

## Special Meeting Minutes - March 30,2009

A special meeting of the Township Council of the Township of Lower, County of Cape May, State of New Jersey was held on March 30, 2009 at 6:00 p.m. in the meeting room of the Township Hall, 2600 Bayshore Road, Villas, New Jersey.

The Clerk announced that the meeting was being held in compliance with the Open Public Meetings Act and that adequate notice of the meeting had been provided according to law.

The following members of Council were present for roll call taken by the Clerk:

Councilmember Thomas Conrad  
Councilmember Wayne Mazurek  
Councilmember Glenn Douglass  
Deputy Mayor Kevin Lare  
Mayor Michael Beck

Also present: Anthony Monzo, Solicitor and Kathleen McPherson, Manager

Ordinance #2009-05, An Ordinance of the Township of Lower Authorizing the Acquisition and Conveyance of Block 410.01, Lots 72.01, 72.04 and 72.05 was presented for second reading and final adoption. The Clerk announced the Ordinance was posted and published according to law and copies were available in the Clerk's Office.

Mayor Beck opened the meeting for comment on the ordinance.

Joe Winters of Florida Avenue said he was against the acquisition. He said the County didn't do anything for the Township.

Mayor Beck said he agreed and understood his concerns.

Manager McPherson said the total tax bill was \$2,500.00

Bob Rizzo of Mickles Run said they were losing school tax money.

Councilmember Douglass motioned to adopt the ordinance, seconded by Councilmember Conrad. The ordinance was adopted by the following roll call vote: Councilmember Conrad, yes, Councilmember Mazurek, yes, Councilmember Douglass, yes, Deputy Mayor Lare, yes, Mayor Beck, yes.

### 2009 Proposed Budget

Mayor Beck said it was a special meeting and it was something new. He said there would be no public questions during Leon Costello's presentation on the budget. He said Council could ask some questions and after that the public could do so.

Mr. Costello provided a power point presentation and said he would go through a lot of information and the budget had a 1.8% increase which was the smallest increase in the last 4 years. He explained how miscellaneous revenue anticipation was calculated which helped replace the fund balance. He reviewed the budget totals from 2002-2009. He reviewed year by year the increases from 2002-2009 and explained how the tax dollar was spent - the Township received 33%, Schools 50% and the County 17%.

Mr. Costello showed a chart for Compensated Absence Liability or what employees were owed if they were to retire. He said \$3,974,263.00 would be paid out if a lot went out at one time. He said the Township had been able to handle it in the past, but it could be a problem if a lot retired one year it could affect the budget. He said the pension

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costs were a major increase over the years and said the law was squeezing the Municipalities levy each year. He said the major cost in every municipal budget was employees. He said some municipalities were laying off employees.

Mayor Beck said the truth was the 2009 budget amounts were based on 2008 actions.

Mr. Costello discussed OE expenses which had remained fairly flat. He said salary, pension and health insurance had risen dramatically. He said employee costs are always rising and would affect the budget. He the new CAP law in 2007 was trouble in 2008 and more in 2009. He said when people retired the Township should think real hard about replacing them.

Mayor Beck said he felt the reason the line was leveling was there were 3 less people employed.

Leon reviewed the pension story and the effects it had on towns.

Mayor Beck asked the pension cost per employee and was told \$15,000 for Police and PERS about \$4,000.

Mr. Costello said the pensions were at 100% again and no towns were deferring the pension unless they couldn't meet the levy CAP. He said those deferring would have a big tax increase next year. He said the debt service for the Township was in good shape. He noted Councilmember Mazurek checked on it each year. He said the Township was on the right track and the debt service to the taxpayers hadn't increased for a number of years.

Mr. Costello said overall the economy wasn't in good shape. He said now the CAP law required the Towns to have their own money to make things work. He said mistakes couldn't be made and fixed in the next year because the levy was based on the prior year. He stated it was important not to over budget the fund balance because it was controlled by the number of employees hired. He said the only way to control it was by employee use. He said the large increase was due to the pension system and funding.

Councilmember Douglass asked Mr. Costello what furloughs would do to a budget.

Mr. Costello said he was anti-furlough as it was just deferring the tax until the next year.

Councilmember Douglas asked about early outs.

Mr. Costello said again if they didn't replace them. He said Sea Isle City had 13 retire and were replaced with 2 people.

Councilmember Douglass asked if they had early outs and replaced them with lower paid people it would be a savings.

Mr. Costello said the medical costs would be the same and there would be some savings in salaries but it would go up over time. He said furloughs were just a way of deferring.

Councilmember Mazurek asked if holding off the pension to the State was the same bad practice as the Township not increasing taxes at all.

Mr. Costello said yes, if there was a bigger increase in spending then you had to have a tax increase.

Mayor Beck said no one on Council was in favor of layoffs they would do it through attrition.

Deputy Mayor Lare said the Manager's annual budget message mentioned the increase in salaries.

Manager McPherson said that was due to the contracts being settled at the end of the year.

Deputy Mayor Lare asked for an explanation of other increases and Manager McPherson explained each one. He said a number of departments had made cuts. He mentioned employee changes and other cuts made. He said there was \$130,000 set aside for lawsuits and \$72,500 for the DEP fine.

Councilmember Mazurek said all that was done to get to only a 1.8 cent increase.

Mr. Costello said the Township rating was upgraded to an A plus partly because the debt service was no longer than 10 years.

Mayor Beck said he had the highest regard for the employees and was committed to no layoffs, but would ask the employees to do more for less. He said the costs were going up because of the employee costs and would the Grand come on line. He had some suggestions and said Deputy Mayor Lare had done a phenomenal amount of work. He said he met with the Chief, Captain, Manager and Deputy Mayor Lare and came to an agreement to save

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by reducing 2 Police Department Sergeants. He said they had to do some tough changes or the budget would not work next year.

Mayor Beck also said they were looking to reduce the supervisory position in the Public Works Department next year. He mentioned they were looking at cars going home to be reduced from 12 to 3 in the Police Department, 1 in DPW, etc. He said they were playing with cards dealt to them in January and they were being fiscally responsible as they could.

Deputy Mayor Lare said he spent a great deal of work on the budget and was proposing to transfer 4 recreation employees to DPW to provide weekly recycling and streamline service. He asked the Manager to use October 1<sup>st</sup> as the transition date. He felt it could be done for a relatively small amount. He felt some departments were top heavy. He would look to bid out grass cutting of public properties and if it cost more then the Township would continue to do it.

Councilmember Mazurek asked what the 4 employees in the Recreation Department did now.

Deputy Mayor Lare said their duties were listed in the packet they received from the Manager.

Councilmember Conrad asked who would be doing the jobs that were done by those employees in the Recreation Department.

Manager McPherson said it depended on the schedule for that day.

Councilmember Mazurek said he had a problem with out sourcing the grass cutting. He said if you hire an out of town company the money was taken out of the Township and spent somewhere else. He didn't see how a profit making business could do it cheaper. He said on cutting the Police he said the number of police was by ordinance.

Councilmember Mazurek said the number of police was 46 by ordinance, but the number used was 45. He said with one retiring the number was 44 and reducing the 2 sergeants would be down to 43. He questioned if the ordinance should be changed.

Manager McPherson said the Chiefs proposal gave up 2 Sergeants.

Councilmember Mazurek asked if the plan was to reduce the maximum number to 43.

Mayor Beck said no the ordinance would stay at the current number.

Councilmember Conrad thanked the Chief and Captain for coming up with the idea. He said next year there was 3 due to retire from the street.

Councilmember Mazurek said if someone retired then they would be replace with a lower paid person. He also asked about when Deputy Mayor Lare's changes would come into effect.

Discussion on the bidding of the grass.

Deputy Mayor Lare said it was 2 separate ideas - the recreation employees to DPW and outsourcing the grass cutting.

Councilmember Mazurek asked if the Police reduction would be this year.

Mayor Beck said with some 1/2 of 1 Sergeants salary would be noticed in 2009 and the bulk of the savings next year.

Councilmember Conrad said a groundskeeper title is different from being on the back of the trash truck, what if the employee couldn't do the work.

Mayor Beck said they would do what they could. The employee who moved would be getting about \$10,000 more and things had to be done.

Deputy Mayor Lare said the increase this year would be about \$8,000 or 53 cents on a \$300,000 house to have recycling every week. He said they would look to pay for it through attrition.

Councilmember Douglass said if they were going to save with attrition then the levels of service would drop. He disagreed with the Police Department reduction. He said he agreed with the restructuring of some departments. He felt it was breaching efficiency and the safety of the people. He said you could only have 1 Class II year round. He questioned if the reduction in the Police Department would really save that much.

Mayor Beck said in 2011 a Sergeant with 20 plus years would get a base salary of over \$100,000 add to that

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pension, medical, etc., it could go to \$150,000. He asked where would the money come from. He said they were reducing the budget and giving additional services.

Councilmember Douglass said he did agree with other ideas like consolidation and changes to vehicles. He said some areas were discussing consolidation of the fire districts.

Mayor Beck said he was trying to set up meetings over Easter break.

Councilmember Douglass asked if they had a cost analysis on the savings in the Police Department.

Deputy Mayor Lare said the 2 people at the Police Department were administration not patrol.

Councilmember Douglass said it was a trickle down effect. If an officer had to do more administration work they would be off the street.

Deputy Mayor Lare said it wasn't just the Police Department, they were down in the Court and Construction Office.

Mayor Beck said if it wasn't done they were looking at layoffs.

7:40pm

### Public Comments

#### Budget

Janet Pitts, President of the Lower Township Taxpayers Associations thanked Council for the work they had done to reduce the budget. She felt the budget should be worked on through the year. She said Lower Township wasn't unique and Cape May County was declining in population. She said they needed to be more self-reliant and less dependant on the State. She said she was happy with the CAP.

Ms. Pitts said employee costs were the only thing left to reduce. She said too bad the contracts were settled in the 11<sup>th</sup> hour. She said the Township needed to operate more like a business.

Councilmember Conrad said employees and departments do look to cut and save everyday. He said some employees were looking into energy audits and other measures. He said the only way to make a big reduction was to layoff.

Bob Rizzo said to keep the rate low. He said that Cape May County had a 15.7% current unemployment rate and that wasn't enough to pay their taxes. He asked what the Grand project would do.

Mr. Costello said it depended on when it would be assessed.

Manager McPherson said there were no C.O.s issued on the property yet.

Mayor Beck said next Monday Senator VanDrew would be present and that would be a good question to ask about the unemployment.

Mr. Winters asked if the unions were asked to freeze wages for 2009.

Mayor Beck said he had no problem asking.

Manager McPherson said the increases were already given for 2009.

Lois Grimes of Frances Avenue asked if the former Manager was still being paid.

Mayor Beck said no, he was finished being paid.

#### Leaf and Branch Pickup

Colleen Hughes asked if there was a schedule posted for the trash trucks.

Manager McPherson said they had hours of operations and their breaks were at 9am and their lunch break at 12:00.

Ms. Hughes asked if they were full time and salaried.

Manager McPherson said that was correct.

Ms. Hughes asked about the leaf and branch schedule.

Gary Douglass, Superintendent of DPW said he had no problem with the schedule starting in December.

Back and forth on the leaves, when they fall and times they are picked up.

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Budget

Fred Long of Socs Lane, said the OE was flat, but it was still a significant total amount on the budget.

Mr. Costello said the group health and pension were included in there.

Mr. Long asked how much salaries cost in overtime and maybe it should be looked at. He also felt the debt service should be looked at. He asked how bond anticipation notes worked and said he noticed there were 2 items in for Bennett s Crossing and thought that was done.

Mr. Costello explained how the process worked. He said BANs were used to pay for the project and they were only good for 1 year and interest payments only. Then they are grouped together and are put into permanent funding.

Nick Morenzi, Cox Hall Creek area asked if the economy changed and cost increased would the Township consider raising taxes.

Mayor Beck said their hands were tied to a certain amount due to the CAP.

Mr. Morenzi said everyone was making sacrifices and he hoped the Township was doing all they could.

Mayor Beck said they were trying to shift things around and steps were being taken and they were doing all they could.

Councilmember Mazurek asked Mr. Costello if the Township froze wages for 1 year would it have the same effect as furloughs. It was suppressing it for now, but you would have a big increase next year.

Johnny Walker of West Pacific Avenue, asked if the CAP prevented making additional revenue.

Mayor Beck said he wasn't ignoring it but he didn't want to raise fees on the business owners trying to make a living right now. He said he would discuss it with the Manager, but license fees were raised recently.

Mr. Walker said a lot of things could be done as in Code Enforcement if it were done the way it was supposed to be fees could be raised. Construction was done on weekends with no permits and in other areas businesses were charged for trash pick up.

Mayor Beck said it needed to be looked at. He said right now businesses were struggling to make it.

Eric Kutepow of Shirley Avenue said he put leaves out to be collected some were and some were left behind.

Manager McPherson said she would check into it.

Councilmember Douglass motioned to adjourn the meeting, seconded by Deputy Mayor Lare. The meeting unanimously adjourned by verbal ayes at 8:10 p.m.

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Mayor

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Township Clerk

Approved: April 6, 2009