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THE SATURDAY, MARCH 3, 2012 SPECIAL MEETING FOR BUDGET WORKSHOP OF THE TOWNSHIP COMMITTEE OF THE TOWNSHIP OF WATERFORD, CALLED TO ORDER AT 1:14 PM BY THE MAYOR, MARYANN MERLINO.

NOTICE OF TIME AND DATE FOR THIS MEETING WAS SENT TO THE COURIER-POST AND RECORD BREEZE/CENTRAL RECORD NEWSPAPERS, AND A COPY IS POSTED ON THE BULLETIN BOARD IN THE MUNICIPAL BUILDING IN COMPLIANCE WITH THE "OPEN PUBLIC MEETINGS LAW".

SALUTE TO THE FLAG:

ROLL CALL:

Committeeman Richardson - Present
Committeeman Hurley - Absent
Committeeman Hamilton - Present
Committeeman Critelli - Present
Mayor Merlino - Present

Mayor Merlino noted Committeeman Hurley had to work.

PROFESSIONALS:

Virginia L. Chandler, Township Clerk - Present
Lawrence C. Ruocco, Township Administrator - Present
Stephen A. Miller, Township Certified Finance Officer - Present
Susan E. Danson, Township Treasurer/Purchasing Agent - Present
Debra L. Shaw-Blemings, Deputy Township Clerk - Present
Edward Toussaint, Director of Community Development - Present
Anita M. Wilson, Township Tax Collector - Present
Michael C. Micklasavage, Sr., Township Public Works Manager - Present

DISCUSSION ON BUDGET FOR THE YEAR 2012:

Mayor Merlino turned the floor over to Stephen Miller, Township Certified Finance Officer to render his opinion on the pending budget.

Mr. Miller first wanted to clarify some misconceptions in regard to his qualifications for the position he holds. He is a Certified Public Accountant with 35 years of experience working in a CPA firm that services many other municipalities in the area. He is a 30 year resident who has previously served on the Committee, as Mayor, and has been the Certified Finance Officer (CFO) here for over six years.

Mr. Miller feels there are serious issues facing the Committee that need addressing. All parties need to review the actual numbers and decide what areas can be cut to decrease the budget. It appears the problem is decreased revenue, not spending. The tax collection rate is down; surplus was decreased by \$325,000; Water and Sewer Utility revenue decreased, and Emergency Appropriations increased due to the digital tax map emergency.

Mr. Miller also noted the Water and Sewer Utility is not generating sufficient revenue to be self-supporting. The Water Utility actually lost \$150,000 last year. The Water usage rate needs a significant increase due to the low amount of residents on the system and the servicing of a portion of Winslow Township. The Sewer Utility is self-supporting now but is in need of mechanical updating to maintain the system adequately, which will be very costly.

Mayor Merlino commented on options available.

Mr. Critelli questioned the 0% increase from last year.

Mr. Richardson explained that each individual year's budget is reviewed and calculated annually and the decision on 0% increase was made due to the surplus balance.

Mr. Miller made the following recommendations to the Committee:

- 1) Water and Sewer Utilities - Needs to be seriously scrutinized to properly consider the options of privatization or usage rate restructuring.
- 2) Library – Discontinue maintaining and cleaning the building. As per the agreement signed in the 1960's, the Library was to be responsible for maintaining and cleaning the building however, the Township has continued performing these services as a courtesy all this time. Now, with cuts in Public Works staffing and soaring costs, the Township can't afford to provide the services any longer. They could also be asked to refund any surplus funds from the annual \$300,000 Township allotment.
- 3) EMS funding – Release their allotment quarterly direct to the EMS which will allow them to operate more efficiently by handling all ordering and payments themselves rather than the PO system thru Finance Office.
- 4) Municipal Building flooring maintenance and cleaning service to be handled by a private contractor rather than Public Works.
- 5) Do not hire a new Police Officer and Public Works employee as requested by Departments.

Mr. Critelli asked Betty Anne Gardner, EMS Chief, for her comments regarding the change of allotment procedure and management.

Betty Anne Gardner, EMS Chief, stated this had been previously considered. They currently have a Treasurer and Auditor, so the change in the funding operations would work. She feels confident that with Bowman & Company's assistance the EMS department could handle the accounting end, as long as the rising costs of supplies would be factored in to the allotment.

Mr. Miller stated the new procedure would streamline purchase orders allowing Susan to perform her many other duties. Any JIF issues would still be handled by the Finance Office.

Mr. Critelli, Mayor Merlino and Mr. Richardson questioned discontinuing the maintenance of the library and requesting their surplus refunds.

Mr. Ruocco stated that the resolution regarding the Library dates back to the 1960's. Due to the depleted staff in Public Works it has become a strain for us to continue to maintain the Library and keep up with the other duties at hand like leaf collection, road maintenance, etc.

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Mr. Miller stated that there has always been a good rapport with the Library Board and feels the Board would be willing to cooperate with the Township.

David Cilona, Fire Chief, noted that the Library gets their heat and water from the Fire Department service which is paid for by the Township. Perhaps we should consider metering the Library separately.

Mr. Critelli inquired on raising the water and sewer rate versus selling to a private entity.

Mr. Miller reiterated that the costs to maintain both systems have increased but the usage rates did not increase. Keep in mind significant rate hikes would be needed. Privatizing to a company like American Water, for example, would provide new lines and upgraded mechanicals perhaps better serving our residents. We should consider hiring a professional to evaluate the system prior to making a decision.

Mayor Merlino and Mr. Critelli agreed a study would be beneficial.

Mayor Merlino asked for an explanation on the status of the 1.2 million in surplus from 2010.

Mr. Miller explained 2011 began with a 1.2 million dollar surplus. There still is a surplus balance but only \$543,000 can be injected into this year's budget according to State mandate.

Mr. Hamilton stated that he felt Mr. Miller's reputation was impeccable and should not be questioned. He reminded everyone not to be short sighted and to think of 2 to 3 years down the road. Maybe selling the utility is a plus. Realistically, what is the number needed to decrease the budget.

Mr. Miller stated that a 7 cents tax rate increase may be realistic.

Mr. Critelli noted that 7 cents equals an approximate tax increase of \$80 per year per house based on a value of \$115,000.

Mr. Miller wanted to point out one positive note. Susquehanna Bank has been a great aid over the years by keeping their fees to a minimum, waiving credit cards fees, ceiling the floor interest rate at 1%, saving us over \$88,000 in fees last year alone. Other Banks could not match the deal Susquehanna Bank has been able to offer the Township.

Mr. Critelli inquired on the Public Works and Police hiring request and mandate requirements.

Mr. Miller stated the Township is above the mandated "Safe and Secure" manpower requirement. A tremendous effort has been made by Chief Knoll to keep overtime to a minimum.

Mr. Hamilton commented on the job well done by Police Department.

Mr. Ruocco stated that other municipalities with more revenue have had to lay-off employees and not replace retirees. Chief Knoll has been doing a great job with scheduling.

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Mayor Merlino noted that other towns have cut trash removal requiring residents to dispose of their own trash.

Vacation scheduling procedures were discussed making sure to comply with Union seniority requirements.

Mr. Ruocco noted that losing Wendy Parducci to retirement has caused a shortage on the municipal office side and may require closing of windows on occasion hoping the public would understand as staff cuts are saving tax money.

Mr. Miller noted that Wendy's salary is no longer included in the budget, however the new position held by Ed Toussaint is included in the budget. The full savings in the salary line would be realized next year.

Mr. Miller reminded everyone that the budget must be Introduced by March 14th 2012, with the Adoption on the 1st meeting in May. He asked all to review the budget line by line and note any ideas to be brain stormed at the next budget meeting. He looks forward to all working together to resolve the budget issues.

Mayor Merlino asked the committee members to comment on the recommendations made today.

Mr. Richardson thought the Township should put out a RFQ for a professional opinion on the viability or privatization of the Water and Sewer Utility.

Mr. Critelli and Mr. Hamilton were in agreement with all of the recommendations made by Stephen Miller.

THE MAYOR OPENED THE FLOOR TO DEPARTMENT HEADS FOR INPUT

David Ciona, Fire Chief, commented on the privatization of the water utility noting that perhaps insurance premiums would be lowered for residents as private companies come in and upgrade the current system adding new lines and fire hydrants, etc.

Tom Giangulio, Planning Board, inquired on the allotment to the Library Board.

Stephen Miller, Finance Officer, noted the Library allotment amount was determined by State mandate however, they are permitted to refund any surplus funds back to the Township at year end.

Tom Giangulio, Planning Board, suggested the Township consider out sourcing grass maintenance. He also commented on the rising cost to maintain the sewer pump stations and perhaps privatization should be a consideration.

Larry Ruocco, Administrator, noted privatizing the utilities may be a savings to the residents as maintaining these systems have proven to be very costly. A substantial rate increase is needed just to maintain the current system which needs to be upgraded. Other more affluent municipalities are privatizing services for the same reason.

Edward Toussaint, Director of Community Development, suggested we have Jackie Genovese, the Public Works secretary, report to the Municipal Building to aid in covering shortage of staff as she previously worked in the offices.

Mike Micklasavage, Public Works Manager, said he would consider moving Jackie's office to Municipal Building. He agreed with the need for a professional opinion on the sewer and water utilities.

Anita Wilson, Tax Collector, wanted to thank everyone for their consideration on the water and sewer issue. She would like to get the authorization to research costs for additional online payment services which would be a great help to her office.

Richard Yeatman, Environmental Commission, stated the commission will continue to work with the allotment of \$500.

Susan Danson, Human Resources, suggested we contact the Employee Union to request concessions be requested to reduce payroll cost.

Mayor Merlino asked Terry Chiddenton, School Board Member, to discuss the current referendum before the residents.

Terry Chiddenton would like to invite everyone to attend the School Board Meeting at the Waterford Elementary School on March 7, 2012 at 6:30pm. This has been a tough year for the schools but the Board's main concern is the health and safety of the children.

PUBLIC COMMENT PORTION OF THE MEETING:

MAYOR OPENS THE MEETING TO THE PUBLIC FOR COMMENTS:

Ralph Condo of Condo Avenue, Waterford wished the committee the success on the budget matters. He encourages the committee to act on additional automation of the Tax office and is in agreement on privatization of the Water/Sewer Utilities. He informed the committee that Bowman & Company did perform an evaluation previously and may want to review such. He was never in favor of the Township absorbing the MUA. Winslow Township has the same issue and has been trying to sell but can't find an interested bidder. We need to re-evaluate our system to see if it is viable for sale. He also did not want the public left with the impression inferred by a few statements today that any budget decisions made by last year's Committee had any political consideration in mind, but were rendered only to benefit the taxpayer.

Fran Campbell of Atco commended everyone for their work to cut the budget and wanted all to keep the needs of maintaining the recreation programs for the children of our community.

MAYOR CLOSES THE MEETING TO THE PUBLIC FOR COMMENTS:

MAYOR ASKED THE COMMITTEE MEMBERS FOR ANY COMMENTS

Mr. Critelli asked that everyone review the budget closely and prepare any ideas for the next budget meeting.

Mr. Richardson commented that last year's zero increase was to give the tax payers a break. He encouraged everyone to go over all the items and try to make cuts where possible.

Mr. Ruocco commended Steve Miller and Susan Danson for their great work on preparing a budget package.

Mr. Miller asked that a meeting be scheduled to review and discuss all changes within a week as the budget had to be introduced in the next Township Committee Meeting. His recommendations have been carefully considered not only as an employee but also as a resident and taxpayer. He knows the Committee can be successful if they take one step at a time.

Mayor Merlino also commended the financial department on their good work and stated there was a lot to research and consider. She reminded everyone to work together as one for the benefit of our residents. Leave the past in the past and move forward!

ADJOURNMENT: (3:26 PM)

A motion was made by Hamilton, 2nd by Critelli to adjourn.

ALL IN FAVOR:

Committeeman Richardson - Yes

Committeeman Hamilton - Yes

Committeeman Critelli - Yes

Mayor Merlino - Yes

Respectfully submitted by,

Debra L. Shaw-Blemings, Deputy Clerk