wise to maintain the status quo. Had a lot of programs and services been added in the past when revenues were way up, we'd be in a much different position now.

Mr. Chamberlain stated a goal of taking the tax levy below last year's level and his colleagues agreed. Mr. Olshefski again asked the Board to consider whether they would like to invite certain department heads in to defend their requests; if so, he would arrange it.

Mr. Sarnoski thanked Mr. Olshefski for taking the time to meet with him and explain the intricacies of the budget. He congratulated Mr. Gardner and Mr. Chamberlain for their track record of conservative budgeting. Regarding a specific area he wanted to focus on, he expressed an interest in the direction of Capital Projects. Mr. Chamberlain and Mr. Gardner suggested he meet with County Engineer Dave Hicks for a long-term overview of Bridge and Road improvement projects. Mr. Sarnoski acknowledged this, but aside from that, was interested in the condition of buildings and facilities and setting goals moving forward.

On motion by Mr. Sarnoski, seconded by Mr. Chamberlain, and there being no further business to come before the Board at this time, the meeting was adjourned at 8:33 p.m.
Recorded Vote: Mr. Sarnoski yes, Mr. Gardner yes, Mr. Chamberlain yes

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