

A special meeting of the East Amwell Township Committee came to order at 7:35 PM. Present were Mayor Peter Kneski, Deputy Mayor Dart Sageser, and Committee members Patricia Cregar, Tim Mathews, and David Wang-Iverson. Township Administrator Timothy Matheny and Treasurer/CFO Karen Baldino were also in attendance.

In compliance with the Open Public Meetings Act, a copy of notice of this meeting was filed in the Clerk's Office, posted on the bulletin board, and sent to the Hunterdon County Democrat, Times of Trenton, and Star Ledger on January 24, 2013. The purpose of this meeting is to meet with the Township Administrator and the Treasurer/CFO to discuss the 2013 budget.

The meeting opened with the Pledge of Allegiance.

Before the meeting began, Mayor Kneski mentioned to the governing body that he met with Mrs. Baldino and Mr. Matheny earlier today for preliminary budget discussions. The Mayor provided the Treasurer with historical information regarding the budget.

Mrs. Baldino provided a packet of information dated 1/30/13, explaining the NJ budget system of revenues equaling expenditures. Page 1 showed 2011 – 2013 revenues anticipated with increases and decreases. State aid has been flat, and grants do not affect the budget. Surplus has decreased (from \$351,783.21 at the end of 2011 to 281,718.00 at the end of 2012); Mrs. Baldino anticipated using less surplus for the budget this year.

Anticipated fees were higher than what was collected, and the Township took a hit on taxes (i.e., \$11,000 less in interest last year because of a property in bankruptcy, which also affects the delinquency taxes line item by about \$24-25,000). The figure for delinquent taxes was provided by the Collector.

Mr. Mathews asked that the Treasurer provide another column on the spreadsheet with 2011 actual budget figures.

Current surplus was discussed, i.e., started at \$351,793 at the beginning of 2012, using \$190,000 and adding back \$90,000 for a balance of \$281,718.01 beginning in January 2013. Typical transactions would include cancelled appropriations and unanticipated revenues, excess taxes, deficiencies in taxes, etc.

Mr. Mathews asked whether the CFO looks at last year's realized or anticipated to start the budget process; she said realized, including input from departments. Mrs. Baldino mentioned current year end cancellations, noting a difficult problem to stop once it is started, i.e., without a cancellation, surplus would drop about \$25,000 (the number canceled last year). Deputy Mayor Sageser asked about transfers; Mrs. Baldino said that was a different item, i.e., transferring appropriations (after November 1) between lines is not cancelling them but utilizing them differently. Some discussion was held between the members about whether cancelling is problematic or not; if cancellations were eliminated, taxes would be down the first year only. A question was asked about how the amount of surplus to use in a budget was determined; Mrs. Baldino said it involved looking at the budget and determining a percentage to be used.

The next three pages of the budget packet showed the line items for all departments in the budget, using existing salaries without an increase although some departments showed increases in hours. Some figures, such as insurance, are based on figures provided by the company. Statutory expenditures are also exact, based on employee needs. There is also a special deferred charge of \$10,000 a year over the next five years for the reassessment, and \$30,000 for the clean up expenses from the recent storm. Two completed projects, Back Brook and Dutch Lane, are still funded and are shown as revenues. The reserve for uncollected taxes is up to \$315,140.31, i.e., the Township must pay all taxes due even if the collection rate is not 100%. The taxes include local school, county, fire district, open space, and regional school, and the number Mrs. Baldino used is based on last year's rate and on the specific formulas used. Some discussion took place on what would happen if the rate ran less than the projected 98.5% and on how the formula for the regional high school affects the municipality's annual costs (e.g., number of students, assessment, etc.). Mrs. Baldino spoke with Hunterdon Central High School's Business Administrator Ray Krov, and the figure of \$3,900,000 was used for the percentage basis of uncollected taxes.

Deputy Mayor Sageser mentioned the reassessment and a potential for more appeals. Some discussion took place on the reason for the reassessment (to put housing stock on the same level) and the potential for more appeals and problems if taxes are not collected. The final reassessment figures will be available by the end of February.

Mr. Mathews asked about the figures of 2 or 3.5% for appropriations. Mrs. Baldino explained the spending cap of 2% with some items inside the cap and some outside. Municipalities have the option of setting up a cap bank up to 3.5%, which can be carried and used, if necessary, for two years.

Page 5 of the handouts showed revenue differences of \$51,000 less surplus, \$11,000 more used for interest on taxes, and \$38,000 in delinquent taxes. There is a positive balance of \$94,243 in the capital fund balance for Dutch Lane and Back Brook Road, a decrease to debt/increase to open space fund of \$17,000, and \$35,500 in revenue from taking on Franklin Court. These figures equate to a net of \$46,743.00 more revenue. Major appropriations were also listed on page 5, showing \$217,168.46 (i.e., net of increases and decreases). The final total showed \$170,425.46 over in appropriations without revenue.

Mrs. Baldino spoke about the 2013 budget appropriation cap shown on page 6, explaining the intent of the cap to keep municipalities from raising budgets in excessive amount. Some items are outside the cap, including debt service. Two columns on this page showed the cap at 2% or at 3.5% if a cap index ordinance is adopted. Additionally, 2011 cap bank amounts can be used this year or expire, and the proposed budget will use \$44,934.93 if the budget stays at 2%; the figure will only be \$24,214 if a 3.5% budget is approved. Further comments were made about the cap, including not using it in the 2012 budget and the fact that the bank is decreasing for 2014.

Page 7 showed a summary of the levy cap worksheet from the State's workbook, and page 8 was the cap bank calculations page. Mrs. Baldino explained the page in detail, including adjustments, deferred charges, and appropriations. Utilizing a 2% levy cap increase of \$23,708, the maximum allowable amount to be raised by taxation (based on the draft budget tonight) would be \$1,384,055. Some discussion took place on the rationale to use the cap levy, noting that some towns have gone to referendum to increase the levy cap. Mrs. Baldino's numbers were based on using a certain portion of what was available to the township; it is the amount that the Township can increase its taxes for the budget year. Mrs. Baldino also explained that the figure is determined by calculation and not determined by a set percentage on a figure.

Page 9 showed a comparative schedule of the surplus fund balance from 2007 through 2012 to show the trend of decreasing surplus and utilization schedule for previous years. Mrs. Baldino explained her recommendation of using a maximum of \$110,000 surplus in an effort to keep the fund from dwindling. On a question from Mr. Mathews, Mrs. Baldino said the fund may be depleted because of both lack of revenues and increased expenses.

Employee Costs were listed on page 10 and 11 with lines showing potential increases of 1, 1.5, and 2% across the board. Page 2 also showed figures if a new position in the DPW was to occur (i.e., a temporary employee is filling in now and if he is hired for the remainder of the year – after the DPW Superintendent comes back - his salary and benefits were built in at a cost of \$38,883.62). Mr. Mathews asked about the DPW Superintendent who is out on disability; Mr. Matheny explained that the employee has accrued sick and vacation, and he is being paid disability in conjunction with the accrued leave. Another DPW employee is getting an increase in salary during the absence of the DPW Superintendent to fill in. Some comments were made about the possibility of filling the position if it becomes vacant; the Clerk cautioned the Committee about discussing specifics out of executive session. Some discussion took place on whether the Township would have to hire a certified employee if the position was vacated; Mr. Matheny explained that the Township currently has a waiver and could continue to apply for waivers if the duties remain the same without dramatic change.

The Committee noted that some employees have different rates of pay, including one employee with numerous positions. Some discussion took place on having employees do multiple jobs at one rate of pay rather than separate rates for each position. Mr. Matheny explained how some jobs are picked up by employees in different areas if the positions are available. Mrs. Baldino also explained that each department has a separate budget, and payroll is assessed to each individual department. Deputy Mayor Sageser mentioned an equalized rate of pay, and Mr.

Mathews mentioned the same. Some comments were made about employees dropping and picking up other jobs for extra pay; Mayor Kneski noted that Planning Board/Board of Adjustment employees must be familiar with Municipal Land Use Laws and have a different set of skills. Mr. Mathews spoke about “maximizing the value of a full time person,” and further comments were exchanged about doing different types of jobs under one title.

Mayor Kneski suggested that the Township Committee review the remainder of the budget packet showing the individual line items (page 12 – 95) and review them before the next meeting, when they should be ready to comment. Mr. Mathews asked that Mrs. Baldino provide an additional column in these pages showing 2011 actuals.

Mr. Mathews asked what had to be done to keep a flat tax rate in 2013, and Mayor Kneski also asked for an explanation “of the bottom line” of this particular budget.

Mrs. Baldino referred to the last three sheets in the budget packet (p. 96 – 98), regarding the Capital budget and the Open Space Trust fund. An additional item to consider (not on the current capital list) is a request for a replacement salt barn at an expense of \$150,000 plus \$50,000 for insulation. Other items in the capital budget include requests for vehicles and equipment, including the New Holland tractor and boom mower for which an ordinance is already being considered. Clawson Park maintenance remains at \$10,000 per year for any capital expenses, and road reconstruction projects were outlined. An additional request for the blacktop work at Clawson Park will be authorized in an ordinance being proposed at the next meeting, coming out of the Open Space fund. The project will have to go out to bid as quickly as possible. Design engineering costs may be around \$30,000, and aesthetics will be considered, including possible colored blacktop or inexpensive alternatives. The road reconstruction projects were presented with input from the DPW and Engineer. Committee members were reminded that the five year capital budget is a planning tool, and some figures were copied from last year.

Some comments were made about considering a generator for the building, including the capital line of \$25,000 per year for the municipal building. Mrs. Baldino also noted that if bonding was considered for any project, 5% cash for down payment would have to be included in the budget.

Mr. Mathews asked if the baseball requests were included in this budget; Mayor Kneski said that the baseball officers would be coming to a future meeting. Mrs. Baldino will be copied on the latest requests from the baseball league. Mr. Matheny pointed out that fence rental is not a capital item. Some comments were exchanged about the dugout and snack shack being part of the municipal complex. Mayor Kneski commented on a formal agreement with the league for maintenance in exchange for use of the trailer.

Mrs. Baldino referred the governing body to page 98 of the budget, which was the open space trust fund, showing \$1,200,000 in the fund at the end of December 2012. Using an estimate of 4% of the assessed value, there was \$300,000 in tax revenue put into the fund last year; a lower assessed value this year will result in a lesser amount being collected in 2013. Mrs. Baldino explained that the 2013 debt service for open space is \$616,555.40, and \$350,000 of the debt service is raised by taxes rather than coming from the trust fund with \$1,200,000. Mr. Mathews commented on paying to fund open space more than what the tax brings in, stating that he has campaign literature on paying 8 cents for preservation (i.e., purchase and debt); he said that he would share the literature with the governing body. Some discussion took place about the tax, borrowing for preservation, cash remaining in bank for the open space trust fund, using money for Green Acres purchases with reimbursement coming back from them. Mrs. Baldino suggested using the fund to pay down debt and not have to raise it by property taxes; a recommendation was made to have Farmland/Open Space Preservation Committee members come to the next budget meeting to discuss this. Mr. Mathews commented also on preserved land coming off the tax rolls, commenting negatively on Green Acres purchases in this regard; he also suggested using the fund for the municipal building expenses (generator); this is not an option for fund use.

Mrs. Baldino pointed out that the same figure is located on page 1 and page 4, i.e., \$2,675,575.81 as the total 2013 anticipated revenues and 2013 municipal budget. On page 1, the line item of Subtotal Miscellaneous Revenues of \$1,291,521.20 is added to the Municipal Purpose Tax line item of \$1,384,054.61 to make this total. This figure represents an increase of \$198,669.61 over the 2012 budget figure of \$1,185,385.00, and it works out to a tax rate of .175 cents, with a 2.5% increase over last year’s rate of .15 cents. For a house with an average assessment of \$454,000,

this would mean a municipal tax increase of \$113-116. Mr. Mathews asked about the average with the 2013 assessment figures; Mrs. Baldino said that the dollars and cents would remain the same, but the tax rate would go up or down. Deputy Mayor Sageser recommended using “red pens to cut \$200,000 out of the budget.”

Some discussion took place about additional revenue sources, with the following highlights: Mrs. Baldino said contributions from corporations and private contributions are often received by municipalities, along with additional state aid in larger, urban areas; sewer and water fees go into surplus (i.e., but East Amwell is on wells/septic). She noted that all towns are struggling, while providing anecdotal information on another municipality where she works with a significant contribution that they have to figure out a use. Mr. Matheny noted that the revenue could not be put directly into the operating budget anyhow.

Mr. Mathews asked about the special account for summer playground; Mrs. Baldino said it was in the recreation account as a reduction in appropriation, anticipating only \$3,500 in that line item.

The meeting was open to the public for comment. There being no members present, motion by Deputy Mayor Sageser, seconded by Mr. Wang-Iverson, and carried unanimously to close to the public.

Mayor Kneski spoke about the Administrator’s contract and recommended a subcommittee of Deputy Mayor Sageser and Mr. Wang-Iverson (as a new person on the Township Committee) to meet with the Administrator and to review and evaluate a contract. Mr. Mathews objected to the lack of bipartisan effort, and Mr. Wang-Iverson offered his spot to Mr. Mathews to participate on this subcommittee. Mayor Kneski said that he picked his recommendations for the subcommittee, noting Mr. Mathews’ reluctance to serve on it last year; Mr. Mathews said “this is this year.”

The cap index ordinance will be prepared for the February meeting.

Mr. Matheny also mentioned two items that were presented to the governing body last year, i.e., an increase in clothing allowance for the DPW and overtime for the DPW Superintendent. Township policy allows each employee \$200 per year for work clothes; boots alone cost up to \$170, and workers need both summer and winter boots. Tee shirts are provided to the staff, but jeans must be purchased and are sometimes worn out. There was \$575 per employee put in the budget for this line item.

Mr. Matheny explained the second item as a request for overtime from the DPW Superintendent. He is in a salary position, and the current ordinance allows him to receive overtime after 300 hours of service. Mr. Matheny has been working with Attorney Lorraine Staples on the request. The employee is considered a supervisor under the federal labor laws and may be exempt, i.e., supervises more than two employees, has direct input on hiring, evaluates employees, etc. However, the employee also works alongside the employees, cuts down trees, comes in for overtime etc. Discussion took place, with some highlights: the Superintendent’s salary in comparison to subordinates was mentioned; the State’s best management checklist specifically asks if municipalities pay overtime to exempt employees; the possibility of offering discretionary bonuses to certain employees was mentioned but may be problematic with a small staff all doing excellent work; accruing overtime for “actual” overtime hours of work (not just showing up early or staying late on a work day) would have to be considered; possibility of offering straight time for extra hours may also be a consideration. The current rate of overtime after 300 has been in effect since the 1980’s, according to Mrs. Cregar. Mr. Matheny reminded the Committee that the overtime issue will have an effect on the budget, and he asked members to consider this. There have been years that the DPW Superintendent made the quota, including one year earning 99 hours of overtime. Offering comp or emergency time was mentioned. Mayor Kneski asked the Township Committee to think about this for the next meeting also. Mr. Matheny said that a policy change would be necessary. Mr. Wang-Iverson suggested a range change for the staff; Mr. Matheny explained the elimination of the Supervisor position several years ago. The possibility of offering additional straight time for certain circumstances may be a consideration.

Another budget meeting will be set for February 7, 2013, at 7:30 p.m.

Motion by Mrs. Cregar, seconded by Deputy Mayor Sageser, and it was carried unanimously to adjourn the meeting at 9:45 p.m.

Teresa R. Stahl, RMC/CMC
Municipal Clerk