

SPECIAL WEST AMWELL TOWNSHIP COMMITTEE MEETING

March 25, 2010 - 4:15 p.m.

The West Amwell Township Committee met on the above date at 4:20 p.m. Present: Mayor Molnar, Committeemen Masterson and Fisher, Attorney Faherty, CFO Luhrs, Alex & Glenn Baran, E.J. Skillman, Randy & Lolly Hoagland, Sandy Haberle and Zach Rich

In compliance with the Public Meetings Act, Mayor Molnar announced that this Special Meeting was called pursuant to the provisions of the Open Public Meetings Act with notices faxed to the Hunterdon County Democrat and the Trenton Times on March 17, 2010. A copy of this notice is and has been available to the public and is on file in the office of the Municipal Clerk.

The meeting was recorded via digital recording system and a copy of the CD is on file in the Office of the Municipal Clerk.

BUDGET WORKSHOP:

A couple of budget-related items were presented for consideration. A salary and wage amendment was omitted from the last meeting and is needed in order to pay the individual hired.

RESOLUTION #57-2010 SALARY & WAGE RESOLUTION

BE IT RESOLVED by the Committee of the Township of West Amwell that the 2010 Salary and Wage Resolution, adopted January 1, 2010 be amended as follows:

Position	Salary/Compensation
<u>Add:</u> Part-time Officer Todd Pantuso	\$ 20.50/hr

The foregoing Resolution was unanimously adopted on motion from Fisher, seconded by Masterson.

A dividend check was received from Selective but made out to the Fire Company, although the Township pays the insurance bill. The question was whether this should be turned over to the Fire Company or if it should be endorsed over to the Township. Randy Hoagland offered that, in the past, the Township would let the Fire Company have the dividend. A brief discussion ensued and it was unanimously determined that the dividend check should be turned over to the Township as the entity paying the bill.

Mayor Molnar then extended appreciation to those in attendance and requested that an overview of the budget situation be given by the CFO. Mrs. Luhrs relayed that the Township lost \$304,000 in State aid. The Committee had been working on the assumption that with cuts made to date, the proposed budget was but \$45,000 over the levy cap. With the release of State aid numbers, a total of \$350,000 now needs to be cut from the budget. Although in previous years the loss could be taken as an exception to the cap levy, the rules have been changed. Additional cuts have to be made or new revenues found. The categories of CMPTRA and Energy Receipts that were once separate have now been combined and cuts applied. In addition, the Watershed money was lost, leaving the Township with a net loss of \$304,000.

Mr. Fisher advised that \$150,000 had previously been cut from the budget, including a significant amount from legal, and another 15% cut needed, when the State aid number arrived. This meant further cuts without allowances given in previous years, which effectively doubled the amount needed to be cut. Mrs. Luhrs noted that the budget stood at \$3.225 million after the last round of cuts; is now at \$2.25 million; and another \$340,000 in cuts to be made. Mr. Fisher and the CFO have been looking at possibilities such as eliminating dual assistant positions, a roadman, the construction office, etc. (no police budget cuts were assumed) but there was still \$240,000 to go. With these numbers a decision has to be made whether to continue as

a separate entity or merger with another municipality. He believes that maintaining the township's independence is something that is desired. Mr. Molnar agreed that the latter is what is wanted and explained that Mr. Fisher is heading up the budget effort as he has more time available. The League's legal counsel has been contacted concerning disbanding the police department and this can be done. Mr. Fisher noted that of the \$1.650 million in payroll, \$555,000 is for police salaries and that there are four statutory positions—Clerk, Tax Collector, Assessor, and CFO. The construction department receipts were \$41,000 last year and are down even more this year. His take is that the State needs to take over the construction department. To this end, a call has been placed to DCA to see how to proceed. Mrs. Luhrs added that this action would mean that the revenue side would have to be reduced by about half but there would be savings in social security and wages. Mr. Fisher has also placed a call Senator Doherty to plead the Township's case and has spoken with Assemblyman Peterson. His understanding of the situation is that there is not much in the way of negotiations available with the State and the Governor has made cuts unilaterally, although the legislators are in an uproar. It appears that the Township has no way to go except the current path of making cuts or shut down/default/go away. Mr. Molnar offered that he spoke with Mr. Matheny at East Amwell. They are proposing to send construction to DCA and were not interested in a shared service as there is no revenue coming in.

Mrs. Luhrs distributed three sets of spreadsheets. The first set depicted cuts to salaries and wages and department staff which gleaned \$204,424 and a sheet that showed 10% cuts to everyone else, except police, for a savings of \$24,947. Operations were cut again by 10% or more to acquire an additional \$98,998. However, the levy cap is still exceeded by \$20,000. She noted that these are very drastic cuts but was the direction given by Mr. Fisher. The second set of spreadsheets showed the savings with the elimination of the police force which totaled \$410,281. All numbers are date sensitive. The third document was the Appropriation Summary that showed where the cuts were made to the operations budget.

A brief discussion about State Police coverage ensued. Mr. Masterson noted that he has reached out but it's the Attorney General who decides this, based on need, but that they will do it if the AG approves. Delaware Township has also been contacted but has not responded. Mr. Fisher has explained the situation to Lt. Bartzak and whether there will be a different response on shared pain than received last year remains to be seen.

Discussion turned to procedural budgetary items. According to the Local Finance Notice, introduction is to happen by March 31st, or the next regular meeting of the governing body. Applying for transitional aid was mentioned but problems here are that there's no guarantee that it would be granted; the pot is only \$195 million, which would go first to less affluent municipalities; and, will bring State oversight. Mrs. Luhrs noted that the longer a decision is delayed, the less options that will be available. A balanced budget must be introduced.

Ideas/concerns presented from the floor included:

- sell Perrine and other Township owned properties (*money was borrowed for acquisition of the former so the debt would have to be paid off first; there are only certain ways that township properties can be sold*)

- use the State Police like East Amwell because they don't have to pay (*as the population is under 5000, the State Police have to supply coverage; a letter will be written to the State Police contact as soon as what is being requested is known; Hopewell has been contacted—getting \$500,000 to cover Hopewell Borough*).

Mr. Masterson offered that other places use other townships with a cheaper rate; that this could be pursued; and, that if a few more part-timers were hired, it would be cheaper than the State Police. Mr. Fisher added that Hopewell being a different county would pose problems with 911 calls from the Township and that before the plug is pulled on the police, something else has to be in place.

- the need to keep some patrolmen as court revenues would drop even more if cut (*a court must be maintained and the police fund it; the court will lose revenue as the*

last patrolmen in will be the first to be let go); this last month is the first time the Police Department wrote more tickets than the State Police

- farmland preservation is great but with a no-growth policy, the township cannot expect to keep pace; revenue is needed or costs have to be decreased; a smart growth plan is needed; either allow housing or business or there will be zero growth

- an economic plan is needed

- consolidate, lay-off, cut overhead, remaining employees have to do more; lay-off or cut police pay 10%; freeze to 3 day/wk; bid out professionals

- cut garbage & trash, currently paying \$100,000 for 300 residents (*\$40,000 was raised to offset*)

- possibility of ending the garbage contract early (*would probably result in a lawsuit but the attorney will make a call to the company*)

- the need for local cops

A question about where the savings went from the reduced legal line was raised by Zach Rich. Mrs. Luhrs explained that \$100,000 could not be used as it was from the cap waiver and \$200,000 was eliminated during the first round of budget cuts. Surplus was not replenished, making less available to be used this year, and only half of that can be appropriated. Revenues can only be anticipated based on what was taken in the previous year. All revenues are down, and with residents not paying their taxes, the tax collection rate is down as well. This creates the need for money has to be raised in the budget to compensate for it. The loss of State aid is huge and with no revenue source, spending has to be cut. The operating budget has been bare minimum; salaried employees are at 2008 wages; police received 4% again this year. The choice is to either lay off everyone else or the police department. Although \$100,000 was found in the operating budget, it penalizes a lot of people. With the need to cut another \$240,000, the only place is in the salary line.

The recently acquired Toll property was mentioned as there are a number of trees on the property that need to be dug within the next month and an inventory compiled. Glenn Baran offered that he and Gary Robinson will be under taking this activity. The possibility of an ad in a wholesale magazine for a nursery auction was mentioned whereby the trees could be sold in lots. The down side is that trees are usually only needed for housing or road plantings, both industries that are not particularly robust.

The current police contract expires at the end of the year. Attorney Faherty advised that talks need to start now but cautioned about the PBA problem whereby the patrolmen don't want to let down the brothers. Mr. Masterson was not optimistic about getting concessions either. A special closed session meeting to talk with the police was set for March 29th at 8:30 a.m. This is to be a mandatory meeting with no overtime charged.

If a consensus is reached with the police, the next step would be to take "x" percent overall to make the budget work and proceed with the State Police coverage idea. A possible 25% pay cut was also floated. The construction office will also have to go.

Discussion turned to salaries and the urgency of a decision as saving depends on the time frame instituted. The salary line for all staff does not include the cost of health benefits, which are currently totally paid by the township. However as of May 21st, all non-union employees will be required to pay 1.5 of their base salary toward their health benefits.

The goal of this exercise is to get under the levy cap. The tax rate will be about the same as 2009 with a tax point of \$53,000. Mrs. Luhrs also noted that the reason that the surplus is depleted is that it has been used to balance the budget as taxes can't be raised and revenues are down. The picture is not looking good.

BUSINESS PERSONAL PROPERTY TAX: Mr. Fisher relayed that he spoke with Tom Allibone and Attorney Martin Allen about an appeal in the Verizon case that the Township joined last year with Hopewell Borough. There is confidence that it can be

shown that Verizon has under reported their inventory when completing the PT10 Valuation form for tax purposes. This data will then be structured into a model which can be used by all towns. A class action is sought for there has never been an audit of the reported inventory, which could be revealing. The township can withdraw if the cost escalates but time is critical in that an appeal must be filed by April 1st.

THIS RESOLUTION AUTHORIZES THE SPECIAL TAX APPEAL ATTORNEY TO FILE A TAX APPEAL REGARDING THE BUSINESS PERSONAL PROPERTY TAX OF VERIZON COMMUNICATIONS, INC.

RESOLUTION #58-2010

WHEREAS, Verizon Communications, Inc. is assessed for Business Personal Property Tax in the Township of West Amwell based upon a total tax assessment of \$1,208,519, as assessed on the Tax Assessor's books at Block 555, Lot 3; and

WHEREAS, based upon information and belief, the Assessment of the Business Personal Property Tax on Verizon Communications, Inc. is under valued and under assessed and does not account for the full and fair value of the property to be taxed; and

WHEREAS, the Township of West Amwell is discriminated against because of this underassessment; and

WHEREAS, the Township Committee has reviewed this matter and the recommendations of its Township Chief Financial Officer, the Township Tax Assessor, the Township Attorney, and the Special Tax Appeal Attorney, who have recommended that the Township file a tax appeal with the Tax Court of the State of New Jersey, to increase the assessment of the Business Personal Property Tax on Verizon Communications, Inc.'s property, assessed as Block 555, Lot 3; and

WHEREAS, the Mayor and Council authorize the filing of this tax appeal without prejudice to its dealings with any other Township taxpayers.

NOW, THEREFORE, BE IT RESOLVED by the Township Committee of the Township of West Amwell, County of Hunterdon, State of New Jersey, as follows:

1. The Township Attorney is hereby authorized to file and prosecute an appeal with the Tax Court of the State of New Jersey to determine that the Business Personal Property Tax assessment on Block 555, Lot 3, owned by Verizon Communications, Inc. should be increased to its full and fair value.

The Resolution was approved on motion by Fisher with a second by Molnar. Mr. Masterson had temporarily left the meeting.

OPEN TO THE PUBLIC:

Mr. Baran expressed concern over the status of his employment. He offered that the Committee should be forceful with the police, shut them down or return to a force like in earlier days. He also suggested that longevity pay be eliminated.

Attorney Faherty offered that to eliminate the department would be overkill and that it would be better to keep a couple officers pending office closure. Mr. Fisher stated that a letter to inquire about State Police night-time coverage will be written and negotiations with Lambertville will commence soon. Perhaps $\frac{3}{4}$ of the police department can be eliminated and/or shift hours changed. He is hopeful that once the police hear the options, they'll be amenable to proposals.

ADJOURNMENT:

There being no further business, the meeting was unanimously adjourned at 6:24 p.m. on motion by Fisher, seconded by Masterson.

Respectfully submitted,

Lora L. Olsen, RMC
Township Clerk