

**MINUTES****MARCH 10, 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 March 10, 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, County CFO Charles Houck 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 MARCH 10, 2011 WAS GIVEN IN ACCORDANCE WITH THE OPEN PUBLIC MEETINGS ACT BY FORWARDING A SCHEDULE OF THIS BUDGET MEETING 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 began by saying this is a Budget Work Session and hopefully, our last. Budget introduction is targeted for March 23, 2011. He invited Mr. Houck to talk about the CAP calculations. According to the data that we have, Mr. Houck said that we do not have a CAP problem with the current budget.

Mr. Gardner pointed out that it eventually will become problematic if revenues continue to decline. “There’s no question that next year’s budget will be more difficult,” Mr. Houck replied. The one saving grace is the ability to take advantage of CAP banking going into next year. We have a huge bank that will expire at the end of this year. “For this year, we dodged the bullet,” he said.

Discussion ensued regarding the current economic climate reflected in a drop in equalized ratables, no construction and current and future tax appeals.

Mr. Sarnoski inquired as to what major increases can be expected next year such as pension obligations. Mr. Houck said PFRS is expected to go up significantly, but PERS is not. That is outside the CAP for one calculation, inside for another.

Aside from the CAP calculation, Mr. Chamberlain said it all comes down to generation of revenue and expenses. He said he thought there was a mandate out there according to the last election to reduce the size of government.

Mr. Olshefski then talked about the overall budget. We were very close to finalizing the budget at the last session. At this point, the amount to be raised by taxation is being reduced by \$480,000 over the prior year. The issues left to be discussed include the shift of funds from Warren Haven for room renovations over to the Capital Improvement portion of the budget.

Mr. Gardner inquired about budgeting for increases in fuel costs. Mr. Olshefski said he thought we were okay. We budgeted for about a 30 percent increase, but who knows where it’s going to go. If fuel costs go beyond our budget, Mr. Chamberlain said we should take action to

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reduce the amount of mileage being put on vehicles and say nobody takes cars home.

Mr. Sarnoski asked about road maintenance costs associated with the current harsh winter. Mr. Olshefski said \$32,000 in additional money for overtime costs was inserted into the Road Department's budget. Without knowing exactly what the rest of the year will bring in terms of materials and overtime, Mr. Olshefski said he felt comfortable with the amount currently budgeted.

The bigger issue, said Mr. Olshefski, was the reduction in the amount to be raised by taxation. It's the Board's discretion as to where it wants to end up with the budget.

Mr. Sarnoski brought up concerns regarding the Prosecutor's Office and the goal of keeping all departments at or near a two percent CAP. He had spoken to Mr. Ferguson in an attempt to find cost savings to that end. Mr. Sarnoski suggested returning \$120,000 to the Prosecutor's budget that had been removed during the process which would be about a 2 percent increase over last year.

Details of the Prosecutor's budget requests were reviewed. Mr. Olshefski reminded the Board that no additional personnel was requested, but the settlement of bargaining units pushed S&W costs up more than two percent. The other issue was grants. For the Year 2011, \$300,000 in grant funding is anticipated to offset salaries. This is down from \$550,000 in 2003.

Mr. Chamberlain said he was interested in reducing the size of government. He wanted to bring the Prosecutor's budget back to the 2010 level and let Mr. Ferguson make the decisions. We're talking about a requested increase of \$200,000 with some positions currently vacant and retirements pending. "I don't think it would take too much to look at the operation and come up with \$200,000 ... you've got a \$4.5 million budget," Mr. Chamberlain said.

Mr. Ferguson said that would not be possible without laying people off. There was a review of current vacancies with Mr. Ferguson pledging to realize \$100,000 in savings by hiring replacement personnel at lower salaries. He said he could bring in lawyers relatively cheaply and pointed out that they would be non-bargaining unit personnel not subject to large incremental increases as was the case with bargaining units this past year.

Aside from lawyers, Mr. Chamberlain said salaries escalate quickly and he was concerned about long-term ramifications. Mr. Gardner said he was not going to get into how the Prosecutor should structure his office. Mr. Ferguson has already presented his case in terms of crime statistics and our relationship to other counties, but I don't think we're out of the norm. Mr. Gardner's concern was to stay controlled in our budgetary responsibilities. He thanked Mr. Sarnoski for having dialog with Mr. Ferguson, but thought it wouldn't be that hard to go from \$120,000 in savings to \$200,000.

Mr. Chamberlain said he thought it was incumbent upon him as an elected official to look at ways to reduce expenses, plus, a number of programs have started up because of grant incentives and then the grant dries up and the County picks up the costs. We have a philosophy on this Board that when the grant runs out, the program goes. I think we have a mandate to stop the growth of government.

Mr. Sarnoski said, I've given this a lot of consideration and I agree with reducing the size of government and reducing spending, but cost comparatively on a per person basis, our Prosecutor is much more cost-efficient when compared to other counties. Right now, we're looking at an overall County Budget that is close to \$500,000 less than last year. We have room there. He

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wanted to see mileage controlled to realize cost savings, but was not in favor of reducing staffing levels in the Prosecutor's Office.

"I'd rather give the \$500,000 back to the people of Warren County," Mr. Chamberlain said.

Vehicle usage among employees of the Prosecutor's Office was then discussed. One of Mr. Sarnoski's suggestions was for individuals to use their own cars one week of each month. Mr. Chamberlain was skeptical, saying he's been around long enough to know that controlling mileage has been attempted in the past and doesn't work. Mr. Marvin said it's the norm in the State of New Jersey for Prosecutors' detectives to have 24/7 use of County vehicles.

"Well, the times, they are a-changin' and we're going to have to roll with it," Mr. Sarnoski said. He thought this was an area to be examined to give back. The public expects it and it's in line with what's going on in the private sector. "Public expectation and past practice are two different things," Mr. Marvin said. Mr. Ferguson said a representative from the Prosecutor's Detectives' bargaining unit wanted to speak to the Board to offer suggestions to save on fuel costs.

Justin Boyce of the Prosecutor's Office approached the Board and began by saying he was very sensitive to the Freeholders' position as protectors of the taxpayers and understood that gas prices are high. "We are making every effort; we all met today to discuss various options ... to save the County money with regard to saving mileage," Mr. Boyce said. He then proceeded to read from a statement illustrating why it is so important for detectives to have unmarked police vehicles to be able to respond directly and rapidly to emergencies outside of business hours. Having to first stop at a designated impound lot would drastically increase response times and be detrimental to investigations. He spoke of the importance of timely responses to incidents involving barricaded subjects and/or hostage situations, sexual assaults, robberies, homicides, child abductions (he said 76% of abducted children are dead within three hours) and fatal and serious motor vehicle accidents.

Mr. Sarnoski asked what the suggestions were for mileage reduction since none had been offered. Mr. Boyce hesitated. Mr. Chamberlain said he agreed response time was critical and this is why trying to implement a different policy wouldn't work. Mr. Boyce just laid out all the reasons and that's what the argument will be two months from now. Mr. Boyce said, "We are definitely going to make a concerted effort to save the County money with regard to mileage." He asked for the opportunity to formulate a plan to present to the Freeholders in a few weeks. When pressed for an idea, he mentioned the potential for

carpooling among detectives that reside near each other. Mr. Chamberlain thought all the reasons had just been laid out as to why this wouldn't work satisfactorily.

Mr. Sarnoski said we could always give this a try. We're not going to be filling these positions now. We're not going to be cutting them either since that can only be done by resolution. He wanted to give the detectives the opportunity to show that they are making a concerted effort. If they can't, Mr. Sarnoski said he would then be in favor of making cuts in other ways. Mr. Gardner couldn't foresee significant savings through carpooling.

Conversation returned to vacant positions in the Prosecutor's Office. Mr. Marvin said unless and until the Board abolishes positions by resolution, those positions remain in the budget as funded positions. Should the Freeholders cut positions, the Prosecutor could file a Bigley action which is similar to a lawsuit to appeal such a funding decision.

First Assistant Prosecutor Kelly Shelton requested permission to address the Board. While in her current position for only a month, she has been with the office for 13 years, the majority of

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which was spent on sexual assault and child abuse cases. With the department's current staffing levels, she said they are not in a position to give the very serious cases before them the time and effort they need.

A Warren County resident, Ms. Shelton said she pays the taxes and realizes the importance of reducing costs, yet that has to be balanced with the quality of justice being provided to our citizens. Prosecutor Ferguson has already stated he would try to bring in people at lower salaries, so he's trying to work with you. Since we were last here, a homicide occurred in the County. That takes a lot of time and effort through an entire prosecution. There's a shortage. When you have to spend that much time on a homicide, other cases are going to be neglected.

"We are putting out fires," Ms. Shelton said. "We are dealing with the immediate crisis in front of us." We don't have the time to give the victims in this county the justice they deserve. She described a few major trials coming up and the time and effort required to prepare for them. She said Prosecutor Ferguson will make a good faith effort to reduce costs, "but there's a time and a price where you are going to cost people justice if you take away these positions," said Ms. Shelton. This County is lucky to have people that care. There is a cost for justice. We will all work with you to reduce costs, she said.

Mr. Sarnoski said he had gotten the Prosecutor to agree to a reduction of \$120,000 and thought that was a good start. Mr. Gardner thought this was reasonable since the detectives said they were willing to work on reducing costs as well. After doing some calculations, the Board asked Mr. Ferguson if he could accept a reduction of \$150,000 in salaries for new hires plus reductions in mileage. Mr. Ferguson did not think that was possible. After more discussion including a review of the burden of defunded grants and the pervasiveness of narcotics, the Board eventually agreed to reduce the Prosecutor's budget by \$120,000. This portion of the meeting concluded at 8:05 p.m.

Moving onto other matters, Mr. Marvin said that the State released estimated pension bills for Fiscal Year 2012. The PFRS will increase almost 15.5 percent and PERS will go up about 6.5 percent, so that will have to be dealt with in next year's budget.

Mr. Marvin then reported that Sheriff Gallant had made a last minute hiring request for a Chief Warrant Officer for \$58,000. This title had been abolished three or four years ago in favor of a Lieutenant position. This person would provide internal background investigations, warrant service and process, civil process, criminal and deadbeat dad matters. He had in mind a retired State Trooper that would incur no pension costs. Mr. Sarnoski asked if this could be a revenue generator. Revenue is generated by these activities as conducted by current staff members. Mr. Olshefski said adding this position does not necessarily mean revenue will increase. The Board was not inclined to grant this request for 2011. "It's a little late in the game plan to really take a good look at it," Mr. Gardner said.

Attention returned to the overall budget and the reduction in the amount to be raised by taxation. Considering what had just taken place with the Prosecutor, the budget has now been reduced by \$600,000 over the prior year. Mr. Olshefski said we generated a lot of surplus this year that we're not going to generate next year. We know pension costs are going to increase almost a half million dollars and we've been told there will be another big rate increase in medical. There are concerns with revenue generation as well.

Mr. Sarnoski said we may be saving the taxpayers a lot of money this year, but we may not be able to do it again next year if we're not careful. It's not just about this year, but the future. He did not want to end up in a situation like Oxford which overspent its surplus for years and now have

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to turn to the voters for an increase about two percent. He suggested cutting back on the surplus by \$200,000 this year to save for next.

Mr. Sarnoski was also taking into consideration the capital projects on the horizon. If we're going to be a pay-as-you-go Board, we also need to take a save-as-you-go approach. He suggested putting aside \$100,000 to \$150,000 for construction projects in 2012. "We're still reducing taxes for the taxpayer, but we're being conservative for the future." Mr. Sarnoski said.

Mr. Chamberlain's opinion was that the Board was already being conservative and funds have already been accruing for a number of years for some of these capital projects. In these economic times, Mr. Chamberlain thought we should return as much to the citizens of Warren County as possible and reduce the size of government. Mr. Sarnoski questioned whether that was sustainable. Mr. Chamberlain thought so and if not, we reduce the size of government. "That's where programs have to be looked at," he said.

Mr. Gardner said he thought we were in a safe position and was inclined to return the money to the taxpayer. He did not foresee revenues dropping significantly further. With a good banking cushion for the Library project among other things, he felt comfortable with the budget.

Mr. Sarnoski said he thought trends were telling us that 2012 is going to be a difficult year and we'll be looking at major cuts. We were comfortable with a reduction of \$500,000; why not give that \$100,000 back to surplus?

Mr. Chamberlain repeated that he wanted to help the taxpayers. Mr. Gardner said we do have options. We provide a lot of programs that we are not obligated to. Do I want to cut them? No, because our seniors have paid taxes for a long time. Discussion continued regarding the high tax burden in New Jersey.

Mr. Houck said the two percent CAP limitation is based upon the prior year's tax. Obviously, the lower the tax figure, the less of an increase you're going to have. If you keep reducing it, each year you will be more restricted than you were in the prior year. Half a million dollars was the figure quoted as the goal; we've achieved that goal. Given what we have planned for the next few years, he said, "Why are we shooting ourselves in the foot for future years' budgets?"

Mr. Gardner then agreed to keep the reduction at \$500,000.

Mr. Olshefski said the Board does a great job of keeping down costs it can control, but there are some areas of the budget that are beyond our control. Aside from pension and medical, we have the State Institution Share Obligation that keeps going up. It went from \$375,000 in 2010 to \$790,000 this year. We had to absorb that and it's inside the CAP. We won't know until December what we'll have to pay in 2012.

Mr. Sarnoski said this has been his first budget year and he found it very rewarding. "I thank everyone who worked with me to understand all the aspects of the budget," he said. He thanked his fellow Freeholders for going through every issue to work out the budget and for consenting to have this additional meeting at his request. Mr. Sarnoski also expressed appreciation to Mr. Houck, Mr. Olshefski and Mr. Marvin for their attention and efforts. "It really is a well-run, well put together county. We are conservative with the taxpayers' dollars. I really enjoyed this year. Thank you."

"We just have to be more conservative all the time," Mr. Chamberlain said.

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On motion by Mr. Gardner, seconded by Mr. Sarnoski, and there being no further business to come before the Board at this time, the meeting was adjourned at 8:29 p.m.

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

**ATTESTED TO:**

**Steve Marvin, Clerk of the Board**