

Special Meeting

HUNTERDON COUNTY BOARD OF CHOSEN FREEHOLDERS

Main Street County Complex, Second Floor

Flemington, New Jersey 08822

April 23, 2009

The special meeting of the Hunterdon County Board of Chosen Freeholders convened in open session at 8:00 p.m. in accordance with the provisions of the Open Public Meetings Act.

PRESENT: MR. MENNEN, MR. MELICK, MR. HOLT, MR. PETERSON, MR. SWOREN.

CONVENE

Director Mennen announced: "This meeting is being held in accordance with the provisions of the Open Public Meetings Act. Adequate notice has been given by posting throughout the year a copy of the notice on Bulletin Boards on the First and Second Floor of the Main Street County Complex, Building #1, Flemington, New Jersey, a public place reserved for such announcements. A copy was faxed on or before April 17, 2009, to the Hunterdon County Democrat, Lambertville Beacon, The Express, Courier News, Trenton Times, Hunterdon Review and Star Ledger, newspapers designated to receive such notices and by filing a copy with the Hunterdon County Clerk."

PLEDGE OF ALLEGIANCE

Freeholder Director Mennen opened the public meeting, thanked everyone and noted that hearing public comment prior to the introduction of the budget is not typical practice; however, public comment will be entertained tonight for the introduction of the 2009 County Budget.

FINANCE

Kim Browne, Finance Director provided the following introductory statement for the 2009 County Budget:

The total 2009 County budget is \$96,810,910.61; as compared to the 2008 County budget which totaled \$96,942,564.68. The County tax rate is set at 28.78 cents; compared to 27.78 cents for the 2008 County tax rate. The amount to be raised by taxation is \$69,726,000.00; in 2008 the figure was \$69,801,000.00. The ratables, (net valuation the County taxes are apportioned) are \$24,215,390,757.00, compared to \$25,121,813,767.00 in 2008.

Mr. Melick moved and Mr. Holt seconded a motion to introduce the 2009 County Budget.

At this time Director Mennen opened the floor for public comment.

Richard Delmastro, of Flemington questioned how much surplus can be used as opposed to raising the tax rate. Mr. Delmastro's opinion being that if there is surplus, most or all surplus should be used before raising the tax rate one (1) percent.

Director Mennen responded that there is \$33.9 million dollars in surplus, which the Budget contemplates utilizing \$13 million dollars, estimates \$5 or \$6 million dollars savings returned to surplus, at this point, which would be a net reduction of \$7 or 8 million dollars.

A resident of Flemington Borough asked the Board about the amount to be kept in surplus.

Tamara Davis, of High Bridge would like the Board to explain the rationale for not utilizing more surplus. Director Mennen asked Ms. Davis to hold her thought until after the public comments and the Board will address her question.

Hearing no other public comment, Freeholder Melick addressed Ms. Davis' question by explaining that last year, the previous Treasurer and Freeholder Board followed a rule to keep a quarter of the County's annual operating costs in surplus in the event no taxes were collected; this would allow the County to pay the people first, \$25 million dollars. The 2009 County Budget would only have \$20 million, not \$25 million to pay the people. Some surplus has been used and Freeholder Melick would like to use more, however, next year may be even worse. Last year the ratable base dropped over three (3) percent and he predicts bigger appeals in Trenton, which will drop the commercial ratables, thus dropping the ratable base. He stated that the County has an obligation to provide services to the public but will have to work in an orderly fashion to cut back some. Freeholder Melick added that the County has obtained a AAA rating in the last few years, noting that surplus is not paramount in maintaining a AAA rating but is part of it; there is integrity, a lot of thought and work put into this budget.

Hearing no other public comments, Director Mennen offered the Board members time for comment.

Freeholder Holt stated there is "still a shoe to drop in this economy" and with a decrease in the residential ratable, Washington's big fear is that the commercial side has yet to drop. He concurs with Freeholder Melick's wisdom that assessed values will continue to decrease. Freeholder Holt indicated that the budget process cannot be based on anticipated revenue but rather the previous year's working numbers. He believes that next year's budget will be even more difficult than this year.

Administration and Finance will report their findings to the Freeholders, as directed by the Board, on ways to continue reducing spending in 2009; this effort will allow returning more to surplus to use next year. By initiating the one cent increase and with the goal of no increase next year, this two-year process puts the County in the position of having increased taxes only one cent in four years.

Freeholder Peterson is not voting to introduce this budget. He stated he would rather cut than raise the rate and has previously proposed approximately \$2 million dollars in cuts resulting less surplus used and not raising the rate; he feels surplus is used to supplement when revenues are down, otherwise what is the purpose of surplus. In comparing other counties in the region, their surplus compared to their budget and bond ratings, it appears there is not much correlation between surplus and the bond rate.

Freeholder Peterson explained his understanding of AAA rating is not only based on the amount of surplus but the quality of ratables, the rate of foreclosure and rate of collection of taxes and what the projects are that the County goes out for bonding. Comparing other AAA counties for their surplus and budgets, Hunterdon's surplus is significantly healthy, in addition Freeholder Peterson has no intention of bonding in the near future, therefore it is his opinion that the County's AAA rating will not be jeopardy.

He continued with his thought that if ratables go down again next year, it would be prudent to cut the budget more right now as the County will run into the same problem next year, exacerbated by a wider margin which would require another raise in the ratable. His concern has always been about the future, not just what happens in today's budget but tomorrow's budget. Freeholder Peterson feels that after three years a down turn in the economy we are through the worst of it and would like to see a budget where further spending is cut back and hopes the opportunity is still open in the next few weeks after the budget is introduced.

Freeholder Peterson stated that in these hard economic times, if the County, by tightening their own belt, can give the taxpayers a break, that is what we should do and that is why he is not voting to introduce this budget.

Freeholder Sworen offered that he has learned you should trust your financial people to help direct you on what needs to be done, and he does trust the County's financial people explicitly and supports what Finance is advising the Board to do. He noted that the budget has been cut for the last three years, tens of millions cut every year out of Capital. This year, line by line in the budget they cut and then requested each Department Manager to cut another ten percent and anything else they could cut from their own budgets.

Buildings and Maintenance has been working on the lighting, heating and cooling systems in an effort to reduce costs, as well as reviewing landline and cell phone costs to reduce wherever possible. Freeholder Sworen stated it would take three months to a year and half to realize the savings. The County used about 38 percent of surplus this year and if another \$2.5 million in surplus is used, the County could use the same amount next year. If things do not turn around, two years out from now we will have about \$10 or \$12 thousand dollars in surplus to use and that will not be enough. We have a responsibility to plan for tomorrow; it is not about just what this budget looks like.

In 1999 the tax rate was 40 cents, every year since the tax rate was reduced but last year and it was not reduced but remained the same. This year's tax increase would be the first in ten years and would be prudent for the future. If the economy does not turn around, the County will not be in great shape next year but will be in stable shape for next year and not have to raise taxes again; if the economy does turn around, more can be put in surplus and utilized to reduce the tax rate next year.

Director Mennen stated he knows it is wrong to raise taxes in this environment and that he too puts great faith in the County's financial people and the Administration and everyone else on staff, who stated the budget needs to find \$6 million dollars over the next 18 months to two years; this can be done by raising taxes one penny or by using surplus. Director Mennen, however would like to raise the \$6 million dollars needed by aggressively cutting spending. He stated there has been discourse, a lot of information shared and analyses put into this budget and he takes his hat off to those in Finance and Administration for the time and effort they put into this budget.

Director Mennen stated that, although the members of the Board are not united in the concept of a one penny tax increase this year, they are united in finding spending reductions. The County's "Emergency Policy Addressing Hunterdon County's Fiscal and Budgetary Crisis" conveys to the staff that the Board recognizes the County is in a crisis mode and is authorizing a full analysis of everything within the realm of possibility to reduce spending, do not rule out any tool to cut spending. He quoted Winston Churchill, "This is not the beginning of the end but the end of the beginning." This budget is a work in progress and the County will continue to work diligently in the coming weeks and months to find those spending reductions.

Freeholder Holt offered his thanks for Freeholder Mennen's statement of unity as the public needs to know there is unity on the Board and agreed that, having started on this budget in August 2008, that work continues, not so much on the budget now, but on spending.

Having previously moved and seconded the motion to introduce the 2009 County Budget, roll was called for the vote to introduce the 2009 Budget.

**ROLL CALL: (AYES) MR. MELICK, MR. HOLT, MR. SWOREN.
(NAYS) MR. PETERSON, MR. MENNEN.**

Director Mennen opened the floor for public comment.

Jeannette T. Gabriel commended Freeholders Mennen and Peterson for their realization, and the guts to stand up and say it, that while the Board talks of the County's needs, the people are tired of taxing and spending; it is not just the taxing or the cutting spending, the public wants the

budget to remain flat, they do not want to hear how hard it is for the Board. Ms. Gabriel is a single parent of a college student and that penny may not be much but “the Board should have the courage to be fiscally responsible and separate from being a Democrat – no offense to Democrats in the audience, and have the courage to hold the budget flat”.

Tamara Davis commended Freeholders Mennen and Peterson and thanked them for the dialogue in answer to her earlier question. She hopes the Board continues forward, keeping in mind that our government officials not only consider what is good for the future in terms of municipalities but also the taxpayers that continue to live in this state and in this town. It is not easy for anyone and it needs to balance out somewhere; the local government cannot continue raising taxes while federal taxes are going to be impossible. Ms. Davis stated that if there is money to be cut, then the money must be cut, everyone is doing it and the Board must do it as well; money cannot be raised from people who do not have it any longer. Whether cutting lighting or cutting personnel, she is sorry to say that, everyone has to look for other directions to move so those supporting each other can move forward in life and continue to grow rather than move backwards. Ms. Davis appreciates the efforts and comments and asks that the Board keep in mind the tax payers here who no longer have money to give to them.

Marlene Cuppshiola, of Whitehouse Station commended the Board on the great job they have done keeping things happy and healthy in Flemington and keeping budgets under control. She feels however, there is a psychological aspect here, that in the midst of a large battle for governor this year and trying to unseat a democratic governor accused of overspending and over taxing; a psychological victory for five republican freeholders that can at least hold the budget flat this year. Ms. Cuppshiola’s opinion is that the Freeholders cannot raise the tax rate this year, it’s impossible, it’s the wrong year, worry about it next year, try to keep people here instead of moving out, then the tax rate will not be a problem anymore.

Roseanna Delmastro, of Flemington thanked everyone, though she does not agree with everyone; she knows it is a hard job to keep everyone happy but asks that those who are in favor of raising the tax rate to fall back on the fact that if you cannot afford it, you cannot afford it, just as how she runs her family; if her sons wants something and she cannot afford it, he does not get it. Though realizing the Board does not want to bear the wrath of the taxpayers when things are cut that they like, but the taxpayers have to grow up as well. Most taxpayers understand cuts when they are necessary and she asks that the Board understand cuts when they are necessary.

Freeholder Melick referred to the Emergency Policy and the statement that the Board will endeavor to make adjustments, down size and make whatever cuts in services necessary. He questioned if anyone has submitted their suggestions on how to reduce spending with respect to the email address budget@hunterdon.nj.us that was set up for such submissions. He invited the public to submit their suggestions. Mrs. Yard noted that hundreds of suggestions have already been submitted and forwarded to the Board members.

Freeholder Sworen stated that this year’s County budget is \$132,000.00 less than last year’s budget; the tax levy is \$75,000.00 less than last year and still moving toward additional cuts in spending. He wants the taxpayers to understand it is a statutory responsibility of the Board of Chosen Freeholders to introduce the budget by a majority vote in order to start the budget process. A public hearing will be held for final adoption of the budget on May 19, 2009.

There being no further business to come before the Board, Director Mennen adjourned the meeting.

Respectfully submitted,

Rhonda E. Kelly
Deputy Freeholder Clerk