

**SPECIAL MEETING
2014 BUDGET DISCUSSIONS
HUNTERDON COUNTY BOARD OF CHOSEN FREEHOLDERS
Main Street County Complex, Second Floor
Flemington, New Jersey 08822
April 29, 2014**

The special meeting of the Hunterdon County Board of Chosen Freeholders convened at 4:05 p.m. in accordance with the provisions of the Open Public Meetings Act.

PRESENT: MR. HOLT, MR. KING, MS. LAGAY, MR. WALTON.
ABSENT: MR. LANZA.

OPEN PUBLIC MEETINGS ACT

Director Holt 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 21, 2014, to The Express, Courier News, Trenton Times, and Star Ledger, the HC News, newspapers designated to receive such notices and by filing a copy with the Hunterdon County Clerk."

PLEDGE OF ALLEGIANCE

Also Present: Catherine Kopec, Human Resources Director; John Davenport, Purchasing Agent; Shana Taylor, County Counsel and Janet Previte, Finance.

Capital Budget Items continued

Director Holt advised that John Davenport, Purchasing Agent has been working diligently with the Finance Team (Shana Taylor, Janet Previte, George Wagner, Denise Doolan, Catherine Kopec) but Mr. Davenport has been working on the challenge the Board is having with understanding the outstanding capital ordinances and how that feel in place with the money in the bank and how it ties into the annual budgeting for capital items/requests. He thanked everyone for continuing this process of getting a better grip on the numbers and in establishing a benchmark that the Board will be able to use.

Director Holt explained for the new members of the Freeholder Board how Capital functions. The Capital Budget is part of the overall operating budget of the County. The Capital Improvement program is a fiscal management and planning tool, authorized by State Statute to identify needed improvements in a way that maximizes the return to the public. The program consists of two parts, being the Capital Budget and the Capital Improvement program. The Capital Budget represents the first year's expenditures for capital projects and becomes part of the operating budget. The second part is the Five Year Capital Improvement Program and that presents a schedule of capital fiscal needs over time. The County Departments are encouraged to project and assess their capital needs over a five year period for the purpose of improving fiscal management and planning.

Director Holt explained in 2013 the capital requests were \$1.8 million; \$1.5 million was for capital and \$300,000 went into funding the Fire School. The 2014 requests are also \$1.8 million; with \$1.3 million being for capital and \$500,000 for the Fire School which is a contribution to the capital account. There is also a deferred charge, which is slightly under \$9 million. The Board works with its staff to approve a capital budget which provides an opportunity to work on capital projects out of the initial budget. Typically, every November there is a calculation done of what has been accomplished, closed out, offset for grants and reimbursements, and that net dollar amount is written from the general fund back into Capital. In 2013, roughly \$9 million will be put back into capital.

Mr. Davenport advised when he looked at the authorized debt and unused debt, the County is at \$66 million and the authorized funded debt is at \$24 million; the County's total Capital Improvement Authorization is at \$90 million.

Mr. Davenport advised the majority is for road projects, bridge improvements, or anything that would be bonded at some point in the future if the County did not choose to fund it "pay as we go".

Mr. Walton confirmed with Mr. Davenport that currently there is \$66 million worth of projects on the books heading in the future that needs to be funded through the budget or borrow the funds.

Mr. Walton confirmed with Mr. Davenport that theoretically the County has already taken \$24 million out of the taxpayers pocket and put it into a bank account for those projects.

Mr. Davenport advised the \$66 million is through 2013; it does not take into consideration the 5 improvement year plan. This is money already authorized by the Board through adopting ordinances. The oldest ordinance goes back to 1998. The County has a period of 3 to 5 years to decide if it will bond for a project. The \$22 million is for funded projects.

Mr. Walton understands not cancelling old ordinances if they are to be used for current projects if they are funded.

Mr. Davenport advised there are times when a bridge project could take 10 years before it is built but it will be funded as the project moves along, to offset costs down the road. The bulk of the old ordinances are for road and bridge projects. The budget has a column for authorized debt so every year the Board will see a figure, and there will be time to figure out how to fund the debt.

Director Holt feels the new Finance Office, with a new Chief Finance Officer will be able to have a closer connection to capital costs and its management. The Management Team will be able to be looking at capital requests and be able to assist/recommend in making adjustments.

Director Holt stated that while the County is looking at \$90 million for Capital Improvement Authorization, it does not include the offset funds to be received through grants and such.

Mr. Davenport explained the capital budget is a one year plan and the capital improvement authorization is a five year plan. The County's deferred charges run between \$8 million and \$10 million a year. Mr. Davenport reported the County's unauthorized debt for 2013 was listed at \$66.2 million in the budget and this year it's \$66 million.

Director Holt reported the Freeholders have definitely cut its capital expenditures in 2008, 2009, 2010, 2011, 2012 and 2013 but the way the system operates, projects were not completed so the differential number should rise.

Mr. Davenport stated that the former Freeholder Boards wanted to reduce the budget and money was spent from surplus.

Capital Budget projects for 2014

Furniture, Fixtures and Bus Equipment

Mrs. Previte explained these requests are laid out by the category not by the departments. This includes copiers, mobile communications, fireproof safes for the Sheriff's Office, rear entrance to the Justice Center, fleet tracking system, care video system with rear seat camera, at a cost of \$177,296; there is \$40,000 is old capital money that can be used.

Director Holt confirmed with Mrs. Previte that the total Capital Budget for 2013 was \$21,092,600.

Mr. King reported in order to keep the Capital Budget flat with 2013, the 2014 capital requests would have to be reduced by 1.5%.

Mr. Davenport stated this is only a plan and nothing has to be funded when the actual time comes. This isn't something you are committed to other than it is being placed in the capital budget.

Mr. Walton questioned the \$600,000 to fix the bridge shop.

Mr. King stated the additional capacity is to harbor additional equipment that is currently sitting outside in the elements. This doesn't have to be done in one year. The \$600,000 can be reduced to \$200,000 for the next three years. A majority of the Board agreed to place \$200,000 in the capital budget over the next three years for this project.

The Board discussed the Parks and Recreation Projects and removed the Echo Hill Prescott Bridge in the amount of \$200,000, reducing those capital projects to \$290,000 for Parks and Recreation, keeping in the Fitness Trail and Backstop Renovation; Columbia Landsdown Trail Repair and Maintenance, Echo Hill Replacement of playground structure, and the Tettertown Ravine/Mountain Farm ADA Fishing Pier. Also, the Heron Glen and Parks All Terrain Vehicles, approved in the amount of \$204,500.

The Board discussed the request from the Prosecutor for the Prosecutor's Office building improvement, in the amount of \$180,000. Mr. Walton explained that what the Prosecutor is asking for \$100,000 to improve the Everittstown Garage and to create a place for the SWAT vans. This is part of what is envisioned for the new Fire School project, to have facilities that would accommodate the Prosecutor's needs. After a brief discussion, the Board agreed to remove this request from the capital budget considerations.

The Board discussed Heron Glen Golf Course projects in the amount of \$122,000 and Parks and Recreation Equipment is equipment for Heron Glen, in the amount of \$204,500.

Mr. Walton feels all things Heron Glen should be under Parks. The County's profit for the golf course each year is around \$300,000 and now being asked for are capital requests in the amount of \$301,500. The County needs to be careful about the public face of the golf course being profitable.

Mr. Walton confirmed with Mr. Davenport that the bunkers are being done as was requested at the golf course. The project was scaled back to finish as many bunkers are possible in order to take advantage of the money available.

Mr. Davenport explained that the revenues from the golf course come back to the County, not to the golf course. Mr. Davenport added that the equipment being retired at the golf course can be used by the Parks and Recreation Division on a less frequent basis.

After further discussion, a majority of the Board agreed to place the requests for the Heron Glen Golf Course for bunkers in the amount of \$122,000 and for equipment for Heron Glen, in the amount of \$204,500 in the capital budget requests. Director Holt advised Mr. Davenport that he would like to see a six year analysis on the equipment and costs associated with the golf course.

Mr. Walton confirmed with Mrs. Previte and Mr. Davenport that the \$500,000 for the new Fire School has been placed in the Capital Plan.

Mr. King feels the County should be putting \$1 million aside per year to build a new Fire School. In the future, the County could bond for this project. An appropriate plan is needed now that the County has the property set aside.

Mr. Walton suggested contacting Frank Bell, the County Architect to see if there is enough money to do the architect work that needs to be done for the fire school and whatever money isn't appropriated for that portion of the project, should be appropriated, so come this fall there will be a thorough design and estimate for that facility. He feels that Mr. Bell and Mr. Mathews have met to go over a scoping project and RFQ for an architectural firm for the project. Money will have to be put aside for this portion of the project this year.

Mr. Davenport suggested leaving money as part of the capital budget for this project because if it isn't needed, it won't be spent. The Board agreed. Architectural costs are usually around 6% of the total cost of the project so the cost could be \$2.4 million if it's a \$20 million facility.

Director Holt recommended putting in \$1.2 million in capital for the project and \$100,000 for the Fire School to raise it up, which will provide a \$200,000 decrease in that request. The Board agreed.

Director Holt feels at this moment the direction of the Fire School is somewhat arbitrary because this matter could go to referendum. There is still a fair amount of work to be done on what this project will look like; at this time it is something that is a theory and we need to figure out how to advance this project.

Mr. Walton stated since this building is not just for firefighters, that it be called a training center. The Board agreed.

The Board discussed renovations to the Division of Corrections (Jail), including the kitchen, ventilation system, in the amount of \$712,000. After a brief discussion, the Board agreed these renovations need to be done over 5 to 6 years. Director Holt reminded the Board that the major project for Corrections in 2014 was the sewer improvements. Mr. Davenport stated that Mrs. Doolan provided him with copies of minutes when the capital requests were originally discussed and this was geared toward the interior renovations, HVAC, the kitchen and other things. That estimate was \$3 million. The Board agreed to do the renovations over a five year period for interior renovations including the HVAC, it was agreed to put \$450,000 in this year capital towards renovations.

The request from the Emergency Services Training Center is for Scott AirPaks and a Portable pump with trailer. The Board agreed to this request in the amount of \$132,854.

Communications/Emergency Services is asking for \$500,000 to upgrade the radio equipment and tower sites in order to be in compliance. This is an ongoing project where \$500,000 was placed in the 2013 budget and \$500,000 is being requested for 2014; nothing will be asked for in 2015 and \$500,000 will be asked for in 2016. After a brief discussion, the Board agreed to this urgent request for Emergency Services for \$500,000.

Mr. Davenport informed the Board that the old capital money will reduce the \$22,639,450 by \$489,270.10.

The Board discussed a request by Information Technology for computer equipment in the amount of \$773,300. This project includes wireless access in the buildings, computer replacement, Route 12 tower lighting, and software for various departments. Director Holt feels the County needs to make sure the buildings are wireless. The Board agreed to keep the request at \$773,300.

Director Holt confirmed the County is utilizing old ordinance money in the amount of \$489,270.10, making the capital requests reduced to \$21,108,000.

Mr. Walton noted that this includes \$500,000 in software costs and for technology.

Director Holt stated the amount is \$16,000 more than 2013 capital costs.

The Board thanked Mr. Davenport for all his work. Mr. Davenport left the meeting.

The Hunterdon County Board of Chosen Freeholders reviewed spread sheets for grants for the County for 2013. The County does have award letters for some of the grant items.

Director Holt confirmed with Mrs. Previte that in order to back out the grants, an award letter is needed or a receipt on the grant.

Mr. Walton stated just because there is an award letter doesn't mean it has to be put into the budget. He questioned where the County stands in 2014 with grants as compared to 2013.

Mrs. Previte does not have those figures but she will calculate those numbers and email them to the Board. If she had to guess, the ballpark is around \$450,000 in grants that have to be added back into the budget.

Director Holt advised the budget presented today, as compared to the last meeting, there is a difference of roughly \$1.35 million. As Mrs. Previte indicated, one of the differences is that there is theoretically \$450,000 worth of grant money.

Mrs. Previte explained to the Board that on most of the grants there is revenue offset in the exact same amount.

Director Holt continued saying with the inclusion of the \$450,000, if those grants added in for 2014 that number of theoretically \$1.35 million would be reduced to roughly \$900. There is also around \$400,000 for state mental institution reimbursement that the County now has to carry. Also included are funds for future contractual obligation in the amount of \$486,000.

Director Holt stated between April 21, 2014 and this meeting, the revenue report, as part of the Annual Financial Statement has been reviewed; the work was found in Finance from PM Consultants. That report shows the revenue numbers to be up approximately \$687,000 over what is being presented today. This does have to be finalized but it is anticipated if that number holds true then revenue can be increased up by \$450,000. Also anticipated is a surplus of \$1.75 million but the Annual Financial Statement will verify that number. Director Holt would like to see a budget with all the numbers in place with all the corrections.

EXECUTIVE SESSION

Mr. Walton moved and Mr. King seconded this:

See Page 04/29/14-4A

RESOLUTION

RESOLVED, Executive Session to discuss contractual negotiations for the Finance Department.

ROLL CALL: (AYES) MR. WALTON, MR. KING, MS. LAGAY, MR. HOLT.
(ABSENT) MR. LANZA.

The Hunterdon County Board of Chosen Freeholders went into Executive Session at 6:06 p.m. and reconvened in Open Session at 6:25 p.m.

There being no further business to come before the Board, Director Holt adjourned the meeting at 6:25 p.m.

Respectfully submitted,

Denise B. Doolan
Clerk of the Board