

A special meeting of the East Amwell Township Committee came to order at 7:18 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 Nicola Trasente 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 April 11, 2013. The purpose of this meeting is to meet with the Township Administrator and the Treasurer/CFO to discuss the 2013 budget.

The public is invited to attend and comment. Action may or may not be taken.

The meeting opened with the Pledge of Allegiance.

Mr. Trasente explained that he sent an email today regarding materials he would provide for the meeting. He provided the following documents: 2 Sheets on All Anticipated Revenues; CY2013 Budget Appropriation Summary with 2012 adopted, 2013 introduced, and 2013 introduced; CY2013 Budget Appropriation Summary with 2013 introduced and revised summary 3/2/13; Account Code packet of 2012 adopted, 2013 introduced, and 2013 introduced (as background information); and surplus & revenue trends. He explained that he was unable to match the original January 30 handout to the March 2 summary provided by the prior Treasurer/CFO and reach the zero increase. He has spoken with Mr. Matheny for other information, and he wanted to make sure that some adjusted items were approved by the governing body. The Township Committee and Mr. Trasente coordinated at length the paperwork that they were reviewing, and some items were reviewed, including leaving \$5,000 in the Administrator's budget for staff education; the \$189,000 bond figure is in the budget as a place holder with no impact to the budget – he is planning a May 16th note sale and he has been in contact with bond counsel about this to include this figure and the new ordinance.

Mr. Trasente suggested that the governing body look at the budget he has under the column of 2013 introduced so that everyone was "on the same page." He suggested going through each department to make sure that information was accurate. This column included the fifth worker, the new full time employee in another department, but no COLA increase. He reiterated that he was unclear how the previous CFO/Treasurer got to the zero tax rate increase and whether the governing body was aware of changes made in the budget calculations on March 2. Mr. Wang-Iverson recalled that previous discussions included getting to zero without the COLA and fifth roadman with the intent to raise taxes to include these items; Mayor Kneski recalled suggesting the funding for these items would come from additional use of the Open Space Trust Fund (OSTF). Mr. Trasente again stated that he wanted to make sure that the governing body was aware of the budget changes/cuts.

Mr. Mathews asked about "actuals" at the end of 2012; Mr. Trasente said that the figures shown were as of 12/31/12. Any changes in the lines would be paid from that budget and come in mostly from planners, engineers, and attorneys who may have later billing.

Mr. Trasente started his review of the individual departments: Administration – one position was eliminated for a reduction in salary; \$5,000 was added for professional training classes for staff. Money will be put in the budget in a lump sum, and Mr. Matheny confirmed that there is a policy for employees to request funding. There has only been one recent educational request in the approximate amount of \$600; Deputy Mayor Sageser mentioned that an employee in the DPW may have "driven" the increased funding for classes. The \$5,000 figure for education was previously determined by the governing body.

A decrease of \$600 for meetings and conferences in the Clerk's OE line was mentioned.

Mr. Trasente reminded the Township Committee that by adopting a tight budget and keeping expenses at prior year or less, they may be setting some constraints, e.g., they would have to go for an emergency appropriation if they fell short, would not have any money to put into surplus for the future, etc. He cautioned if any issues arose, such as a lawsuit or an emergency, there would be nowhere to look for funding.

Mayor Kneski did not feel it was necessary to go through every line item, but they would have to determine the increase with adding the fifth DPW member and providing an increase to staff. Mr. Wang-Iverson wanted to see what was spent from the 2012 budget in 2013, suggesting looking at the 2013 budget produced by Mr. Trasente as the starting point. Mayor Kneski agreed that only the outstanding issues should be reviewed. Deputy Mayor Sageser also agreed, noting that if the budget was reasonably close to what was decided upon at the budget meetings, it would be appropriate to move on. Mr. Mathews asked for confirmation that the revised 3/2 summary did not include a COLA increase for staff, did not include the fifth roadman, and was at a zero increase; Mr. Trasente agreed.

Mr. Trasente noted that another problem is that the 3/2 summary did not include a figure of \$53,000 for Social Security and Medicare, and his version of the budget did include this mandatory figure. Mr. Trasente also asked for the rationale of removing \$8,000 from the Capital Improvement Fund and about not funding some of the capital projects. He cautioned about removing money from the fund and falling short if a decision is made to pursue a capital project. There was additional funding put into the streets and roads budget for the new employee.

Mr. Trasente referenced the building and grounds line item; his budget showed a total of \$9,500 while in actuality there were two lines (maintenance at \$14,500 and miscellaneous at \$9,500). There was some discussion about the Handex remediation at the municipal building, the fact that there was unused funding last year for a permit that was not obtained, and the need to keep funding in the budget this year for additional testing. The line will remain at \$24,000 for this department.

Mr. Trasente asked about the \$2,000 put in the Recycling line item; he was told that it was for the newsletter. The Recycling Tonnage Grant would be covering the expense and he asked why it was in the budget if that was the case. He asked to see a copy of the award letter; the Clerk said that copies of the grant award letters should be in the Treasurer's Office.

Mr. Wang-Iverson spoke about \$3,000 in the public health services line item for contract services. Mr. Trasente mentioned the public defender's line item also.

Discussion turned to the Capital fund projects, with reference to the Stoney Brook and Lindbergh Road projects. Mr. Trasente explained that if the Township receives a DOT grant for the work, they do not have to have 5% in the budget for a down payment. It was noted that whether the Township gets a grant or not, some work has to be done on these roads. He spoke at length about the possibility of getting a grant, borrowing some funding from the Capital Improvement Fund, if necessary, and the fact that DOT usually gives 75% of their grant money upfront. Mr. Trasente also commented on money in the capital budget for road signs, questioning whether or not the items are capital in nature.

Mr. Trasente referenced his appropriations pages, which were based on last year's assessment figure, i.e., \$789,451.235. At the time of preparation, he said that he had not been in contact with the assessor about the new figure. The new assessment figure is \$671,852,013 was provided to him. He spoke about changes that he would make to the budget, including the additional \$5,000 to the Administrator's budget for education; \$600 will be subtracted from the Clerk's budget; the Recycling line will be adjusted; Buildings and Ground will be adjusted to the correct number of \$24,000; and there will be a \$18,500 reduction for roads in the Capital Improvement Fund. He came up with the new figure of \$1,209,213 as the amount to be raised for taxes. He explained that his sheets included the new full time person just hired, a new DPW employee for the remainder of the year from June, and without a COLA increase. If employees received 2% increase, the total would be \$14,083 added; with a 1.75% increase, the amount would be \$12,262, or \$1,800 difference. Deputy Mayor Sageser mentioned that the 1.75% was the amount being considered as a COLA increase.

Mr. Trasente also mentioned a required field of \$21,591, missing from the 3/2 summary, but included in his budget. The amount was shown in a previous version of the budget, but somehow did not make it to the 3/2 summary.

Mr. Trasente plugged in the new assessment figure, which showed an increase of \$89.45 in taxes on a house assessed at \$300,000. The new rate would be \$.182. He further explained that it

will be confusing for people to understand that with the new rate the value of the property goes down but the rate goes up. He further stated that those people who appealed prior to the reassessment would be doubly impacted, i.e., their values previously were reduced and they may go up again.

The surplus and reserve trends sheet was referenced, showing a cash surplus balance beginning 2012 at \$351,793.21 and ending the year at \$201,437.15. This line item included deferred emergency and revaluation charges of \$80,250.00. In 2013, the balance will begin with \$201,437.15, the budget will have \$50,000+ less in Municipal Revenue Not Anticipated (MRNA), i.e., the amount for previous storm reimbursement although it is anticipated that \$42,000 may come in for Hurricane Sandy expenses and there may not be a lot of tax appeals. With budget cuts surplus will diminish. Mr. Trasente spoke about at projection at the end of 2013 at \$91,437.15 using the current budget projections including \$40,000 deferred charges and \$110,000 debt payment. He also noted that there were not many revenues anticipated.

Some discussion took place about anticipated revenue from a solar installation planned for the Everitt property, e.g., coming off farmland assessment with roll back taxes and a new assessment once the solar facility begins. The Assessor would have the information on roll back taxes.

Mr. Trasente cautioned that by 2014, there is an anticipated \$90,000 in surplus (based on calculations), and he wanted the governing body to be aware that revenues are not be generated with a tight budget and no surplus to lapse into the fund balance. He said that as a guideline, it would be a good idea to have 5% of your budget in surplus; based on a \$2.6 million dollar budget, \$130,000 would be a good number to keep. He reminded the Committee that FEMA money coming in would only be 75% of the emergency costs, and that towns should not count on using surplus to run a town. He commented on the need to regenerate surplus, and he provided an example of surplus in Middletown Township with a \$64 Million dollar budget.

Mr. Wang-Iverson asked what Mr. Trasente was proposing, e.g., adding more to individual lines, increasing taxes or revenues, etc. It was noted that there may be some new housing units added over the next few years, and added assessments to existing homes may also be an option. Mr. Trasente spoke about using the Capital Surplus instead of the Capital Improvement Fund to fund projects and cancel projects. He spoke about capital ordinances for Dutch and Back Brook Roads for which \$95,000 in funds must be raised, and he spoke about funding from the capital fund balance, using \$40,000 "to fill in a gap." At the end of 2013, capital fund surplus will only have \$42,000. He cautioned about filling operating budgets with surplus as one-time expenses, noting that the fund is running out fast.

Mr. Trasente mentioned available money in the Capital Improvement Fund with \$68,690.97 in it, and some of it could be used for down payments, if necessary. The Open Space Trust Fund (OSTF) balance as of the end of 2012 was \$1,109,419.86. Based on new assessments, there should be \$260,000 coming into it this year. There is \$350,000 being used for debt service and \$95,402 for committed expenses to date. Some discussion took place about the recent request from Farmland/Open Space Preservation Committee (FOSPC) for the Hay property. Chairwoman Glorianne Robbi was in the audience, and she spoke about a 2014 commitment for the Hay property with a certified market value (CMV) of \$15,000 an acre for 24 acres. They are also looking at Perkovich property, but there is no CMV yet; additionally, costs on this property will be shared with the state. It was also noted that other expenses come from this fund, e.g., portajohn costs, power and lights, etc. The debt service schedule prepared by the previous CFO/Treasurer was mentioned; Mr. Trasente said that he will be preparing his own schedule and would copy the governing body.

Discussion continued on the OSTF balance, with Mr. Wang-Iverson speculating on balance figures with not spending \$470,000 for encumbered items and reducing the collected funds from \$276,000 to \$260,000. Mrs. Robbi mentioned that the Township does enter into partnerships to better utilize the funds, including having \$500,000 from SADC. Mr. Mathews felt that the fund would be gone by 2015. Mr. Trasente suggested keeping debt in the OSTF, increasing the tax, and only pay debt service without purchasing any more land; the budget would be free of open space debt and focus only on the budget for operating the township. Once debt is paid off, future purchases could be made. Mr. Trasente asked if the intent of the Township was to pay off debt in 10 years through notes, mentioning a usual life of 40 years for land. He spoke about being fiscally responsible by paying off debt quickly, but if it would fiscally harm the township,

he would extend the debt. He spoke about 10 year debt through notes, which could be paid off, while bonds may have a life of 40 years and cannot be changed unless there was a refinance (i.e., if you are a tax exempted entity, if you exceeded a 3.5% savings, and if the state allows). Mr. Trasente provided an example of notes he was familiar with in Hudson; he also mentioned the Township would want to consider the benefits of whether to go short term versus long term.

Mr. Trasente said that he would be going out for notes next week; he mentioned that terms could be lengthened if the Township wanted. He mentioned paying \$115,000 in principal on the notes, saying that the Township could reduce the amount if "it is tight." Mr. Wang-Iverson asked about lengthening the term. It was mentioned that 90% of the Township's debt is for open space, with a balance on the notes of \$670,000. Mr. Wang-Iverson was troubled with an income of \$2.5 million and 25% of it for debt with the \$670,000 figure. Mr. Trasente said that this was because of the large payments being made on the notes. He stated that an average town has a good strong debt of 10% of their budget and a surplus of 5% of the budget. Some discussion took place on reduction of debt payments in a couple of years.

Mr. Trasente will speak with bond counsel tomorrow and said that they would discuss reissuance of bond anticipation notes with a reduction in payment from \$115,000 to a lesser amount (1/2 or 3/4 of the amount) and extend the payments. He further commented on what is the least amount that could be paid over a longer amount of time, noting that principal payments would be make payments higher in later years. He provided anecdotal information on the Division of Local Government Services approvals in the late '90's and early 2000's in allowing non-conforming bonding opportunities. Mr. Trasente commented trying to manage the OSTF, on inflation within the next few years and hitting a debt peak with a depleting fund, and an attempt to set a reasonable number to reducing open space debt.

Mayor Kneski recognized some representatives in the audience who were here to request input into the budget.

Bob Rowe, Past President of the Amwell Senior Citizen's Organization, was here to request additional funding. He stated the costs are going up, and dues went up from \$5.00 to \$24.00 to pay for the meeting location. The group does a number of bus trips with increased costs. He said that there is currently \$4,100 in the budget, that the seniors subsidize plays and dinners with members getting \$5.00 discounts at many events; he added that the average age of the members is 72 with 60+ members. Mr. Rowe added that at one point the Township budgeted \$4,500 for the group before reducing it to \$4,000. He was concerned about the cut to \$2,000 for the budget, stating that it will be "awful difficult to continue operating as they do now." He commented on not being able to meet at the County facility any longer.

On a question about membership, Mr. Rowe said that 85% of the members are from East Amwell while the events are open to other county residents. The non-members do not get discounts and pay an additional \$10 for trips. There are some non-resident members and they do not get the discounts that East Amwell members get. Mr. Rowe said that he is acting as the liaison for the group since the President was unable to attend. He remarked that by cutting the budget in half, it will be "next to impossible" to run events. Mr. Rowe reiterated that members now pay \$24.00 dues to use their current meeting location; they need access to kitchen facilities for the 2-3 hour meetings, and many places charge \$150 – 200 to use their locations.

Mayor Kneski thanked Mr. Rowe for his presentation, noting that the Township's loss of revenue, trying to tighten expenses, etc. He stated that the Township appreciated the organization, and it was hard to make these decisions while "trying to hear you." On a question about how much the organization could work with, Mr. Rowe felt that with some cancelled trips, they could operate on \$3,000. He explained that buses were expensive and that most of the members are on fixed incomes. He thanked the governing body and said good night.

Helen "Bambi" Kuhl, the Local Public Assistance (LPA) Director, was present to discuss her 4/3 email request for additional compensation based on the increase of her work load from 4-6 clients to 14-15 this year. She is putting in more time with the increased workload and also sees increases in the system in neighboring municipalities. Ms. Kuhl noted that many clients are moving into the area, staying with relatives, and many live at the Easter Seals House. She detailed some of her responsibilities in the position. The governing body reviewed her current

salary and number of hours per week and agreed that “she was underpaid.” They will consider her request during the remainder of the budget meeting. Ms. Kuhl left the meeting at this time.

Committee members returned to discussing the budget, including a \$21,591 increase. Mr. Trasente spoke about reducing debt service, making the fund self sustaining for debt service going forth, and reducing some of the \$95,000 expenses against the OSTF. He commented on the budget being very tight in all areas with this being a problem in the future. He suggested reducing debt service payments and reducing the \$95,000 in the OSTF for debt. On questions from the governing body members, he suggested taking this off the revenue side as well, and spreading out the debt for a few more years, and keeping the increase at \$21,591.

Mr. Mathews felt that the Township could not afford the fifth road member. Deputy Mayor Sageser commented on raising taxes more and taking less surplus; Mr. Trasente said that “this will come eventually.” He spoke about the capital fund balance reductions including use of surplus; he spoke about percentages of the budget to keep in surplus, but he felt that the loss of \$90,000 in surplus over the next year would be “catastrophic.” Mrs. Cregar said that the previous CFO/Treasurer also cautioned about the depletion of surplus.

Deputy Mayor Sageser spoke about two aspects of the DPW, the need and value of the department members and the potential retirement of the supervisor. He commented on the employee at a low end of the pay scale and his ability to deal with road problems; he commented that he believed the appointment “was a wise investment” for “...the most visible service” to the township. Mr. Trasente said that an employee’s retirement papers were received with a date of December 31, 2013, but this date could be changed at any time. Committee members were in agreement that the potential of having 3 DPW members at the end of the year cannot work.

Committee members discussed the budget with the following highlights: Deputy Mayor Sageser was comfortable with the \$21,591 increase in the budget, agreeing that the Township has tried to hold the line in expenses. The revaluation has changed mathematics, and it may be a prudent year to increase taxes a reasonable amount. He was in favor of the fifth DPW member and the 1.75% COLA increase; he would like to see more surplus being added.

Deputy Mayor Sageser agreed that the LPA Director’s salary should increase an additional \$1,000, which he believed would bring her salary up to \$7.00 per hour based on the number of hours she calculated she worked per week. The employee would not be given the cost of living increase if she was given the set amount.

Mr. Mathews asked whether the COLA increase had to be retroactive. Mr. Trasente said no, unless employees were in a union. Mr. Matheny and Mr. Trasente explained that the employees already have seen salary reductions for increases to the pension contribution and state health benefits at about 2.5% and will be seeing a 2% increase to the social security taxes.

Some discussion took place about the request for the increase for the senior citizen’s group, including the possibility of raising it \$500 to \$1,000 more. Mrs. Cregar’s financial information (provided by the organization in February 2013) previously showed \$6,000 in their budget. There was a final consensus to keep the line item at \$2,000 for the group.

Mr. Trasente recapped some of the adjustments tonight: keeping the tax increase at \$21,591; keeping the seniors at \$2,000; increasing the LPA Director’s salary by \$1,000. Discussion turned to summer playground and figures listed in the proposed budget. Mr. Trasente was advised that there was a recreation trust established last year when fees were set for the program; fees will be increased this year. He will adjust the budget in this line item to reflect the use of the trust/fees, and the line item will increase by \$1,500. Mr. Trasente said that the total budget increase (with changes tonight) is now \$24,091.

Hiring the fifth DPW member is already listed in the budget with a proposed cost of \$35,000 for the remainder of the year. Some discussion took place on benefits, with Mr. Trasente noting upcoming 2014 changes due to Obama-care, including a six month “look back” at employees and the need to provide health benefits for employees working over 28 hours a week.

Mr. Mathews spoke about introduction of the budget next week, and he would like to have written assessment about the bond impact, i.e., the reduction of funding and what it means to the

bond itself, including the reduction of debt service to a range as low as possible or as high as possible and the impacts caused. He would like to see the current view of 2012 actuals as of this time and provided prior to introduction of the budget. Mr. Trasente said that it was not difficult, but collecting this information is time consuming. He said that he can see balances in the Edmunds system and the Committee could look at differences from December and from now. He agreed that he can prepare a PDF showing numbers on a state document.

The meeting was open to the public for comment.

Nancy Cunningham, 14 Wertsville Road, asked about the \$40,000 in the capital fund for recurring expenses going forward. Mr. Trasente explained that it was not really reduced but the intent is to work on the reduction of the OSTF because it will be an issue next year. He stated that a decision will be made tomorrow (when he speaks with bond counsel) about how much money to use.

Ms. Cunningham said that she was making a plea for 2% increase for staff. She believed that the additional \$1,800 would be a gesture of "good will" to show the staff their "value for what they do." She was in favor of a tax increase for the salary and did not believe that citizens would complain by giving the staff a little more than COLA.

Ms. Cunningham thanked the governing body "for muscling through" the budget.

Motion by Deputy Mayor Sageser, seconded by Mr. Wang-Iverson, and carried unanimously to close to the public.

There were some comments exchanged by the governing body, and there was a consensus to go along with the 2% increase for staff. The LPA Director would receive the \$1,000 increase without the additional 2% increase.

Mr. Trasente looked for direction on the amount to pay for debt, and there was some discussion among the Committee members, with highlighted comments: Mr. Mathews commented on pushing off debt for another year and delaying the problem; Mr. Trasente spoke about his philosophy of paying down quicker as a responsible use of notes – however, due to the local budget constraints, he was more inclined to pay off debt over a longer course. Mr. Mathews asked where the \$95,000 in OSTF fund would fit in Mr. Trasente's guidance; Mr. Trasente said that if can get the payment reduced to \$50 – 65,000, then he would also reduce the \$95,000 as the revenue, taking out the difference and keeping it in OSTF. He noted that this would not change the taxes but would look better in the future.

Mayor Kneski noted two resolutions in front of the governing body this evening to authorize Mr. Trasente as a signer on township accounts and to approve the auditor agreement for the court audit.

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RESOLUTION #62-13

BE IT RESOLVED by the Township Committee of the Township of East Amwell that they hereby amend Resolution #16-13 to include the name of Nicola Trasente, CFO/Treasurer, as an authorized signature on Township checks and to change Christine Rosikiewicz to Assistant Treasurer.

By Order of the Township Committee,

Peter Kneski, Mayor

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RESOLUTION #63-13

BE IT RESOLVED by the Township of East Amwell that they hereby authorize the Mayor to sign a contract, according to Local Public Contract Laws N.J.S.A. 40A:11-5(1)(a), with the following professional:

Charles M. Case, WithumSmith & Brown, 3040 Route 22 West, Somerville, NJ 08876, for the purpose of conducting the 2012 Municipal Court Audit for the Joint Municipal Court of the Townships of East Amwell and Delaware with compensation not to exceed \$3,000.

By Order of the Township Committee,

Peter Kneski, Mayor

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Motion by Mrs. Cregar, seconded by Deputy Mayor Sageser, and carried unanimously to approve the resolutions.

There being no further business, motion by Mr. Wang-Iverson, seconded by Mrs. Cregar, and carried unanimously to adjourn the meeting at 10:35 p.m.

Teresa R. Stahl, RMC/CMC
Municipal Clerk

DRAFT - NOT YET APPROVED