

MINUTES**JANUARY 28, 2012**

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 28, 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 28, 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.”**

Also in attendance to participate in budget deliberations were Tom Kitchen, Roads Supervisor; Dave Hicks, County Engineer; Alex Lazorisak, Buildings & Grounds Superintendent and Christine Musa, Mosquito Extermination Commission Superintendent.

Mr. Chamberlain said he appreciated each of them coming out for the meeting and that their cooperation was needed.

Mr. Olshefski began by providing an overview of where the budget currently stands. We began with a deficit between \$2.7–3 million. Throughout this process, that number was decreased due to the following: the “one-shot deal” Sheriff Sale that brought in \$400,000; in Salaries & Wages, the elimination of nine positions and associated FICA savings; in Operating Expenses, reduced funding for juvenile detention and the Mosquito Extermination Commission; funding to the Regional Chamber of Commerce was eliminated; the amount payable to PFRS was reduced by \$338,909; in Capital, road and bridge projects were reduced by \$500,000 and a sweeper was eliminated. Included in these adjustments was the dissolution of the tree crew in the Road Department. These cuts total \$1,376,141. Other areas where potential savings may be found were utilities and the motor pool. “We’re getting there,” said Mr. Olshefski.

Tom Kitchen was first to discuss his department with the Board. He elaborated on the tree service shutdown. A supervisor is retiring and two outside vendors will be available to perform work within 24 hours. The bucket truck can be sold at auction once certified. Since taking over the department, Mr. Kitchen said he downsized from 65 to 61 positions. He was very confident in his current level of manpower, but he wouldn’t want it to go any lower.

Two mason dump trucks were being requested. Mr. Chamberlain asked if he could get by with one. Mr. Kitchen said he felt strongly that we need to stay on schedule and purchase both. Specifications were not prepared properly on the trucks being replaced so they are not lasting as

MINUTES**JANUARY 28, 2012**

long as they should. They were 450s when they should have been 550s. These new ones will serve us for 18-20 years.

Regarding sweepers, we can meet the DEP's requirement for road sweeping and save money by contracting out the service rather than purchase a new sweeper. There was further discussion on storm water management requirements.

Mr. Chamberlain inquired about contracting out for snowplowing and salting. Mr. Kitchen said he had discussed this with Morris County where they do a lot of contracting. He's heard horror stories. Most contractors want eight hours of work. The biggest thing is control and keeping track of everything. He had more confidence in his own men.

There are two 6,000 gallon underground fuel tanks; one in Hope and one in Oxford, that really need to be removed. They can be replaced with above-ground models that come with a 30 year guarantee which require no insurance or inspections. Right now, there is no indication of any leaks. It was mentioned that there are two tanks at the Court House that may be utilized as replacements.

Fuel prices are difficult to predict. Mr. Olshefski said he kept the budget flat because there may be some savings in electrical costs, but who knows. Mr. Sarnoski recommended caution. He thought the best we could hope for was a wash in terms of utilities.

Regarding motor pool requests, Mr. Olshefski has been working closely with Mr. Kitchen to determine what existing vehicles are available and their condition. He thought we could get by with no new vehicles for Public Health Nursing this year. Emergency Management requested one 4-wheel drive vehicle, but Public Safety Director Frank Wheatley just reported having been told that a different vehicle was determined to be an "electrical nightmare" and potential fire hazard by a local dealer. The motor pool has a Ford Fusion available for use. Dave Hicks had requested a vehicle replacement as well. Mr. Hicks said the world won't come to an end if the truck isn't replaced, though he normally keeps to a schedule and once vehicles reach 100,000 miles, things start to happen.

Mr. Olshefski said he can reduce the motor pool portion of the budget by \$88,000 by foregoing the purchase of four vehicles (three in PHNA, one in Engineering). Mr. Sarnoski wondered if we'll get hit next year with these requests in addition to others. Mr. Kitchen said he examined the maintenance records, oil changes and usage and thought PHNA would be fine for this year. Maybe next year, they will ask for one or two, but they shouldn't need three.

Mr. Marvin asked if there was something in the budget for fuel management system. Mr. Kitchen said yes; there is a \$104,000 planned upgrade to the pumps including software, at all five sites. Right now, the Alpha and Hackettstown sites are on the "honor system", meaning they are not tied into the electronic tracking system. Anyone from the Road Department can go and pump gas, though there is a paper trail. The tracking system is beneficial to keep vehicles on service schedules so we don't run into some of the problems

with people waiting too long to bring them in. The Board asked Mr. Kitchen to research having the upgrades done only in Belvidere, Hope and Oxford and leaving Alpha and Hackettstown out of it to save money.

There was some renewed discussion of the dump trucks which are all stainless steel and coated with a special treatment. The new spreaders will have better control so there should be savings on the amount of salt coming out. Mr. Kitchen was excused at 9:38 a.m.

MINUTES**JANUARY 28, 2012**

It was then Christine Musa's turn. She said the biggest issue for Mosquito Extermination was that they had no carryover surplus to put toward their budget this year. The unprecedented rainfall in 2011 was very unusual. They usually spray 3,000+ acres; last year, they sprayed 6,040 acres. They had to draw \$30,000 more from their reserves. They are left with only \$43,000 in reserve. She has already reduced her original 2012 budget request by \$17,020.

While the Commission's actual total budget is virtually the same as last year, they are requesting roughly \$90,000 more from the County since there is no longer surplus to draw from. The good news is that Ms. Musa applied for disaster relief through FEMA due to Hurricane Irene and Mr. Olshefski estimated about \$27,000 should be received from FEMA at some point so that can replenish the Commission's surplus to some extent.

Mr. Olshefski said this is a perfect example of what they have been saying about the danger of using too much of your surplus to balance a budget. When something unexpected hits, you're forced to use it and it's no longer there for the following year.

There was some discussion on program operations. The last time they sprayed was in September. After Tropical Storm Lee, there was flooding in places never seen before. There is more concentration in the northern part of the county; Great Meadows, Independence, the Pequest River Valley, etc. The focus is on where there are people and livestock.

Mr. Sarnoski pointed out that when the economy is poor, people tend to abandon their properties or not maintain them as well leading to more mosquitos breeding in stagnant pools of water. Ms. Musa said every single year is different. It's all based on rainfall. She had to borrow material from Morris, Sussex and Hunterdon last year though it was later replaced.

The Commission employs six full-time employees and five seasonals. Ms. Musa said the seasonals are incredibly inexpensive for the work that they do. As for vehicles, they have seven pickups and a dump truck, all of which are specially equipped. Mr. Chamberlain asked if there was ever any thought of cross-sharing personnel with the Environmental Health Department and wondered what each of the employees do. Ms. Musa said water management projects go on all year and involve a lot of permits and permission. She described what the wetlands specialist, equipment operator, secretary, entomologist and mosquito ID specialist do.

Mr. Gardner said what the Mosquito Extermination Commission does is very significant and he thought it was important for the Freeholders to weigh out the public's health and safety versus the cost of the program. This portion of the meeting concluded at 10:13 a.m.

County Engineer Dave Hicks was next. Mr. Olshefski asked everyone to turn their attention to the Summary Capital Sheet he had distributed at the beginning of the meeting. It illustrated capital budgeting in different areas over the last seven years and showed fairly consistent allocations for road and drainage improvements in keeping with the Board's pay-as-you-go philosophy while keeping things on schedule and in good condition. He's cut \$500,000 out since making his initial budget requests. Mr. Hicks had handed out a chart on highway construction cost escalation. The cost of materials keeps going up whether we do it ourselves or have contractors do it. He said we work with averages on a six year schedule. If we don't have to spend all the money on resurfacing one year, we carry it over for the following year.

Mr. Hicks said we made some cuts; we know what the Board is going through with the state of the economy and CAP constraints. "We need to really look at it not as budget cuts, but as program cuts, so I would be remiss if I didn't warn you that in the future, we may not be able to get

MINUTES**JANUARY 28, 2012**

this money back or be able to do the same level of work on our roads and bridges as we've done in the past," said Mr. Hicks. Things always cost more to fix in the future if pushed too far down the road.

Mr. Sarnoski asked what is being cut by \$500,000. Among the reductions were: a retaining wall project that was reduced by \$100,000; \$25,000 was taken out of resurfacing; bridge improvements were reduced by \$120,000 and some funds were taken out of pavement marking and road design and materials. Between FEMA and Federal Highway reimbursements, about \$500,000 to \$600,000 will be coming back to the County though we may not see all of that in the coming year.

Mr. Sarnoski said he found these cuts worrisome. He makes his living working on preventative and planned maintenance for capital projects. We're just putting off what needs to be done and the damage will be worse in the future. "If we're cutting things that are never going to get done or we feel that they don't need to be done, that's one thing. That's cutting, but if we're just putting off things that have to be done, that's dangerous to me," said Mr. Sarnoski.

Mr. Chamberlain noted that the pending federal reimbursements would provide relief and that he was happy with the \$500,000 in cuts. Mr. Hicks thought he could live with that without any problems.

Mr. Sarnoski asked Mr. Hicks how much is being deferred and how much doesn't have to be done. Mr. Hicks said it was hard to say. It really depends on how much we have to cut other areas. The resurfacing program has to be done each year. Other minor construction work has been done in conjunction with that (drainage work, guiderails, pavement repairs, signage). The Road and Engineering Departments have been working together closely to efficiently coordinate what needs to be done. Having the manpower and equipment in good shape is important with all our departments. We can do a lot of the stuff on our own if we have to, though that may not necessarily be the most cost-efficient way.

There was some further dialog regarding road resurfacing in specific areas. Mr. Hicks said we're kind of locked into the schedule. We're trying to avoid a lot of pavement repair later.

Mr. Marvin asked about State aid. Mr. Hicks said our annual aid from the Transportation Trust Fund is \$1,559,000. Right now, the fund is in flux; there's no permanent funding source. Usually, it gets restored every five years and our amount keeps going up, but right now, he didn't know what was going to happen. This portion of the meeting concluded at 10:30 a.m.

Next to come before the Board was Alex Lazorisak. He said his budget came in very lean; there are not a lot of projects in there. He had recommended window replacements for energy efficiency in the Cummins Building for \$75,000 which was later scaled back to \$15,000. With Human Services vacating, he thought it would be a good time to schedule it before moving the Election Board in there.

Mr. Chamberlain wasn't so sure the Election Board would be moving in there after all. If we end up doing more renovations down the road, it might make more sense to do one big project. Mr. Chamberlain thought the parking lot was of more value to the County than the building itself. It was decided to hold off on the windows. Mr. Sarnoski said selling the building would be fine it that's what they decide to do, but he was not in favor of the idea of deferred maintenance.

Mr. Lazorisak reviewed budgeted projects not itemized on the list before the Freeholders: \$23,100 to replace doors at the Oxford Garage; \$32,500 for the jail gate and \$80,000 to replace

MINUTES**JANUARY 28, 2012**

the roof and repair dormers at the PHNA Building. He provided further explanation and detail on the listed projects and also advised the Board of recent equipment failures that will eat away at his reserves. He requested maintaining a minimum of \$150,000 in his reserve account; it currently contains \$75,000. Mr. Gardner thought that was reasonable.

Regarding utilities, Mr. Lazorisak determined that the County saved about \$140,000 over the course of a year after bidding out electrical consumption to Veridian. There may be further savings as lighting replacements progress in County facilities. As for water and gas, Mr. Olshefski said we went over budget in each by at least \$15,000 last year. Taking money out is probably not a good idea, especially since we now own the Village Square Buildings.

Mr. Marvin asked how Architect Ray O'Brien was coming along with drawings for Village Square II. Mr. Lazorisak said he has two more weeks and will make the deadline to hand them over to the contractor. He needs a few more weeks for the Warren Acres drawings, but it should be bid out and ready for construction in the spring with a possible move in late summer/early fall.

Regarding Phase II of the Court House, Mr. Chamberlain thought perhaps for the current year, we should just focus on the design since there are so many other things going on. Much depends on how much of the costs can be covered by Municipal & Charitable Conservancy Trust Funds. He was also concerned with whether or not to continue the agreement with the Belvidere Hotel. The project is further complicated by all the departments and functions of the Court House that must continue operating while renovations are underway. Getting Prosecutor's Offices out of rental space is a continual goal as well. Mr. Chamberlain said we have to talk about all these things in the next couple of months.

After some discussion, Mr. Marvin was authorized to contact an auctioneer to see about selling the building that formerly housed the Northeast Branch of the Library as-is. It's sitting there vacant and Mr. Lazorisak thought it would cost about \$400,000 to fix everything properly (parking lot, retaining wall, septic problems, drainage problems).

In terms of personnel, Mr. Lazorisak said he made some changes that resulted in about \$28,000 in savings. This portion of the meeting concluded at 10:58 a.m. The Freeholders said they were glad to have Mr. Lazorisak back after his accident.

With a schedule to keep for budget introduction, Mr. Olshefski said he had spoken to the Tax Administrator and hoped to get some numbers from her early next week so they can start working on the CAP calculation. The Open Space and Library budgets are still to be discussed. In regard to the Library, it was pointed out that the Board reduced the rate last year. Over a period of time, the higher rate was being used with the net of operating costs being put into capital, but we're now at a point where we're just making the operating expenses. Mr. Chamberlain asked why. Mr. Olshefski said we reduced their rate and the rate was impacted even more when the value of the properties went down so it was a double hit, but there is still \$1 million in their capital for down the road. Mr. Chamberlain said he didn't see a reason to build capital there once the current project is complete.

Mr. Sarnoski asked what all these reductions in the capital portion of the budget do to the CAP calculation this year and going forward. Mr. Houck said the problem with the 1977 CAP Law is that when you reduce the amount of an exception, do all the various percentage calculations and then add back in, what happens is that other areas that are inside the CAP increase. Even though you've reduced your budget, there may be a problem with CAP calculations. It gets complicated, but the fact of the matter is that it's a recurring problem. "You'll have an issue every year as long

MINUTES**JANUARY 28, 2012**

as the law stays the same," Mr. Houck said.

Regarding the current version of the overall budget, Mr. Gardner said a general concern for him was that nothing is allocated for the Capital Improvement Fund. Mr. Olshefski said that was a good point. He referred back to his Summary Capital Sheet which showed no new money going in for 2012, but the capital fund balance going forward right now is \$2.5 million. Add to that \$775,000 in cancelled projects and that gives us about \$3.3 million for projects to be considered such as the second phase of the Court House, renovations to the Annex, Warren Haven, etc.

It was decided to invite the Departments of Public Safety, Sheriff and Prosecutor to the next Budget Meeting being held on February 1, 2012.

Mr. Houck said in terms of what he is obligated to do as part of the new process of the structural budget disclosure, we have issues with all four points that have to be disclosed including: revenues at risk (declining fund balance), nonrecurring cost reductions (unrealistic reductions in capital) and anticipated 2013 appropriation increases (bargaining units that are exempt from the two percent CAP).

Mr. Chamberlain asked Mr. Houck what his remedy would be. Mr. Houck said there really isn't any. Even if the Freeholders were to get out of the nursing home business, get out of the visiting nurse business and reduce the budget significantly, once all the CAP

calculations are all done, we're still going to have a problem. The only source of revenue that the Board actually has direct control over is the real estate tax.

Mr. Houck did have one more point he felt obligated to make. The Board always has the option to bond for capital improvements to spread the cost over the theoretical life of the improvement. He wouldn't recommend bonding for recurring capital improvement, but felt there was nothing wrong with bonding to acquire or build a building.

Mr. Chamberlain said he didn't foresee any large capital improvements. There was some debate on what still needs to be done to the Court House and whether or not it can be completed in one more phase.

Mr. Sarnoski said, "If we're going to be a pay-as-you-go, we've got to save as we go ... if we're thinking about doing any of these renovation projects without bonding, we're going to have to save and put that into the budget to save as we go." Mr. Gardner agreed that was the only alternative. If bonding were to be considered, Mr. Sarnoski was in favor of a ballot referendum.

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 11:17 a.m.

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

ATTESTED TO:

Steve Marvin, Clerk of the Board