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 14, 2012 at 9:00 a.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 CFO Charles Houck, Fiscal Analyst Dan Olshefski 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 *JANUARY 14, 2012* 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 began by explaining that the Division of Local Government Services is requiring an Assessment of Sustainability to be signed by himself as CFO, Mr. Marvin as Clerk of the Board and the auditor - be included with the budget documents this year. He remained very concerned regarding the budget situation. He and Mr. Olshefski had prepared a Historical Budget Overview Analysis which he distributed to the Board. Going back to the Year 2007, the document illustrated amounts spent on salaries, operating expenditures, other mandatory expenses (medical, pension, institutional care, etc.), capital (outside the CAP) and debt service (outside the CAP). On the revenue side, the summary included the County tax, miscellaneous revenues and surplus.

Mr. Houck noted that with the exception of the costs beyond our control (medical, pension, institutional care), the County's expenditures have remained fairly constant over the last five years, but surplus is being depleted. Mr. Houck thought it was quite clear that the problem of not generating enough revenue to realize the expenditures has not been addressed.

Mr. Chamberlain said this picture is being painted in an economy that's down. These numbers could change drastically when things turn around.

Mr. Sarnoski agreed that sustainability was very important. We're not going to shut down government after the Year 2012.

There was some discussion regarding the CAP calculations. County Governments are compelled to perform both the two percent and two-and-a-half percent CAP calculations and comply with the more restrictive one.

Mr. Olshefski suggested looking at the Open Space Tax; it's generating more and more surplus. Two and a half years' worth of cash is sitting there. Mr. Chamberlain asked for clarification. "That's a dedicated tax," he said. Mr. Olshefski said it is, up to six cents. It could be reduced to four cents and still help the taxpayers. Mr. Chamberlain said he was opposed to that.

Mr. Marvin revisited the sustainability issue. The Division of Local Government Services is requiring that the budget authorized by the Board shows long-term sustainability. Otherwise, they won't approve it. Mr. Chamberlain pointed out that the State itself operates unsustainably.

Mr. Gardner asked what the government standard is to have in surplus. Mr. Olshefski said 3-5 percent. Mr. Houck added that the rule of thumb is not to appropriate more surplus than had been generated in the prior year's budget. Right now, there's about 5.5% in surplus.

Mr. Gardner expected miscellaneous revenues would continue to decline due to grants going away. Mr. Olshefski said grants have actually been holding their own, but employees' salaries are going up due to the bargaining units' settlements. He said revenue losses are going to be most apparent with the Medicare/Medicaid reimbursement rate reductions through Warren Haven.

Mr. Chamberlain thought Capital Projects should be examined. Mr. Gardner said he had spoken to Roads Supervisor Tom Kitchen regarding the Shade Tree service provided by that department.

Health Officer Pete Summers was now invited to come before the Board along with Public Health Nursing Supervisor Judy Leone.

As you just heard, Mr. Chamberlain said to them, this budget is going to be difficult. He wondered if all those services ramped up when growth was happening were still needed.

Mr. Summers said the amount of work in the Environmental Health Division has been rather consistent with the exception of septic inspections for new units which dropped off significantly. He said the department is slowly dropping staff through attrition. Two vacant positions can be abolished and there is another upcoming retirement of a person in a clerical position. The epidemiologist on staff is grant-funded; if she retires, Mr. Summers said he would pursue contracting with another county for those duties.

Overall, Mr. Summers characterized the department as very efficient. An idea to generate revenue entailed taking on retail food establishment licensing as Hunterdon does. The County could bill the municipalities for the service.

Judy Leone then began to talk about the Public Health Nursing Division. In the Year 2000, the agency went to the PPS (Prospective Payment System). Previously, it had been a fee for service model. The PPS has been revised four times since then and the formula is so convoluted that software is now needed to predict reimbursements. There are many different rates and a wage index reclassification has not helped matters. Warren County used to be aligned with the Newark area, but is now in the Allentown-Bethlehem-Easton area; the lowest

in New Jersey.

Discussion ensured regarding the discriminatory nature of the classification, especially since Hackettstown Hospital and Warren Hospital were not consistently aligned with the ABE area. The Freeholders pledged to pursue the matter.

There are three units within PHN: Special Child Health Services, Community Health and Home Health Care. Most of Ms. Leone's presentation dealt with the Home Health Unit which processes admissions and generates revenue. She said there are plenty of cases out there, but with only 7.25 fully trained nurses on staff in the Year 2011, they weren't able to get as much work done. In 2008, 14.5 nurses were doing admissions. It takes a good six months to a year for someone to be properly trained to perform home health care.

Mr. Chamberlain asked what services are mandated. Ms. Leone said communicable disease investigation, surveillance and control; immunization for children for disease prevention; surveys and audits of school nurses to make sure they are compliant; sexually transmitted disease control and counseling; tuberculosis investigation; medication management; health assessments of older adults; blood pressure screenings and blood work for early detection of diabetes and potential coronary disease. This unit operates with two clerical people, four nurses and one supervising nurse who also goes out into the field. The mandated services do not generate revenue.

In the Home Health Unit, Mr. Olshefski said if trained nursing staff was at full capacity, there would be a net gain of more than $100,000 per nurse. That includes mileage and benefits. There are some individuals working on a per diem basis, but they are not full-time and therefore, don't generate much.

The group took a short break at 10:05 a.m.

Following the break, Mr. Chamberlain asked, "Where can we save money?" Ms. Leone said she had reduced total O.E. in 2009 by three percent. There may be a couple of retirements in 2012 and 2013. As people leave, she said she would evaluate whether or not to fill the position again or at least, possibly downgrade the title.

The Home Health Unit provides in-home services that may include skilled nursing in the home, physical therapy, occupational therapy, speech therapy, social services and nutrition. This unit is currently operating with thirteen nurses, three supervisors and five clerical employees. Two nurse positions are vacant. The program could not operate without offering all of the services mentioned above. Contracted services contribute more to the reimbursements. With her current seasoned staff, Ms. Leone predicted a revenue increase between 8-10 percent over last year.

The Community Health Unit is operating with four nurses and one Assistant Supervisor. Ms. Leone thought it would be possible for the unit to run with one less nurse. Moving one nurse from Community Health to Home Health was discussed. Ms. Leone was not in favor of abolishing the two vacant positions at this time. Mr. Chamberlain preferred to see two nurses moved from the Community side to Home Health.

Mr. Marvin asked how many other counties offer government-sponsored Home Healthcare services. Ms. Leone thought only Ocean and Warren Counties. Mr. Chamberlain said the Freeholders receive a lot of positive letters in regard to the services provided.

Ms. Leone said efforts to rein in costs in recent years included the rehab team's agreement to a reduction in their rate of pay; clerical staff hours were increased from 35 hours per week to 37.5 and Early Intervention (a part of Special Child Health's case management) was eliminated.

In the year 2010, the Home Health Unit operated at a loss of $840,423 for the year. The 2011 loss will likely be greater; probably more than $1 million, according to Mr. Olshefski. Ms. Leone's hope was that revenue would increase in 2012 by at least $450,000.

Mr. Summers and Ms. Leone were going to work on a letter to appeal the prejudiced wage index classification for the Board to act upon.

There was a brief discussion regarding the department's vehicle and trailer requests. This portion of the meeting concluded at 10:37 a.m.

Mr. Gardner said there are a couple of different tactics here. It looks like the department can work on generating more revenue and he thought it was key to get reclassified into the Newark area.

Mr. Sarnoski agreed these were good goals, "but we can't count on that," he said. Overall, he was concerned about sustainability going forward into the next few years. We have to think about not only what we're going to do this year, but what's going to be manageable for the next year and beyond. He understood Hunterdon County was considering working on a five year budget plan. With retirements having been discussed, Mr. Sarnoski wondered if there was an overall projection and succession plan for pending retirements and potential savings.

Regarding abolishing positions, Mr. Sarnoski thought the Board had to be careful. If a position still exists but is vacant, the funding for that position goes into the surplus account which we have been drawing from. If those positions are eliminated, that surplus won't be there for next year's budget.

When it was revealed that neither Mr. Houck nor Mr. Gardner would be able to attend the next scheduled Budget Meeting, it was decided to cancel it.

On motion by Mr. Sarnoski, seconded by Mr. Gardner, **CANCELLED THE SCHEDULED BUDGET SESSION MEETING OF JANUARY 18, 2012.**
Recorded Vote: Mr. Sarnoski yes, Mr. Gardner yes, Mr. Chamberlain yes

Regarding which departments should be invited to attend future Budget Sessions, Mr. Marvin suggested combining logical divisions and departments to get the full scope of services provided.

It was decided to invite the Departments of Long Term Care Services (Warren Haven) and Human Services to the Budget Session scheduled for the following Saturday, January 21.

Mr. Chamberlain recalled that the Division of Senior Services had reported attendance at its nutrition sites was down 50 percent. He thought if people weren't utilizing the service, why are we doing it? "They did a study and said usage was down, then they start talking about buying Wiis and planning trips and I'm not sure we should be in the Wii business or planning trips," he said.

Mr. Marvin said he thought Warren Haven was particularly important. Back in the fall, we were expecting a guaranteed three percent reduction in reimbursement rate from the State. Now it appears the revenue reduction is closer to seven percent, plus a couple of different subdivisions of the of Health & Senior Services are complicating matters further by giving us conflicting information on how to calculate the formulas.

On motion by Mr. Sarnoski, seconded by Mr. Gardner, and there being no further business to come before the Board at this time, the meeting was adjourned at 10:45 a.m.
Recorded Vote: Mr. Sarnoski yes, Mr. Gardner yes, Mr. Chamberlain yes

ATTESTED TO:

Steve Marvin, Clerk of the Board