

**MINUTES
SPECIAL COUNCIL/BUDGET WORKSHOP MEETING
TOWNSHIP OF MONROE
MAY 4, 2015**

A.) OPENING CEREMONIES

CALL TO ORDER

The Special Council/Budget Workshop Meeting of the Township of Monroe was called to order at 7:15 PM by **Council President, Frank Caligiuri** in the Second Floor Meeting Room of the Municipal Complex located at 125 Virginia Avenue, Williamstown, New Jersey.

This meeting was advertised pursuant to the New Jersey Open Public Meetings Act (*NJSA 10:4-6 thru 10:4-21*). Notices were placed in the official publications for Monroe Township (i.e.: South Jersey Times, the Courier Post and the Sentinel of Gloucester County). A copy of that notice is posted on the bulletin board at the Municipal Complex.

SALUTE TO FLAG - INVOCATION

Cncl. Walter Bryson led the assembly in the Pledge of Allegiance to our Flag and **Cncl. Pres., Frank Caligiuri** offered the Invocation.

ROLL CALL OF TOWNSHIP OFFICIALS

Cncl. Walter Bryson	Present
Cncl. Marvin Dilks	Present
Cncl. Rich DiLucia	Present
Cncl. Bob Heffner	Present
Cncl. Bart McIlvaine	Present (Arrived 7:30 PM)
Cncl. Cody Miller	Present
Cncl. Pres., Frank Caligiuri	Present
Mayor Daniel Teefy	Present
Solicitor, Charles Fiore	Present
Business Administrator, Kevin Heydel	Present
Twp. Clerk, Susan McCormick	Present

B.) MATTERS FOR DISCUSSION

• **2015 MUNICIPAL BUDGET**

Cncl. Pres., Caligiuri explained as Chairman of the Budget Committee he decided that the best course of action was to place the budget in the hands of all council members, as this is a pretty big project and we have to make decisions on what the administration will spend and what our community can afford. He added this was not the conventional way the budget has been handled. In the past, the budget committee came up with recommendations that were passed on to the administration who in turn reacted. The budget committee then simply turned everything over to the full council, at which time council had a second opportunity to make additional changes. Rather than go through that process he thought he might circumvent that and try and let everybody have a look at it up front to spend as much time with it as they could so that we could all deliberate together at one time. He continued and noted there are some new people here that may or may not be entirely aware of this process and he knew there are some line items here that are bones of contention with some people and he understood that and was here to try to organize and facilitate this meeting the best way he knows how and be fair with everyone at the same time. What he would like to do is to talk about any specific line item in contention, have those who have issues to present them, then allow one point of discussion to each council member. At that time we will come back around to the person that made the original recommendation, leave time for rebuttal and finally, assigning a line item amount to each of those areas. At the end of the day majority rules as the budget goes and that will be the case with the line items. This will give the person with a particular issue every opportunity to address their concern. **Cncl. Pres., Caligiuri** asked if anyone had a better way with which to handle this to please tell us because he knew of no other way.

Cncl. DiLucia noted he had no problem with that agenda but before starting he wondered if Kevin has had an opportunity to hear, at least, some of the issues that have been raised and considered or made any changes, in the interim, to the proposed budget. **Cncl. Pres., Caligiuri**

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noted that sounds fair; however, he then questioned if everyone received and had an opportunity to review the Standard & Poor's report. Everyone indicated they received a copy. **Cncl. Pres., Caligiuri** then noted he felt the report reflects the work of the prior administration. He added he has been here long enough to see what was happening, in some communities there were lay-offs, in our community we had some attrition and the prior mayor took advantage of that attrition. We lost a lot of personnel in the Public Works Department as well as in other departments and that was the prior mayor's way of controlling/reducing expenses. Unfortunately, because of the way the budget is capped by the state it kind of puts us in a precarious position today. He noted that was the impression he got after reading the Standard & Poor's report. The taxes we raise are also our own taxes and affect us individually as we are all homeowners and property owners. You then have to take into consideration the fact the previous mayor was rather frugal but at the same time there was a limit to what he could afford to spend. He then noted he would take **Cncl. DiLucia's** suggestion and turn the meeting over to Kevin to tell us his reaction to correspondence that was received.

Business Administrator, Kevin Heydel advised that first and foremost he did go back through each line item and he did take out his snide remarks. Again, he stressed he did apologize for that, he let his emotions kind of take its course. **Cncl. Bryson** noted, that was ok, we both did. **Mr. Heydel** noted he put in his rationale for why some of these line items went out. What he did concentrate on, probably the biggest line item people were concerned about was police S&W (*Salary & Wages*). What he did was to create a spread sheet that reflects the initial anticipated hiring date of 4/1/15 which shows that base salaries would have been about \$156,000.00 and a prorated amount of \$120,000.00 was budgeted. If it is prorated back, it's down to \$64,000.00 so there is an eligible reduction of \$56,000.00. The same thing was done for health benefits. Everyone was factored in and prorated based upon a family policy of \$32,000.00 because he doesn't know what these police officers are at this time. The prorated amount is \$24,000.00 and that would be able to be an eligible reduction of about \$44,000.00 for an overall \$100,000.00 eligible reduction. However, what he wanted Council to see is that yeah we can save \$100,000.00 this year, and as of right now if the costs for these police officers that are coming on next year is factored, if council approves them to come on, the spread for next year is going to be \$80,000.00. If we cut the \$100,000.00 it's going to be \$180,000.00. **Mr. Heydel** explained when budgeting he never just looks at today, when preparing for today he looks at both next year and the following year. In doing that, he went back to the Standard & Poor's report and had a conversation with our municipal advisor that he worked with when we were doing the credit rating, just to insure that he knew what the scores in each category meant. **Mr. Heydel** then explained that one of the biggest places where we are getting hit is going to be where our surplus is. He explained he had a very difficult time when on a conference call to try to substantiate where we are going with this in the future. When you read the summary and outlook you see the outlook reflects that this is something they are going to be looking at. He advised we will be going out for serial bonds either during 2016 or 2017 so what he is doing is trying to gear-up for that timeframe, because if he can't maintain a surplus balance and between this year and next year are hiring people it will make the budget that much harder. We will collect less and we will never be able to meet the goals that we are intending to get and we will then get a downgrade. If we go out in 2016, early 2017 we are going out for a \$4 million dollar bond and if you go out for fifteen years or something like that and get a downgrade you will get a nice increase in the percentage. Again, he noted he was not just looking at this year and understood that we are 2.9% and for every \$100,000.00 cut out it takes roughly about one-tenth of 1% off the tax bill and roughly about \$7.00 for the average taxpayer. The fiscal policies that we have implemented since about 2005 have been very conservative and the goal is, at least my goal, is to have 3% as a surplus balance and we are at 1.5%, \$550,000.00 and that is very difficult. **Mr. Heydel** spoke of how he has gone over the revenue and really doesn't see anything coming in, nothing big in housing growth or anything else like that. He added he doesn't see anything really positive happening other than the money we are getting back from the HIF and if we are just going to rely on that for the next couple of years that will be needed just to try to get us in a spot where we maintain our AA Rating. We have \$900,000.00 that was left over from the budget last year and the forecast for next year is about \$700,000.00. Maybe if we keep the \$100,000.00 it would be \$800,000.00 but if that is taken out it will be \$700,000.00, the next year will be \$600,000.00. Now you have a spread going into 2017. You had \$900,000.00 from reserve and now you are going down to \$600,000.00 so you already cut out \$300,000.00. If you are counting on the \$500,000.00 coming in from the HIF you

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already lost \$300,000.00 so you have a net gain of \$200,000.00 and in our budget that is a drop in the bucket. **Cncl. Dilks** questioned what the effect is if we lose the AA Rating. **Mr. Heydel** explained you will find it more difficult to find bond holders that want to invest. An interesting point he found when he was on the conference call with our advisors is that we were fortunate enough to maintain our AA Rating so we got good rates. When the bonds were refinanced we estimated a \$210,000.00 savings but it came out to be \$280,000.00 over the rest of the life of the loan; that is a \$70,000.00 savings. If we don't have the AA Rating investors will drive up the interest rates. Our AA Rating is three grades higher than the State of New Jersey. The State is so bad that in 2016/2017 New Jersey will be lucky if bond holders are even drawn here so if we are not good in that category it will drive up interest rates even higher. **Cncl. Bryson** questioned where is the revenue shown for the foreclosed and abandoned properties, as this month we had twenty-four, last month there were seventeen and there are probably 300 others already on the books at \$1,000.00 to \$1,500.00 each. **Mr. Heydel** explained that is not shown because he is not allowed to show it unless we have a history of revenue. If \$50,000.00 is collected this year he could show that next year, if \$100,000.00 is collected next year that could be shown the following year. **Cncl. Bryson** questioned if histories can only be shown how can budgets be forecasted. **Mr. Heydel** explained the State does not allow you to forecast revenues unless you have already collected them. **Cncl. Bryson** noted you must also understand that the taxpayers can't forecast either, they have to do the same thing while every year you are increasing the surplus, knowing that you will have revenue in the budget and knowing that these bond holders are looking for that. Another comment in the S & P report was regarding moving monies around, which affects the surplus so there are a couple things that are important and if you do forecast those numbers they should be as close to realistic as possible. **Mr. Heydel** questioned how much **Cncl. Bryson** would like him to forecast because he doesn't know when this program will get off the ground, how long it takes to implement or if we will even be able to collect it. We could say \$1,000.00 is owed but that doesn't mean we will collect it. **Cncl. Bryson** noted you can do that and leave the surplus at what it is now, which is over \$3,000,000.00 but when you come to next year don't be asking for \$4,000,000.00. **Mr. Heydel** questioned where is \$3,000,000.00 in surplus; right now after utilizing some for this budget we will have a balance of \$549,000.00, which is roughly about 1½% of our budget and that is down from the \$1,100,000.00 used to support last year's budget. He explained using surplus is a natural course of the municipal budget. It's how much you have to utilize out of that to support your current budget and the replenishment of the surplus from revenue sources. The problem is we are not replenishing the surplus. **Cncl. Bryson** noted another point is how additional revenue can be found. There are two sides of this budget, one the expense side and the other the revenue side, which can't be forecasted. **Mr. Heydel** noted he cannot forecast revenue above any of the numbers that we received last year.

Cncl. DiLucia noted the \$100,000.00 that Kevin says represents 1/10th of 1% really represents 4/10th of 1% of the municipal budget and the way you arrive at that is there are three elements. The County represents 18% of the budget, the schools represent 56/57% of the budget and the municipality represents 25% of the budget so when you take each individual request for increase in taxes the County was 5.71%, the school was 2.5% and we were 2.9%. When you blend that you get an average that ends up to be about 3.2% and every 4/10th of 1% represents to the taxpayers, because it is a blended thing, 1/10th of 1% but that \$100,000.00 brings our budget down to 2.5%, which is significantly different from 2.9% in terms of what the governor is requiring us to keep it down to. The expectations of a lot of people is to keep that down as close as possible to 2.5%. He noted the cost of living increase was 1.7% across this county and that is the standard for everything that happens economically in this country particularly to the senior citizens and disabled and they are a significant portion of the population. Just to clarify statements made regarding the bonds Kevin is right that individual credit worthiness puts you somewhat into a category of what kind of investor will buy municipal or state bonds but the biggest factor in the rate on bonds is the economy and cost of living. No one is going to invest in a 3% bond when they can buy a CD for 5% so bonds go on a seesaw as the cost of living and inflation goes up the value of the bond goes down. What Kevin says is true, you will get placed somewhere based upon your credit worthiness so the chances of an investor investing in you is better if you are in better financial shape than the other guy in the marketplace and you will get a better rate. **Cncl. DiLucia** believed what **Mr. Heydel** was saying was that he could take out \$100,000.00 but he didn't want to. He added when he makes his presentation he will be saying there is a lot more than \$100,000.00 in the math but he really does not want to take all of it out in terms of what he

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thinks is in the math. He noted Mr. Heydel came up with \$100,000.00 but he came up with a lot more than that and we do the same math. Last year we budgeted for the insurance and we came in \$100,000.00 plus under budget. Mr. Heydel advised that number changed to \$84,000.00. Cncl. DiLucia explained that \$84,000.00 was put somewhere in the budget and the 4% is being put on the budgeted number, which is \$84,000.00 higher than we actually spent, so the increase is really inflated plus the 4% is an inflated number. He noted he is not looking to take every penny and go to a bare bone budget that will leave no room for error, as no one can really forecast what is going to happen but, there is enough in there that we could get under 2½% in the municipal budget. If that is all we can do, that's all we can do and if we can do that without jeopardizing the following year that is what we should be looking to do. Mr. Heydel noted the rate Cncl. DiLucia came up with is right on, it would be 2.5%. If \$100,000.00 is taken out it would be 2.5%, if \$200,000.00 is taken out it would be 2.0%.

Cncl. Pres., Caligiuri noted now we will take the meeting to the next level and go around the room individually and talk about in the order of which the budget was prepared the specific line items that anyone has a bone of contention with and hopefully there will be an alternate line item to offer. At that point he will go around to the other Councilmembers to see if there are any other additional comments on the recommendations and if there are the person who made the recommendation will be given a second opportunity to justify their cause and then we will poll Council for the majority.

Cncl. Bryson noted a glaring increase is \$40,000.00 in the Code Enforcement line, which is an increase of 308% and the BA's explanation for that was it was an increase for proactive vacant property maintenance. He questioned what will be done to vacant properties for \$40,000.00 and if you can't forecast/anticipate additional revenue could you show reduced expenditures from what you plan to bring in on the registration of vacant properties. Mr. Heydel explained the problem with doing that is if he was to bring in revenue from vacant properties he can't apply that as a reimbursement for these expenses; that has to be shown on the revenue side. Right now, and what has been said for years is we have to be more aggressive in cleaning up some of these vacant properties. He noted we can't always be sending our Buildings and Grounds guys out to be cutting grass on weekends because it is so overwhelming. We had a property in Newbury Farms that had to be boarded up and we had no money to do that because there was nothing budgeted for that. Now money is being put in that line so we can aggressively address these properties. Contractors will be paid out of our budget and we will lien the property so when the property sells we get that money back. Cncl. Bryson recommended \$10,000.00 be included under Code Enforcement, as some revenue will be coming in and that way \$30,000.00 would be saved for taxpayers. Cncl. McIlvaine questioned where the BA came up with the \$40,000.00 number and where Cncl. Bryson came up with his figure. Mr. Heydel replied he came up with that number based upon the number of properties out there, things that we were not able to come up with in the past and he figured forty houses at \$1,000.00 each. Cncl. Bryson noted that is a drop in the bucket because we are looking at more than forty house. Cncl. Miller questioned if there is more active code enforcement does that mean that we could potentially bring in more money in revenue and then we could deplete that number in next year's budget. Mr. Heydel replied yes. What would happen is there would be a revenue line item to offset that. He explained by cleaning up vacant properties we are making an investment in those properties and we will not get that money back until the lien is settled. Cncl. Miller questioned how long that process takes. Mr. Heydel advised it takes a long time, it could be one, two or three years. He added a case in point is the property next to Tim Brown that has been ongoing for years. If we would clean that property up and place a lien on it, it could be years before that lien is satisfied. Revenue will begin coming in when the program begins to register vacant properties. The banks will pay but we will not collect a dime from private homeowners so liens will be placed on those properties. Cncl. Caligiuri referred to the budget document and noted he was confused with the figures shown. It stated in 2014 \$13,000.00 was budgeted, in 2015 the proposed budget increased \$40,000.00 to make that line \$53,000.00 and then there is a revised budget for 2015 making the line item \$13,000.00 again. Mr. Heydel explained he took the \$40,000.00 out because he is trying to get the budget down according to the questions posed by Council and he is trying to figure out where we will be on the tax side. Cncl. Pres., Caligiuri questioned whether Cncl. Bryson wanted to increase that \$13,000.00 by \$10,000.00 bringing that line item to \$23,000.00. Cncl. Bryson indicated he did not want to increase that line by \$10,000.00 he wanted to keep it at

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\$13,000.00. **Cncl. DiLucia** noted he is not looking to cut everything but what he would like to see is a savings so hypothetically if we could save \$1,000,000.00 maybe we would only take \$200,000.00 out. He added if he were to vote in isolation on this he would agree with **Cncl. Bryson** that it should be a number less than \$40,000.00 because although you can't put a number on the anticipated income from the new vacant property ordinance we know money will come into the general fund. So, even if we have a shortfall in this line item we will be able to shift money because money will be overstated in other lines. He noted if we review each line item we could probably find \$1,000,000.00 to cut out but he is not looking to do that because he does not want to be in a situation where there is no wiggle room at the end of the year or we would need to make it up by putting all the burden on next year. He noted he has identified things in this budget of things that can be discussed and some people may say it should be cut but if it is he questioned whether it could be revisited. **Cncl. Pres., Caligiuri** explained we have last year's budget, the actual to review and this year's budget so in his estimation since we know what was expended last year there should be a compelling reason for a dramatic increase over last year's actual. **Cncl. DiLucia** noted we have a missing piece to the formula. The code enforcement line item was \$13,000.00 now it's \$40,000.00, which is a \$27,000.00 increase. If there was no hope of revenue coming in to offset that he would say yes, but there is revenue that will be coming in but we don't know what that number is. If we leave that line at \$40,000.00 and \$100,000.00 comes in we are overstating that line by over \$60,000.00 and that will go in the general fund. If we cut it too much, we will be understating it, so we really don't know and it's almost impossible to vote on that in isolation, although if that's the way the meeting is being run he will vote on it. **Cncl. DiLucia** felt there is a reasonable number to raise the taxes in the municipality that money can easily be trimmed from various places to reach that without jeopardizing next year. He noted he is fairly good with numbers, not as good as Kevin, but he sees areas of overstatement and in looking at every year of the budget sees line items consistently overstated where the actuals were always under what was budgeted so we could go just from that premise. If Council wants to vote on this one line we could go forward and maybe come back and reconsider it because under Parliamentary Procedure many different things can be done. He added he is just trying to make this a reasonable process. He does not disagree with the way the meeting is being run, he just felt that at some point in time if council votes on enough things in isolation a lot more might be cut than what we really want and then we would have to go back and revisit it. **Mr. Heydel** requested to make a point of clarification due to hearing people say money can be grabbed from somewhere else. He explained that can't be done until after November 1st when transfers can be made. Once we get to November 1st there is only two months left until the end of the year and trying to get things done between now and October could be a problem. **Cncl. Bryson** noted instead of increasing to \$53,000.00, which is 308% just increase it 50% and go up to \$26,000.00. **Mr. Heydel** noted he calculated \$1,000.00 per home so this would handle thirteen homes because the other money was the department's operational budget, it had nothing to do with board ups or anything like that. **Cncl. Bryson** noted he had not seen many board ups, trees taken down or fences fixed. **Mr. Heydel** advised because all we are doing is sending Building and Grounds out to cut grass or put a poll in to hold up a fence. **Cncl. Bryson** noted Buildings and Grounds has enough work to do here and their rate could be higher so it might be beneficial to use an outside contractor like we are already doing for the registration. **Cncl. Bryson** advised he would make that figure his alternative. **Mayor Teefy** advised he received an email from County Counsel Matt Lyons that they are moving forward with a shared services agreement to handle vacant properties but he didn't know if the entire county has to agree to do this or not. **Mr. Heydel** felt the program would begin once the shared services agreement is signed. **Mr. Heydel** agreed with what **Cncl. DiLucia** was saying and noted if Council wants to get to a specific number they can get to that from the police budget if everyone agrees. **Cncl. Dilks** questioned whether **Mr. Heydel** would be comfortable with a 2.5% increase. **Mr. Heydel** indicated in his personal opinion it should be left the way it is because it gives more flexibility for the future. The 2.5% will work for this year but the problem is the spread between this year and next year. He used the police budget as an example explaining that was one of the biggest increases. The police budget increased by \$568,000.00, which is an 8.2% increase. The reason for that is they received a 3.8% raise in September. Only eight paychecks were at the previous rate and eighteen paychecks had to be figured into this so when broken down that amounts to \$153,000.00. **Mr. Heydel** noted what he is afraid of is when we go into next year the spread is going to be wider and that will push taxes up even higher next year. If \$100,000.00 is cut out this year we lose \$100,000.00 in tax collection next year and then we will be spiking up. **Cncl. Dilks** noted in past years Council or the Budget

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Committee always asked Mr. Heydel if he was comfortable with what was being cut and if too many cuts were made he would tell us. Cncl. Dilks noted he would go for cutting it to 2.5% instead of looking at each line item. Mr. Heydel explained there is money here but he knows what the expenses are going to be next year and if money is cut out this year it will widen the gap next year and that is his concern. There is enough money in the budget to operate but his concern is his forecast for next year as it is already a 6% increase but that could change. He noted Cncl. DiLucia knows his philosophy of budgeting the revenues taken in low and the appropriations high. That is the fiscal policy that got us through the last few years and it has worked. Cncl. DiLucia felt there is \$100,000.00 just in the math that will not affect next year or this year. For instance the April 1st date to hire police officers is gone so the quickest officers can get into the Police Academy is July so that is a 33% savings over what was budgeted. If you just go to half a year you are also saving on the insurance so in just those lines you are over \$100,000.00. The insurance is 3% but the actual cost is 2¼% so that is way over \$100,000.00. Cncl. DiLucia noted the line is overstated because the numbers factored in are not real since the money budgeted for new police officers will not be spent. He added he is not saying these things to be personal to Mr. Heydel because he doesn't envy his job but last year when the insurance was calculated we over estimated it by \$100,000.00 plus. After reviewing things he said to himself that he didn't want to cut a million dollars out of the budget because even if that were done it would only mean 1% to the taxpayer's total because when you split the million dollars up they will only get the benefit of a quarter million, which is less than one cent. He noted when looking for a reasonable number he thought 2.5% is the standard number out there. The school came in at 2.5% so if we cut \$100,000.00 it will bring us down 4/10th of 1% and we can do that without hurting anyone. He added he previously questioned why four new police officers were needed and was told eight were retiring. He added he believed it was that number but whatever it was it is on the record. Mr. Heydel replied it's seven. Cncl. DiLucia noted would you be surprised to know that only four can retire in the next sixteen or seventeen months. That information is in all the records and how that is calculated is by taking the seniority dates. They all have the same date, October 1991, for their twenty-five years so we do not need to replace a police officer for seventeen months. We previously had sixty-two police officers, last year we hired two in anticipation of retirements and this will bring us to sixty-four. He spoke of the Mayor asking him if he didn't want the police and he stated that he didn't have a problem with having police officers; he was only trying to say all these things are mathematical. If council said tonight, and he noted he was not asking the council to say it nor would he vote for it, that not hiring four police officers this year or early next year would save a ton a money or just hiring two would save half a ton of money or if you say they are not going to school until September, which is a distinct possibility, would be lot of money. If you budgeted \$120,000.00 for nine months and now you only have to budget it for three months that is 25%, which is down \$40,000.00 so instead of \$120,000.00 it is \$80,000.00 and that's not counting the insurance. Cncl. DiLucia noted if we can agree to go to a certain number he would be comfortable at 2.5% and that is \$100,000.00 and we can say to Kevin make it work. Cncl. Pres., Caligiuri threw that back on to Kevin, noting it would appear that the consensus is we need a number you could work with such as 2.5%, 2.6% or 2.4%. Mr. Heydel noted he would not go below 2.5%. If he has to give up \$100,000.00 in this budget he will deal with it and do the best he can in the years that follow but what he worries about is next year because this will increase that gap but it is not his decision to make. He noted he feels very comfortable with the 2.9% in the current budget but if we have to go to 2.5% he can live with it. Cncl. Pres., Caligiuri questioned what Mr. Heydel would feel comfortable with between 2.5% and 2.9%. Mr. Heydel replied anything in between. Cncl. DiLucia noted he just pointed out \$100,000.00 without any carryover that would jeopardize the future. If we get 2.5% it will pay the budget for 2015 and we will not have any additional expenses because we will not be spending that \$100,000.00. Mr. Heydel noted that \$100,000.00 will show up in 2017 because that money would have sat there in 2016 and rolled into surplus. Cncl. DiLucia felt what Mr. Heydel was saying was if this council could give him a bag of money to put into reserve we would never have a problem and that is not reality. We need to find a balance between people out there are hurting and can't afford to pay much more. Mr. Heydel agreed people are hurting but he can't look at that, he has to look at the larger, long term picture because if he wants to save \$100,000.00 today is it going to be worth the 1% or 1.5% increase when he goes out to bond if the bond rating goes down. He explained he has \$900,000.00 plus from last year's budget coming into surplus and next year he was forecasting \$800,000.00 but if this \$100,000.00 is taken out that number will be brought down to \$700,000.00 so he will be \$200,000.00 short in surplus roll over in 2017 and that is what he is

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B.) MATTERS FOR DISCUSSION (cont'd)

afraid of. He noted he understands what council and the residents see but he is a finance guy and he needs to look at what the future impacts are going to be. Cncl. DiLucia noted the surplus in 2013 was one million three, this year it is two million nine and Mr. Heydel is projecting two million eight. Mr. Heydel advised that is not surplus, that is what was used to supplement the budget. Going into this year he had \$940,000.00 and was anticipating \$800,000.00 out of this budget, which would have been \$140,000.00 short and that is what he is afraid of going forward. Cncl. DiLucia noted he doesn't want to debate this but we will be getting half a million dollars that Mr. Heydel is discounting because he doesn't want it on the books. Mr. Heydel explained whether or not that money can be used next year depends on whether he receives a letter before the budget is prepared guaranteeing that money is coming. If no letter is received that money must be brought in as additional revenue and that can't be used in the 2016 budget. Cncl. DiLucia noted this year we collected an additional \$200,000.00 from employees for their health benefits that we didn't have last year. He felt Council could go through this budget and find changes that would amount to \$200,000.00 if Mr. Heydel was saying he won't do it voluntarily. Mr. Heydel replied it is Council's decision and he would live with cutting \$100,000.00 and will just have to deal with what is coming in future. Cncl. DiLucia questioned whether it would be better for Mr. Heydel if Council cut \$100,000.00 for him to figure out where it was coming from or if Council would say where to make the cuts. Mr. Heydel replied it would be better for him to figure it out. Cncl. Pres., Caligiuri requested Council take a vote on cutting the budget to 2.5%. Cncl. Bryson indicated he was not right with that and Cncl. Heffner questioned if Mr. Heydel could make it work. Mr. Heydel advised he would make it work but he did lay out what the issues will be next year so if Council is willing to do that and take that chance he will work with it.

Cncl. Dilks made a motion for a 2.5% tax increase. The motion was seconded by Cncl. DiLucia.

Cncl. McIlvaine questioned what would this do for tax increases next year. Mr. Heydel explained based upon the hiring and the proration you are sliding a higher tax increase out to the future but it might even itself out. Cncl. McIlvaine commented that it's going to happen whether it's this year or next. Cncl. Heffner questioned if next year we would be able to project additional income for the vacant properties. Mr. Heydel advised whatever we collect this year can be factored in as revenue next year.

Cncl. Bryson questioned are we or are we not going to hire next year and not this year. Mr. Heydel replied no, we are hiring this year. He previously prorated that for April 1st but now he is prorating it as of August 1st through December. Cncl. DiLucia added that is if the Police Academy begins July 1st but if school doesn't start until September 1st it will be cut again. More money will be picked up just on that alone plus there is money in the insurance line item that will more than cover that shortfall of \$100,000.00.

Mayor Teefy questioned whether Chief McKeown wanted to make any comments. Chief McKeown noted he didn't want to debate any budget numbers, as Council was doing an outstanding job deliberating on that. At this point the Clerk noted there is a motion on the floor.

**ROLL CALL VOTE ON THE MOTION FOR A 2.5% TAX INCREASE
5 AYES, 2 NAYS (Bryson, Miller)**

Tally: 5 Ayes, 2 Nays, 0 Abstain, 0 Absent. Motion to increase taxes by 2.5% was duly approved.

C.) GENERAL PUBLIC DISCUSSION

Cncl. Dilks made a motion to open the General Public Discussion. The motion was seconded by Cncl. Heffner and unanimously approved by all members of Council in attendance.

Chief of Police, John McKeown indicated he wanted to clarify the hiring process and the retirement dates. He explained he deliberated this with Kevin who had retirement dates based upon the hiring dates and pension dates available to him through the pension. The Chief noted

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C.) GENERAL PUBLIC DISCUSSION (cont'd)

he wanted to be very thorough to make sure the dates he provided to Kevin were accurate so he did a survey through the department's online survey system to ask officers when they would have twenty-five years of service since that is when we have to anticipate retirement. Some of the dates were quite different and in one case there is a seven year difference in an officer's hire date because he is in the process of buying back his service time in another police agency and the pension will not show that as being credited until his payments are complete. Chief McKeown explained four officers were hired the same time he was, one was hired three years after him but can retire this summer, the one buying back his time came from the Port Authority and another came from the Sheriff's Office plus had military time so he can go in the first half of 2017. The numbers Kevin initially had from the pension dates and hire dates do not provide a realistic picture of when some of the senior officers can retire. He explained he can't guaranty everyone will go at twenty-five years but in looking at other departments in the area the history and the trend is go as soon as you have twenty-five years. The climate in the Nation is not pro-police right now and it seems to be making a police officer's job unpleasant for some people. The tendency is officers go when they reach their service retirement date so without factoring in any injuries or other issues we might have within two years seven people could go. We started the hiring process this time last year after holding a meeting with Kevin and the previous mayor. After getting their approval to begin the process we had to wait for a Civil Service list and that was received late June or early July. We want to hire qualified personnel so we scrambled, as it takes several months to get background checks done properly and we wanted to lock into the Police Academy start date, which in that case we had to prep for a September start date. That put our recruits graduating in the winter of this year and they just now hit the street so we are looking at a yearlong process from the time we say we want to hire until they get through the academy and the field training program of eleven weeks. Those officers are still on probation for a year after graduation so we don't know if we have an actual police employee for about a year and a half from the time the Mayor and Council say yes, go hire. In the past we have had people in the training program, whether in the start of the academy or several months after that have either voluntarily said this job isn't for me or through our progressive training and disciplinary process we had to say this job isn't for you so an offer to hire and these numbers are not guaranties. In regards to savings he noted he was looking forward to hiring in April and would have been ecstatic to get this process started but we are at the mercy of the Police Academies. In April the State cancelled the Atlantic County class because there were not enough applicants and that put us on hold. We don't know when another class will be held, as there are only about a dozen Police Academies in the entire State and only four are within driving distance so we typically use Atlantic, Camden and Gloucester Counties. Ocean County has one but it is quite a hike. Cape May County has one but that requires individuals to stay there so there would be some different financial issues to deal with for in-residence. So there are about three academies that we send people to and we are limited to trying to get start dates out of them as early as possible so we can time this hiring process. An additional hurdle we are going to have is last year the State Police Training Commission passed a rule that said effective January 1, 2015 there will be a physical fitness requirement. That is apparently on hold but they are expecting to get a ruling on how that will be implemented sometime this summer so our new applicants may end up falling into this mandatory physical fitness process. This sounds like a great thing but it also slows down our hiring process because it looks like the ruling will be that we have to give a conditional offer of employment and run recruits through our medical and physiological and then the academy does the fitness test, we are not allowed to handle that the way it is currently listed. So we may run through the process of hiring four people and one or two might not make the State's minimum standard and the academy will wash them right out and there are no second chances. Chief McKeown noted he had another deep concern and that is the police department does not lose patrolman to retirement, it loses chiefs, deputies, captains, lieutenants, the people who have been here for twenty plus years. He noted he just explained the hiring process and during the retirement process we have to train the incoming command staff and police officers are pulled from the street during that process. He noted he couldn't wait until the deputy chief left to begin training the new one that had to happen while that deputy chief was still here so the new person was drawn away from his previous work, which pushes the process further down. We are all about training and will make that happen but it does at times take some overlap so when you look at hiring four people and having additional officers it's because training is not done overnight and some of the schools that we send our command officers to are only offered once a year. Some of the police budgeting courses that we send our captains to are offered once a year

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C.) GENERAL PUBLIC DISCUSSION (cont'd)

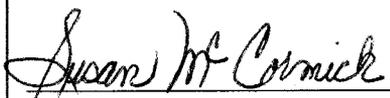
so the learning curve takes time on the upper echelon also. His concern in his conversations with Kevin since he was captain is the future of the department, as he wants to make sure each time we have a retirement that we have done our best to transition effectively and trained the next person so that the transition is as smooth as possible. If information is not shared we have to assume once a person retires they are gone, they are not coming back on their own time to fill in the new captain, chief, deputy or lieutenant on how things were done. Chief McKeown noted this is a long process, he knows it cost a lot of money and he appreciates that since he is a taxpayer as well. He added he appreciates this process and if Council has any questions about the Police Department he would be more than happy to explain it at any time.

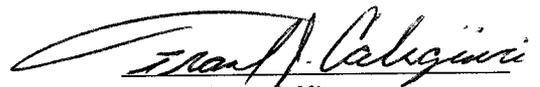
With no one else wishing to speak **Cncl. Miller** made a motion to close the General Public Discussion. The motion was seconded by **Cncl. Heffner** and unanimously approved by all members of Council in attendance.

D.) ADJOURNMENT

With nothing further to discuss **Cncl. Miller** made a motion to adjourn the Special/Budget Workshop Meeting of May 4, 2015. The motion was seconded by **Cncl. Bryson** and unanimously approved by all members of Council in attendance.

Respectfully submitted,


Susan McCormick, RMC
Township Clerk


Presiding Officer

These minutes were prepared from excerpts of the tape-recorded proceedings of the Special/Budget Workshop Meeting of May 4, 2015 and serve as only a synopsis of the proceedings. The official tape may be heard in the Office of the Township Clerk upon proper notification pursuant to the Open Public Records Law.

Approved as submitted _____ AmJ _____ Date 6/30/15
Approved as corrected _____ Date _____