

A special meeting of the East Amwell Township Committee came to order at 7:30 PM. Present were Mayor Dart Sageser, Deputy Mayor David Wang-Iverson, and Committee members Tim Mathews, Charles Van Horn, and Peter Miller. Township Administrator Timothy Matheny was 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 May 23, 2014, and published in the Hunterdon County Democrat on May 29, 2014. The purpose of this meeting is to discuss the 2014 budget.

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

CFO Chris Hart was present for this meeting. Some budget sheets were distributed with the full working budget displayed on an overhead.

Mr. Hart spoke about the urgency in adopting 2014 budget, which should have been adopted in March. He spoke about an "agreeable budget," which he would like to see introduced on June 12 and adopted on July 10. The budget is based on the collective efforts of departments and his analysis; it does not include a COLA or tax increase. He spoke about the need to have \$19,000 to balance the budget and expenditures being down \$10,900 over all.

Mr. Mathews asked if the electronic files were updated from the version provided earlier to the governing body; Mr. Hart said yes, noting that he will distribute another copy to the governing body with changes. He said that there were major revenue variances, and he used more surplus. He spoke about using the capital fund to balance the budget last year and having only \$40,000 – 50,000 in there now. On a question from the Mayor, Mr. Hart said that the fund could be used in a budget as a direct appropriation for debt service.

Mr. Hart referred to the budget sheets he provided, outlining some of the following lines: deferred charges for ordinances for Back Brook and Dutch Lane were taken out of appropriations. He explained that by law, the Township can not anticipate revenues larger than what was taken in the previous year. Court fines were down \$2,000 last year, noting that there was no revenue from West Amwell (for the record, new shared service), which will be a part of the 2015 budget. A recommendation was to put \$28,500 in that line.

Mr. Hart continued, as follows: rental on the building increased \$6,120 from Franklin Township; interest on taxes figures are sustainable, as shown in the Annual Financial Statement; there is roughly \$2,000 more in the recycling grant; revenues were down over \$27,000. Some discussion took place about the recycling grant, which was recently applied for, and bringing it into the budget with a Chapter 159 later in the year. He further noted that the Clerk's Salary and Wage line went up for overtime, and the financial department went down \$5,000 with staff changes. The tax assessor's line went up because of higher tax appeals, and Deputy Mayor Wang-Iverson mentioned the Assessor's request for an appraisal for The Ridge at Back Brook golf course at \$10,000.

Further comments from Mr. Hart included the following: legal line went up with \$1,000 more; the engineer line increased by \$2,500, with Mr. Matheny adding the temporary budget was already expended; group insurance increased because of the number of employees now covered (up from 9 to 11); there were some savings in the road department's salary and wage due to attrition.

Building and grounds increased \$15,000 with \$10,000 needed for a tub grinder – the cost of the grinder was previously taken out of the recycling grant, but the Township uses \$600 per month for recycling services, so the item will be put into the budget separately. Mayor Sageser asked about FEMA assistance for the tub grinder, and Mr. Matheny explained that there were no significant storms as there were in the previous two years, and the Township pays for the service without FEMA assistance.

Streets and Roads had a \$0 in the budget, and it was explained that the items would be covered in the capital budget. Mayor Sageser asked if the capital budget had to be done by next week, and Mr. Hart said that the Township had some discretion in completing it.

Public Health services showed \$14,695, attributed to higher costs for perc and soil tests, increase in costs for the engineer and for the county. Board of Health Secretary Rosikiewicz said that activity has doubled. Mr. Matheny explained that this is a good example of allowing for escrows for Board of Health activities, but it is not allowed. Additionally, the budget cannot anticipate revenue more than the previous year; however, there will be increased activity. Some discussion took place, and Mr. Mathews asked about revenue tracking; Mr. Hart will provide an analysis and a method of tracking to match fees to costs. Deputy Mayor Wang-Iverson also explained past practice of refunding unexpended witnessing fees through the general funds; previous CFO Steinberg recommended that the Board of Health have a separate line item for refunds, now shown in the budget. Additionally, the well witness is paid by voucher from (operating expenses) OE rather than through Salary and Wage.

There is an annual fee through OE for the Edmunds system as a maintenance fee. Last year, the fee was absorbed in the capital through the ordinance for purchase of the system; the amount is now in the current fund.

The Recycling Committee asked for \$2,000 for flyers and printing in their budget – some discussion took place on whether this was for the newsletter already sent this year or whether a second mailing was anticipated.

Bond and note principal showed \$20,000 more in payments according to the amortization schedule, but there was no interest increase this year.

Emergency appropriation for Hurricane Sandy removal no longer needs to be funded.

The deferred charges of \$94,000 (for the Back Brook and Dutch Lane ordinances) was mentioned again, along with a formula for the reserve for uncollected taxes, shown in the budget.

The capital improvement fund was \$23,000, and Mr. Hart recommended \$25,000 to include funding for technology infrastructure and to fund down payments for bond anticipation notes or debt. He mentioned the need for 13 new computers and noted that there was some prior capital funding still available.

The budget, as shown, had no tax increase or COLA adjustment for employees.

Mr. Mathews asked about the capital improvement fund and the status on projects for the barn and insulation work. A bond ordinance has been passed. Mr. Hart explained that if the money has not been utilized, the Township would be able to cancel the ordinance. Mr. Matheny explained that the bond was for the barn and for the purchase of a backhoe; the backhoe is being bid through the Middlesex Cooperative and should be approved tomorrow. Mr. Matheny also noted that Jason Silverthorn is working on specifics for the barn; he noted that input had to also be sought from the CFO for the project, and now that Mr. Hart is “up to speed,” work is being done. There is a possibility that the insulation may have to be bid, but the heat may not have to be bid.

Mr. Hart spoke about the tax rate calculation page, with a tax rate of \$0.191 based on the net valuation of \$670,803,606.00 (or \$67,080.36 per tax point) with an average homeowner paying \$8,663.50 in taxes. Information on the school, county, and fire district taxes are calculated separately. It was explained that there was a shortfall of approximately \$19,000 between revenues and appropriations, and Mr. Hart suggested either additional revenues, an increased tax levy, cut other items in the budget, or apply more surplus to make up the difference. Comments were exchanged, noting that there was a \$0.185 tax rate last year, based on the revaluation – the \$0.191 amount was based on the almost \$20,000 of variables. The tax levy cap and the appropriations cap were mentioned.

Mayor Sageser spoke about the Open Space Trust fund with an “arbitrary determination” last year on whether to pay interest for open space bonds v. all bond payments from this fund. Deputy Mayor Wang-Iverson commented that the same figure was on the revenue side, i.e., \$370,000 would be used from the fund for debt and the balance for the \$600,000 figure would come from the general budget. Mr. Van Horn asked how much funding comes into the open space trust fund annually; he was told around \$300,000 in new revenue was received. Deputy Mayor Wang-Iverson also stated that there was about \$1,000,000 in the fund at the present time,

cautioning that it was important to keep funding available to pay debt over the next three years. Mr. Mathews and Deputy Mayor Wang-Iverson commented on an increased use of the fund last year based on the revaluation reductions; the Deputy Mayor also suggested careful management to pay debt and plan for any future purchases. Mr. Mathews mentioned a significant reduction in debt in 2018, and the fact that (FOSPC Member) Mr. Gardner said (last year) that in their best view they only needed \$700,000 to acquire all desired properties; Mr. Van Horn added that this would include receiving matching funds. Mr. Mathews commented on needing around \$300,000 over the next few years to cover costs.

Mayor Sageser mentioned the need for \$20,000 to hold the tax steady without raises or any other appropriations being added. Deputy Mayor Wang-Iverson felt that increasing the open space trust fund beyond \$370,000 might be a reasonable way to make up the deficit. Mr. Van Horn said that this was the first round, and expenses may be cut.

Mr. Matheny was asked what he thought was the staff's feeling about salary increases; Mr. Matheny explained that other municipalities, where some of our employees also work, are getting from 2 to 2.5%. Additionally, in the shared court with Delaware, there have been some years when the Court Administrator gets a raise from Delaware Township alone, and East Amwell is not consistent with their earnings. Mr. Van Horn felt that consideration should be given to providing raises for the employees.

Mr. Mathews asked if the salary increase would include Mr. Matheny, asking about the Administrator's annual contract. The 2014 contract has not yet be discussed, although the contract from the previous year stays in effect.

Specific employees on the list were discussed, including Jason Silverthorn, the DPW Superintendent who was hired at a salary last year that was to be in effect for the entirety of 2014; Peter Buchanan, who receives a set fee of \$25 per smoke detector inspection; new secretaries just hired for boards; summer playground representatives who were recently hired for temporary work. Mr. Hart explained that if the staff received a 2 percent increase, the full total would be \$15,032.26, less \$1,700 for the DPW Superintendent and the additional allocation for the previously mentioned staff.

Mayor Sageser asked about the relationship of the capital budget to the budget being discussed, including the possibility of adding money for road paving and including 10% down payment in that budget. Mr. Hart explained that a bond ordinance could be passed and allow for a 5% down payment by direct appropriation or within the capital improvement fund. Mr. Hart felt that the capital budget could be done at another time. The Mayor commented on not addressing or adjusting the budget with a down payment now, but if the Township could get some grants for improvements, a five year plan for paving could be developed and bond for perhaps \$1,000,000, at which time the 5% down payment could be addressed. Mr. Hart explained that the 5% was needed when the bonds were issued for debt, e.g., if the debt occurred in 2015, the down payment would be needed then.

Mr. Mathews spoke about asking Engineer O'Neal for a list of projects that the DPW could do themselves or have a contractor perform. Mr. Matheny explained that Mr. Silverthorn is working with the engineer on roads that have blown up, with an estimate of approximately \$1.7 million to complete. Additionally, a new drainage problem arose, with a cost estimate of \$160,000. Most of the work would have to be done by a contractor to get the roads back to where they belong. While the DPW agreed that chipping and sealing the roads gets more time out of the roads, that type of work does not have a five year usable life and would have to be funded in the Other Expense budget, not through the capital budget, causing a CAP problem. It was determined that the roads all need overlay work. Mayor Sageser asked about a chip seal program over time at a fixed rate, working with the county, and doing increments, such as a mile or so at a time. Mr. Matheny will have this information summarized by the engineer for the next meeting. The Clerk also noted that the Township received a letter from the NJ Department of Transportation that they did not receive the Municipal Aid Program award for the roads they identified, i.e., Stony Brook, Lindbergh, Rocktown.

Mr. Hart was asked about the cap bank. He explained that there was some funding that will be spent, and there was some that "falls from the bank if not used." He further explained that each year the state promulgates a COLA rate of .5% that applies to the budget. The law allows

municipalities to increase the levy by 3.5%, and he was in favor of this flexibility afforded to the Township. On a question from the governing body, Mr. Hart explained that the health care and pension costs are inside the cap. He was strongly in favor of adopting the cap ordinance, noting that the funds can be banked for 3 years and if not used, "falls off," e.g., losing the oldest bank, in this case, 2011 funds. Mr. Mathews asked if any of the cap bank was used; Mr. Hart said a little bit, using the older funds first. However, there was no cap funding put into this year's budget.

Committee members commented on a previous CFO's recommendation to raise taxes a little bit each year. Mayor Sageser asked about the .5% COLA increase by the state, asking if that was the salary increase of state workers each year. Mr. Mathews thought that the figure was usually used for contracts. Mr. Hart spoke about involvement of actuaries, also noting the increases in health benefit costs with employee contributions – he felt that it was prudent to consider the cap ordinance each year. There was a consensus of the Township Committee that they should introduce the ordinance, and Mr. Hart will have it ready for the next meeting.

Mayor Sageser mentioned the health care group insurance, and Mr. Hart explained that the township employees are covered by the State Health Benefits Plan. The State provides the rates annually, and the premiums are paid by the township with contributions from the employees based on salary and type of plan coverage. Employees were contributing on a tiered basis, and this year, they should be paying their full costs. The municipalities are seeing an 8.6% increase in health care costs, with a net effect of \$38,000 more for insurance costs with having two new employees on coverage.

Mr. Mathews asked about the \$8,000 in the tax assessor's budget for the appraisal, asking if it was discretionary. Deputy Mayor Wang-Iverson mentioned an appeal by The Ridge at Back Brook and without an appraisal, the Assessor would have no defense. He further explained that even with a 10% reduction in assessed value, the Township would see a net loss of \$25,000. The golf course is assessed at \$10,500,000; there were comments made about the changes in memberships for golf courses at the present time. Deputy Mayor Wang-Iverson commented on the risk taken if there was no appraisal to defend.

Mr. Van Horn reminded the governing body of the Township attorney's recommendation that discussions should take place in executive session; a recommendation was made to ask Ms. Busher to come to the next meeting for input. Mr. Mathews questioned why the golf course was not addressed in last year's reassessment; Ms. Busher will be asked to provide input for the next meeting.

Mr. Mathews asked about the funding put in the building and grounds budget for a tub grinder. Deputy Mayor Wang-Iverson commented on paying for this service through a FEMA grant or through clean communities funding. The idea is to give the service a specific line to track costs. There was a previous discussion with the CFO, the Deputy Mayor, and the Administrator on how much of a \$12,000 grant was earmarked for tub grinding, and it was agreed that by funding the item in the budget, grinding could be scheduled annually. Mr. Matheny explained that there was a previous expense of \$3,400 to chip the mulch, which residents wanted and used. There was some FEMA funding used to pay for the chipping, which was financially beneficial. The Township must obtain an NJ Department of Protection (DEP) permit for storing the material, which was eventually distributed. The pile has subsequently grown massive, and the cost has escalated for a one-time year grinding event.

Mr. Mathews spoke about a limited number of residents using the grinding service and bringing brush to the yard; he commented on having five DPW workers now and Mr. Van Horn's previous request to revisit town wide chipping, which would benefit all township residents. Mr. Mathews spoke about eliminating the outsource service and doing it in-house with township labor. Mr. Matheny explained that what residents bring to the grit-yard includes big branches, hunks of trees, root balls, etc.; curbside, the residents would only be able to put out branches and brush. Mr. Mathews again mentioned the cost effectiveness of the curbside program and the benefit to more residents.

Mayor Sageser spoke about the ability to finely chip the brush with the grinder, while the roadside chipper did not do so, and the township would have to get rid of the debris, i.e., local nurseries may take it rather than the residents. Another issue to consider is that the chipper may

need to be replaced at an estimate cost of \$65,000. The DPW Superintendent is putting a capital list together in the amount of \$350,000 for the salt barn, a single axel truck, and another single turn mower. Deputy Mayor Wang-Iverson also mentioned time constraints for the DPW crew, indicating that it took about a month per side of the town to chip with working taking just under two months to complete.

Committee members looked at the buildings and grounds operating expense budget and requested further information on the increase in the budget to \$39,000. It was noted that there were difficulties in itemizing expenditures from last year in the computer system. A question was raised about the need for \$9,500 for remediation, up \$2,000 from last year. Mr. Matheny commented on further well testing for the remediation, noting that there are different levels of “no further action” from the state; he will check with (previous Township Committee member) Larry Tatsch on this matter. Further comments were exchanged by the governing body members regarding over-budgeting in this department; Deputy Mayor Wang-Iverson explained that he used 2013 numbers for 2014 when developing the budget. All were in agreement that Mr. Silverthorn should appear at the next meeting before line items are cut in case he is still spending from the budget.

Mayor Sageser spoke about introducing the budget on Thursday, June 12. A comment was made about having another meeting to fine tune the budget and locate the \$20,000 to be adjusted; it was also noted that the 2013 actuals, as shown in the draft budget, came from the Edmunds system and were assumed to be accurate.

Mr. Mathews asked about the \$3,400 for maintenance of the Edmunds system; this charge was not in last year’s budget since the purchase of the system was in the capital budget and included an annual maintenance with purchase. Mr. Hart felt that Edmunds provided good support and did an upgrade with new features and options, noting that the cost was in the “ballpark” of other software support costs.

The Board of Health budget was reviewed with a \$14,695 increase in 2014 appropriations. Some discussion took place about the amount being driven by witness fees and refunds. Deputy Mayor Wang-Iverson agreed that he would revisit this budget to see if the amount of \$8,000 was offset by revenues, stating that there also may be some discrepancies from the lack of processing refunds in a timely manner.

Mr. Mathews commented that by looking at the questionable items and considering an increase in the open space trust fund usage, the Township Committee may be able to introduce the budget next week.

Reference was made to an inquiry from the Tax Collector about a veteran who became totally disabled, effective May 31, 2013, and has just now applied for the veteran’s exemption. The email provided information on the refund amount due to the resident if the exemption was backdated to the original date of disability in 2013, or \$14,003. Additionally, the Township Committee was earlier in the evening copied with the state statutes pertaining to refunds, which indicated that municipalities “may” exempt retroactively. It was noted that the Township would not get back the school taxes although it was unclear about the County taxes – the Assessor will be asked about this. Some discussion took place on how the refund would be covered, as a deferred charge and pay next year or do an emergency resolution and pay over time. The possibility of taking the money from surplus was also suggested. Deputy Mayor Wang-Iverson was in favor of the refund, and Mr. Mathews suggested including the amount in the proposed budget and deciding in the future. Mr. Mathews also suggested funding the refund over the next five years, asking if this item would be in the cap or outside; however, Mr. Hart did not respond.

The Township Committee further discussed the possibility of introducing the budget at the June 12th meeting. Mr. Mathews recalled previous CFO advice about making adjustments in the budget between introduction and adoption; Mr. Hart stated that as long as it was within 10% of the appropriations, the budget could be amended without additional publication. Mayor Sageser did not want to lose track of what had been done; Mr. Mathews felt that the budget provided was a baseline, which could be fine-tuned, stating that “time is of the essence.” Mr. Hart stated that the temporary budget runs out at the end of June; comments were made about the potential for violation and daily fines for budgets not adopted on time. Mr. Hart also

commented on the requirement to let the DCA know if budgets were going to be late; this was not done because at the time, Mr. Hart could not provide any information on potential dates of introduction.

There was a consensus that the budget be introduced at the June 12 meeting with a public hearing and adoption at the July 10 meeting, as long as it was flat in relationship to last year's budget.

Deputy Mayor Wang-Iverson asked about the COLA adjustment for staff. Mr. Van Horn was in favor of the increase as long as it was covered in the budget. Mr. Hart was directed to review the budget for the items discussed tonight, such as Board of Health and Buildings and Grounds, and if the budget remained flat, to consider a 2% increase for staff. The possibility of using more open space trust funds was mentioned, and Mayor Sageser suggested that an open space calculation sheet be prepared.

Mr. Hart said that the Township will do a self-examine of the budget, but it must still go to the state for approval. The budget will be introduced on June 12 and fine tuned thereafter; it will include a 2% increase for staff. The Clerk noted the Tax Collector's concern that the budget be completed in sufficient time to allow only one tax bill mailing and not an estimated tax bill mailing too (to defray added costs).

Mr. Mathews felt that the 2% increase should be part of the contract discussion for the Township Administrator. Mayor Sageser and Deputy Mayor Wang Iverson negotiated the contract last year, with no 2014 contract discussed yet. It was agreed that the contract would be a separate issue, and COLA adjustments will be reviewed to see who is qualified to receive them.

Mr. Miller asked for clarification on the requested tax refund from the veteran, asking if it was determined that the full refund would not be in the 2014 budget or whether it would be taken from surplus. Mr. Mathews suggested using surplus or providing as a deferred charge; reviewing revenues again was suggested and applying surplus for this particular event was a consideration. Mayor Sageser asked Mr. Hart if an emergency arose later in the year, would there be surplus to use; Mr. Hart said yes. Deputy Mayor Wang-Iverson also noted that if the veteran came off the tax roles, the township residents would have to make up the deficit going forward.

Mr. Mathews asked that Mr. Hart color code the next version of the draft budget, which will be done. Mayor Sageser thanked Deputy Mayor Wang-Iverson for preparing the spreadsheets, which were based on a previous CFO's sheets; Mr. Hart agreed that they were a good working tool.

Mr. Van Horn commended Mr. Hart for his work to date and his ability to work with staff and Deputy Mayor Wang-Iverson to prepare the budget.

The meeting was open to the public for comments.

Bob Rowe, 33 Toad Lane, said that he was representing the Senior Citizen's Group, asking for reinstatement of their aid; the Township cut their budget line by \$2,000 last year. The cut impacts their ability to have trips, with buses running \$900. He explained that expenses are high, trips are subsidized by the members, some of whom are on fixed incomes. The group has relocated to the Elks (in Flemington) at a cost of \$1 per member, after losing space at the County Complex. Mr. Rowe appreciated the efforts of the governing body to control the budget, but he would appreciate more assistance for the seniors.

Mr. Mathews asked about the percentage of club members from East Amwell; Mr. Rowe said about 80 percent. There are about 68 members in the club. In previous years, the group received \$4,000 from the Township, which was cut to \$2,000 last year. A previous Township Committee member argued at that time that the figure was too high. Mr. Rowe explained that when the Committee member looked at finances, although there was \$4,000 in the account, \$2,600 was already committed for expenses. The group subsequently cut some of their trips, and now they subsidize more of the cost. He also explained that non-members participating in the trips do pay the full toll.

Mr. Mathews asked about the remaining 20% non-East Amwell residents in the club and whether there is any funding from other municipalities; Mr. Rowe said no, explaining that the club could not operate with only East Amwell members and they need to generate funds. He said that the group has to pay for 38 seat buses, and if only 20 members sign up for a trip, they try to get others to participate to help absorb the cost. On a question from Mr. Van Horn about getting smaller buses, Mr. Rowe explained that the buses must accommodate a senior group and have a restroom on board. He also mentioned that the group tries to have some closer trips where seniors have to get there on their own. He mentioned a long trip to Pike's Peak, which no longer takes place because of lack of funding to do so.

Mr. Rowe again explained that there were about 65 or so members, with 80% of them (about 50 members) from East Amwell. Dues are \$5, plus \$24 a year for the Elks. A recommendation was made to put a notice in the VIP advertising for more members for the club.

Mr. Mathews commented on his belief that government was not in the business of funding charities. Mr. Rowe mentioned efforts in trying to get low or no costs programs in Hunterdon County for the club, also explaining the twice a month meetings that are held. Mr. Van Horn asked about having the meetings here in the municipal building; it was explained that in the past, the club did meet here, but the kitchen was not adequate for their needs. Mr. Rowe explained that one of their meetings is a "potluck" meeting with about 38-46 people attending; the club members would need a place to heat up their meals and have sinks large enough for the clean up. The group also avoids meeting areas with many stairs.

Mayor Sageser mentioned that the summer playground program under the Recreation budget is now being funded by the parents, which provides a savings to the Township. He thanked Mr. Rowe for attending the meeting tonight and said that the Committee would look to see if there was any money available. Mr. Rowe thanked the Township Committee, stating that he understood the tight budget.

Frances Gavigan, 123 Wertsville Road, commented on having a senior neighbor and thought that he liked the program. She suggested providing something to the group, since there was \$50,000 in open space and the township might "clawback on contracts and professional fees," adding that the Township look at core missions under contracts.

Ms. Gavigan asked if the budget and documents would be available under OPRA. The Clerk advised that technically, draft material is not available under OPRA, but in the past, there were some Township Committees who agreed to provide draft information to the residents. It was acknowledged that the budget would be available to the residents after introduction, and they would have a month to review prior to the public hearing in July. Ms. Gavigan felt that the Township Committee might get some push back from residents if they were aware that open space funding was used for something else; she was told that the budget includes about half of the debt for open space coming from that fund and the remainder from the general fund. Mr. Mathews commented on possible misinterpretation by providing a draft document that had not been fully vetted. Ms. Gavigan again asked if it would be available for the public when discussed; Mayor Sageser commented on difficulties in printing the document, but agreeing that there would be some summary pages or "something reasonable." Once it is introduced, the detailed budget will be available for the month prior to adoption. Mr. Hart provided specifics on the budget introduction and adoption process.

Motion by Mr. Van Horn, seconded by Mr. Miller, and carried unanimously to close to the public.

There being no further business, motion to adjourn by Mr. Van Horn, seconded by Mr. Miller, and carried unanimously at 9:55 p.m.

Teresa R. Stahl, RMC/CMC
Municipal Clerk

