

M E E T I N G M I N U T E S

TOWNSHIP OF OCEAN COUNTY OF OCEAN Budget Workshop Meeting April 14, 2009

FLAG SALUTE

ROLL CALL: Lachawiec X Reilly X Kraft X

STATEMENT: Pursuant to the provisions of the New Jersey Open Public Meetings Act, adequate notice of this meeting was properly provided by sending copies of the Notice of Meeting to three newspapers, The Atlantic City Press, Asbury Park Press and The Beacon. The Notice was posted at the office of the Township Clerk and on the bulletin board in the Administration Building.

Presentation

Administrator Ken Mosca discussed the budget summary. The budget introduction will be held on April 23, 2009 at the township meeting. The rate was 5.7 at the last budget meeting. It is now 2.6.

The Township Committee had two potential revenue streams. Holding off the deduction of the budget gave the Township Committee the opportunity to negotiate the two revenue streams, which are reflected in the budget being presented. One of the revenue streams was approximately a penny on the rate, which was from a development named Patriots Cove. This development is in Barnegat and has 46 units connected to the town's water system. Between the connection and meter fees, the total cost is approximately a penny, which is \$129,800. The other revenue source is the sale of municipal-owned property, which is approximately \$300,000. Between now and December 31, 2010, the town will have closed on the property and the township will be paid the balance of what is owed, which is approximately \$3.9 million.

The public was given a handout that includes the town's transfers that impacted the 2008 budget. The town had transfer resolutions during the year. Copies can be obtained at the Township Clerk's office.

Deputy Mayor Kraft stated the Township of Ocean has a water/sewer service section of Barnegat, from Bayshore all the way back to the bay and on the West side of Route 9. The residents are Barnegat taxpayers but pay water/sewer to the Township of Ocean.

Deputy Mayor Kraft clarified that 2.6 cents means \$26.59 on a \$100,000 assessment. If you have \$200,000 assessment it would be \$53.19. \$300,000 is \$79.78.

There is an additional 1.8 cents, which is the Open Space tax. The residents of this municipality voted for that on a referendum last Fall. Open Space is a separate budget.

Administrator Ken Mosca stated the amount of surplus that is being applied to this budget is \$1,705,000, which leaves \$282,000 in surplus. In the 2008 budget, the town used \$2,250,000, which left the town \$287,000 in surplus. The town is being consistent with budget and the amount of surplus. The Township Committee will introduce the budget on April 23, 2009. There could be further changes to the budget before April 23, 2009.

Administrator Ken Mosca stated approximately \$537,000 was lost in interest income alone. That does not include the lost income from construction office.

CMFO Christine Thorne stated the town's interest rates went from 4.5% or 5%. By the end of the year it was down to 1%. Right now the interest rate is only .2%. Two weeks ago bids were taken from five different banks and the best was .88%. The rates are not out there. The town needs to negotiate the rates for a CD.

Administrator Ken Mosca stated another area where money was lost is the Construction Department.

CMFO Thorne stated the town anticipated bringing in \$380,000, but only brought in \$288,000 from the Construction Department.

Administrator Mosca stated not only did the town not reach the anticipated income, the amount of income the town is allowed this year cannot exceed what the town took in. It is a double hit.

CMFO Thorne stated in prior years, the town was getting \$500,000 to \$550,000 in that line item. The surplus dropped almost over \$1 million. Hopefully construction will pick up. There is no guarantee.

Committeeman Lachawiec inquired if the town could take advantage of the drop in rates.

CMFO Thorne stated the town has to follow laws. The funds are put into bond anticipation notes that mature yearly.

Committeeman Lachawiec inquired if the long-term capital projects could obtain different lenders at a cheaper rate.

Administrator Mosca stated the town advertises and goes through the State's procedure.

CMFO Thorne stated the town cannot refinance the note.

Committeeman Lachawiec inquired if bond counsel could look for a better rate.

CMFO Thorne stated last year, when the bonds were due, the interest rates really went up. Another town in Ocean County just sold notes. They received a 2.4% on the notes they sold.

Committeeman Lachawiec inquired if the town could refinance the debt to get a lower rate.

CMFO Thorne stated she will call bond counsel.

Mayor Kraft stated there are line items that could generate revenue, recycling tonnage grant and clean communities program.

Deputy Mayor Reilly stated the savings the town generated in staff reduction, reorganizations and outsourcing is in excess of \$225,000, with salaries, benefits, etc. Last year the town received over \$450,000 in grants. In the current budget, the town is looking at about \$29,000 in grants.

CMFO Thorne stated the town cannot provide services if grants are not received.

Administrator Mosca stated there are statutory items the town has no control over. Unemployment insurance just went up. The Governor is requesting additional unemployment monies to be paid out.

CMFO Thorne stated the municipality pays state unemployment & disability insurance but does not pay federal unemployment insurance. The federal government has decided to make it the municipalities' responsibility to pay for the stimulus program for unemployment.

Deputy Mayor Reilly stated the expenses passed down every year in the budget rise and never fall.

Administrator Mosca stated the pension has increased. Some towns are deferring their pension payments. When towns defer their payments and can't pay, they are in line for municipal aid. It does not make sense for the Township of Ocean to defer the pension payment. The payback is 8.85%.

The governor has brought down the health benefit rates. \$90 million dollars of 2008 money and \$28 million dollars of 2009 money was spent buying down the health benefit rate to get more towns to jump in or opt back in. Township of Ocean was in the State plan and has opted out of the State plan. If the town had opted back into the State plan, the town would have had a decrease. If rates are bought down, what does that mean for the future 2011, 2012? The recommendation was to pay the modest increase and evaluate as the town moves along.

Deputy Mayor Reilly stated if the town got into the State plan and it started to rise, the town would not be able to get out and is locked in.

A discussion took place regarding the State Health Benefit Plan.

Committeeman Lachawiec inquired how the town will know that the Federal Government is going to pass the requirement to pay that money back to the town. Is there a document that came with the notice?

CMFO Thorne stated it was a letter saying that the town is responsible for it. It did not say how or when the town would be billed.

Committeeman Lachawiec suggested Administrator Mosca address this Federal requirement to pay the extra unemployment with the New Jersey League of Municipalities.

Mayor Kraft inquired if the town audited the LOSAP agreement.

CMFO Thorne stated no, but will notify the Fire Dept. and First Aid the day before obtaining their records. The auditors will then review their records.

PUBLIC COMMENT:

Motion to open to the public was moved by Committeeman Lachawiec, seconded by Deputy Mayor Reilly. Roll Call: Lachawiec: Yes, Reilly: Yes, Kraft: Yes.

Tom Marquet, Spring Lake Blvd., inquired where on the spreadsheets he can find the surplus balance.

Administrator Mosca stated the balance is not on the spreadsheets and explained that \$1,705,000 was taken from the \$1,987,000.

Mr. Marquet requested Deputy Mayor Reilly to elaborate on the staff reductions.

Deputy Mayor Reilly stated retirements, positions were eliminated in the Road Dept., a part-time position in the Construction Dept. and the Executive Director of the Utilities Dept. The town has also arranged an interlocal agreement with Lacey Township, where plumbing and electrical inspectors are shared, paying only half of those salaries.

Mr. Marquet inquired if there will be an application in connection with the CAP rate, to increase it.

Administrator Mosca stated no.

Joe Randazzo, 23 Spring Lake Blvd., stated it was mentioned the 1.6 cents for the Open Space was a wash. Does that mean the town is not going to pay for that?

Administrator Mosca stated no, it is on the Open Space side. It is not a wash. The increase is 3.4 cents. This was for the grants.

Mr. Randazzo inquired how much, of the \$3.9 million received for the land, is applied to the budget.

Administrator Mosca stated \$300,000.

Mr. Randazzo inquired if the taxes will go down next year.

Township Attorney McGuckin stated the time frame on the payment is under contract.

Mr. Randazzo stated people are getting away from CD's and going to general obligation bonds. Mr. Randazzo stated he hopes the staff was not cut too thin.

Deputy Mayor Reilly stated the town is providing quality service and has not heard complaints from the residents.

Tony Wilsenski, 32 Grand Bay Harbor, inquired how the town reduced the rate from over 5.5 cents to 2 cents.

Mayor Kraft stated the \$300,000 from the land sale is two cents and another \$130,000 is a penny. That is three cents.

Administrator Mosca stated a penny is worth \$129,883. The town took in approximately \$422,000 in revenues.

Mr. Wilsenski inquired if there is surplus from Utilities? There was quite a bit of surplus when the town took over utilities.

Administrator Mosca stated the town is using approximately \$300,000. The audit shows the correct surplus numbers. The numbers are not as high as the prior MUA maintained.

CMFO Thorne stated there was \$1,500,000 in water. Sewer was \$600,000 or \$500,000. There were rumors of a huge surplus.

Mr. Wilsenski inquired since the town took over Utilities, has the town not used the surplus at all for the operating budget?

CMFO stated in 2008 it was \$380,000. In 2009 it was \$329,000.

Mr. Wilsenski inquired if it is the town's intent to use that money for operating?

CMFO Thorne stated that came from the operating budget, not from the surplus.

John Petrosill, Vessel Road, discussed the salaries and wages column on page 15.

CMFO Thorne stated that is the chart of accounts. The Division of Local Government Services intent was to compare with other municipalities. Those numbers are required by law. It is called the chart of accounts.

Mr. Petrosilli inquired if the numbers represent job titles.

CMFO Thorne stated no. That is set by the Division of Local Government Services.

Mr. Petrosilli stated Public Works has three or four different columns for salaries.

Mayor Kraft stated that is not one employee. There are different salaries for different employees. The numbers do not equate to what the employee makes.

Mr. Petrosilli inquired if the three cents on the Open Space Recreational Farmlands Preservation is the town's open space money. Is there a salary being paid to administer it?

CMFO Thorne stated there is no salary. CMFO Thorne budgeted that in case the town does have someone. There is not a person scheduled for that.

Joan Finn, 26 Ocean Grove Lane, inquired if there are any more plans for shared services.

Administrator Mosca stated the recycling is with the ACUA, which saves us \$75,000 a year. There are ongoing conversations to expand the interlocal with Lacey Township in the Construction Department.

Ms. Finn stated she would like to look into the feasibility of shared services.

Mr. Marquet noticed the Police Dept. salaries went up approaching a quarter of million dollars.

Administrator Mosca stated the township lost an arbitration with the PBA.

Ralph Avellino, 10 Central Avenue, inquired if the town has to pay for unemployment of part-time employees.

Township Attorney McGuckin stated yes. Part-time employees are eligible for unemployment.

Mr. Avellino stated the interest rate is very small. How long is the term?

CMFO Thorne stated 30 days. The town cannot tie up money for years.

Mr. Avellino discussed eliminating positions.

Administrator Mosca stated it was one part-time person in Construction, one part-time person in Finance, one full-time person in Buildings & Grounds, one full-time laborer in Utilities, one part-time carpenter in Utilities, one full-time secretary in Police Dept., two full-time dispatchers in Police Dept.

Mr. Lachawiec inquired what time of year the town makes most of its collections or revenues from taxes. Are there tax anticipation notes?

CMFO Thorne stated four times a year. The town does not have tax anticipation notes.

John Petrosilli discussed the ammunition expenditure for the Police Dept.

Administrator Mosca stated the State mandates how often the Police Dept. has to qualify. There was a lot left over from last year and they are trying to stretch it out.

Motion to close to the public was moved by Committeeman Lachawiec, seconded by Deputy Mayor Reilly. Roll Call: Lachawiec: Yes, Reilly: Yes, Kraft: Yes.

ADJOURNMENT:

Motion to adjourn Budget Workshop Meeting was moved by Committeeman Lachawiec, seconded by Deputy Mayor Reilly. Roll Call: Lachawiec: Yes, Reilly: Yes, Kraft: Yes.

Signed and Submitted:

Diane B. Ambrosio, RMC
Township Clerk

Date