

**TOWNSHIP OF PARSIPPANY-TROY HILLS
TOWNSHIP COUNCIL SPECIAL MEETING**

March 13, 2008

Public Invited with Public Participation

MEETING CALLED TO ORDER by Council President Cesaro at 7:00 p.m.

Roll Call:	Barberio	-	Present
	dePierro	-	Present
	Fox	-	Present
	Grossi	-	Present
	Cesaro	-	Present

OTHERS PRESENT: J. Lim, Business Administrator; J. Silver, Township Clerk

FLAG SALUTE

PRESENT DURING PORTIONS OF THE MEETING: M. Hardie, Purchasing Director; R. Malcolm, Chief Financial Officer; D. Cassese, Tax Assessor; F. Ogradnik, Tax Collector; D. Bahn, Superintendent of Recreation; E. Hubner, Emergency Management Coordinator; A. Visakay, Director, Employee Benefits, AxisPointe, Inc.; Ryan Graham, Representing Fairview Insurance; Antonio Tavare, Account Manager, Horizon Blue Cross

The agenda of this meeting, to the extent known, is as follows:

Review of the Mayor's 2008 Budget Recommendations

FORMAL ACTION MAY OR MAY NOT BE TAKEN.

Adequate notice of this meeting has been provided in accordance with the requirements of the Open Public Meetings Law by filing the notice in the Office of the Township Clerk and by posting the meeting notice on the bulletin board at the Municipal Building on February 28, 2008 where it has remained posted since that date. Copies of this notice were mailed by fax to The Daily Record, The Star Ledger and various other newspapers and local radio stations on February 28, 2008.

The Township Council continued its review of the Mayor's 2008 budget recommendations.

PUBLIC BUILDINGS (140)

Present for this portion of the budget review: M. Hardie, Director of Purchasing

Mr. Hardie addressed his concern relative to the amount currently budgeted for Gasoline (323). He explained that he meant to mention his concern at the March 8, 2008 meeting. Historically, per Mr. Hardie, what has been happening with gasoline for the last seven (7) or eight (8) years is that we begin each year with good numbers, but around the time the budget is submitted, the costs began to escalate. The amount traditionally peaks in August; then usually drops back down. However, per Mr. Hardie, this is currently not the case, noting that in his twenty (20) years with the Township, the cost for gasoline rose above \$3.00 per gallon only one time, about three (3) or four (4) years ago. This past week, we even exceeded \$3.00 for diesel fuel. We are now averaging for diesel, \$2.84 for the first two (2) months of this year as opposed to \$1.82 for the first two (2) months of last year. Regular gas is up \$.78 cents as well; it went from \$1.78 last year to \$2.56 this year for the same time period. He reiterated that the 2008 Budget appropriation was based on year end averages, but this year is completely out of the norm and projections are for prices to rise even higher. Mr. Hardie recommended that the appropriation for this line item be increased, conservatively, by \$200,000 to \$205,000. He indicated that this cost would be broken down as follows: approximately \$185,000 more to be added to the Public Buildings Budget; the rest to be allocated to the Water Utility and the Division of Construction Inspections, as both entities use the gasoline. He commented that he doesn't know if this increase will cover the Township for the year and, although he dislikes increasing the budget, we don't have a lot of control over this. Mr. Hardie informed the Council that he notified the Knoll and Sewer Utilities, which utilize their own pumps, of his concern. Mr. dePierro suggested that the Administration provide a summary of the additional appropriations to be included in the budget, by department/division line items. Ms. Lim advised that Administration will provide revised budget pages.

DEPARTMENT OF FINANCE

Present for this portion of the budget review: R. Malcolm, Chief Financial Officer; D. Cassese, Tax Assessor; F. Ogradnik, Tax Collector

ASSESSMENTS (060) – Relative to Appraisers and Consultants (209), Ms. Malcolm explained that the Township still has a number of properties under tax appeal. This line item accommodates litigation and the need for additional appraisals, if required. If the money budgeted is not needed, it is not used. It would lapse into surplus the following year. We are trying to be prudent and estimate what might be needed. We don't want to under budget. Mr. Cassese advised that, as of this date, there are 33 pending tax appeals at the State Board level out of 400 commercial properties. He assured the Council that this is a low number. He will know exactly how many appeals there are around April 15th as the filing deadline is April 1. He advised that he predicts about 60 appeals. He further noted that the budgeted amount of \$50,000 for a town this large is very conservative for experts.

He briefly reviewed the classification/types of properties under appeal, noting that some are prior year appeals.

In connection with Computer Hardware and Software (261), Ms. Malcolm explained that this line item covers computer replacements.

TREASURY (070) – Ms. Malcolm reviewed the salary and wage section, noting that a part-time employee was hired resulting in a savings in salary as well as benefits. With regard to Advertising (201), Ms. Malcolm reviewed the types of legal notices that are required to be published.

ANNUAL AUDIT (071) – Ms. Malcolm noted that the appropriations in this account have not changed.

COLLECTIONS (080) – In connection with Computer Expenses (261), Ms. Malcolm explained that the Township wants to remove itself from the Vital System for water, sewer and tax, noting that there have been problems, particularly with water and sewer billing. She advised that the Finance Department wants to convert to Edmunds. Mr. Barberio questioned if Edmunds has the capability of printing the water and sewer bills to show maintenance costs, explaining that the IRS Code allows users to “write off” this cost. Ms. Malcolm will check on this. Mr. Ogradnik reviewed the problems with Vital. It was noted that some of the cost of the Edmunds system is allocated to the Water and Sewer Utilities, approximately one-third in the Current Fund (tax and miscellaneous revenue) and one-third in each of the Utilities (water/sewer billing.) Ms. Lim advised that the total cost for the Edmunds package is about \$108,000, which includes the software, a new server, a machine to print the tax bills, a machine for folding and producing return envelopes for water and sewer billing, and a new printer for water and sewer billing. Council President Cesaro asked the Administration to confirm the full purchase price of Edmunds.

Council Members took this opportunity to review concerns expressed by both residents and commercial property owners with the receipt of estimated bills as a result of converting the way water meters are being read. Mr. Ogradnik reviewed the process.

Mr. Fox asked, with regard to “drive by readings,” if the Township has investigated the possibility of installing the reading devices in police cars. He noted that some other municipalities are considering this. Mr. Ogradnik is aware of this possibility and advised the Police Department that if it obtains a “mesh system,” the Water Utility would be interested because it would be able to get the “reads” without having to send an employee out in the field, in addition to being able to check for potential problems on an on-going basis.

DEBT SERVICE (530) – Ms. Malcolm noted that, unfortunately, nothing can be changed in this account because of the debt service schedules and requirements. She advised that she made a provision in the accrued interest on notes and bonds in Water, Sewer and Golf to accommodate any additional borrowing that might be done this year.

DIVISION OF RECREATION (180)

Present for this portion of the budget review: D. Bahn, Superintendent of Recreation

Council President Cesaro noted that Mr. Bahn provided a break-down of all of the recreational activities.

TOWNSHIP EVENTS (181) – Ms. Lim advised that the \$35,000 appropriation for Summer Concert Series (699) will be lowered to \$30,000 as a result of final cost estimates. A revised budget page will be provided. Ms. Grossi asked the costs of the Memorial Day Parade and the Fourth of July Fireworks. Mr. Bahn responded that the Parade cost between \$12,000 and \$15,000, including the cost of the bands. He noted that this line item, Township Sponsored Programs/Parades/Public Events (697), with an appropriation of \$26,000, also includes the cost of the concert, Porto-Johns, etc. for the fireworks. The Parsippany Day Event in September is budgeted under Fall Festival (698).

OFFICE OF EMERGENCY MANAGEMENT (330)

Present for this portion of the budget review: E. Hubner, Emergency Management Coordinator

Mr. Hubner provided a quick overview of the Office of Emergency Management Budget. He noted that this is his third year as the Township's Emergency Management Coordinator. He reported that the Emergency Management Office ("Office") is continuing to grow and improve in operations, planning, and preparedness for our community. He advised that there are currently twelve (12) RACES volunteers; the HAZMAT Team is functioning well; there are over 100 trained CERT (Community Emergency Response Team) members, fifty (50) of whom are active; Police Captain DeZenko has been brought on as a new Deputy Coordinator to help integrate services with the Police Department; and the total man hours last year exceeded 4,300, which is equivalent to two (2) people.

Mr. Hubner asked the Council for its help to rearrange some budget numbers that would result in a 2% overall decrease in his budget and accomplish his goals. He requested an increase in the Coordinator's salary. He noted that he was requested, last year, to seek outside funding. He reported that he obtained Federal/State EMA (Emergency Management Assistance) Funding from the State Police in the amount of \$5,000 per year, which is specifically directed at salaries. He noted that the Township already receives a Municipal Homeland Security Assistance Grant in the amount of \$140,000. Ms. Lim noted that this grant has been cut this year, although the Township is looking to get this funding restored. Additionally, contributions, grants and donations in the amount of almost \$55,000 were received in 2007; \$26,000 has been received so far this year. He indicated that he also has some suggestions on reductions in some line items that will not impact operations, but will contribute to a net decrease in the total budget. Ms. Lim advised that the Homeland Security funding is taken in as general revenue in the budget and used to balance the budget. She will confirm this information with the Chief Financial Officer. Ms. Grossi questioned why this money was not specifically allocated to this account. Ms. Lim explained that this funding is part of the Municipal State Aid package; not a specific grant applied for by the Office of Emergency Management. Council President Cesaro felt that, in the future, perhaps, this money could be dedicated to

Emergency Management. Ms. Lim explained that the Administration could show an offset with revenues on the budget sheets. Mr. dePierro confirmed his understanding that this money is going to the appropriate departments/divisions, but is not being shown as separate categories to those department/divisions. Council President Cesaro stated that he thinks the Council would be more comfortable with a breakdown.

In connection with the salary and wage section, Mr. Hubner requested the following: an increase of \$5,000 in his salary, from \$20,000 to \$25,000; an increase in the Deputy Coordinators' salaries from \$1,500 to \$1,750; and an increase in the HAZMAT Coordinator's salary from \$1,950 to \$2,000. Ms. Grossi noted that Mr. Hubner is asking for more money than the Mayor recommended in his budget. Mr. Hubner explained that his position was salaried 15 years ago in 1993 at \$18,000 per year. The Council was kind enough last year to increase his salary from \$15,000 to \$18,000, which is the same static level from 15 years ago. He advised that he works 30 hours a week and doesn't receive benefits. Mr. Barberio expressed his view that he thinks it would be disingenuous of this Council to move forward with this type of raise since they didn't give the Chief of Police a raise. He noted the fiscal restraints being faced by the Township. Mr. Hubner explained again that the \$5,000 grant is specifically directed for salaries and, with some adjustments on the expense side, the overall budget will be below what it was last year. Mr. Barberio indicated that he could not approve this type of raise right now. Mr. Fox stated that the Council has been going with 4% for everybody; he feels this is a very generous raise. He will not deviate from this. Mr. dePierro indicated that he hoped the Council was not considering reducing the amount that appears in the budget. President Cesaro reiterated the need for tax relief. A motion was made by Mr. Fox, seconded by Mr. Barberio, to increase Mr. Hubner's 2007 salary (\$18,000) by 4% (\$720), which would decrease the Mayor's recommendation from \$20,000 to \$18,720, a reduction in the budget of \$1,280.

Roll Call: Barberio - Yes
dePierro - No
Fox - Yes
Grossi - Yes
Cesaro - Yes

Motion passed.

The Council reviewed the other expense items. In connection with Cell Phones (536), Mr. Hubner indicated that the Office has five (5) cell phones, which are issued to the Coordinator, the two (2) Deputy Coordinators, the HAZMAT Coordinator, and one is shared in the field com (communications) vehicle and the Emergency Operations Center (EOC). Additionally, this account covers TV and laptop air card service.

EMERGENCY MANAGEMENT (330) – CAPITAL IMPROVEMENTS (525)

Ms. Lim advised that Mr. Hubner had a capital request for a Public Safety – Emergency Operations Center in the amount of \$2,000,000, which was not recommended for funding at this time. Mr. Hubner explained that this project would relocate the EOC. He noted two issues of concern with the Center's shared space with DPW: (1) its proximity to the Police

Station and Town Hall and (2) its proximity to Synergy Gas, which is the number two (2) hazard in the community. He briefly reviewed the plans.

Mr. Barberio advised Mr. Hubner, with regard to his request for a salary increase, that he should have asked Mayor Luther and the Mayor should have included the raise in his budget. Mr. Barberio expressed his view that the Mayor doesn't want to make decisions with regard to salaries; he wants the Council to do his job. Mr. Fox commented that the Council should not consider anything other than what the Mayor has recommended. The Council, per Mr. Fox, is the legislative arm; it is unfair to put the Council in this position. Council President Cesaro asked Ms. Lim to advise the Mayor to include, in the future, all raises in his budget recommendations. Ms. Grossi commented that no one should have to negotiate a salary in public. Mr. Fox further pointed out that the Council doesn't have access to the evaluation reports of the individuals who come before the Council and request raises. Council Members conveyed to Mr. Hubner that the action taken this evening is not personal. They hope he understands this.

In closing, Mr. Hubner extended an invitation to those Council Members who have not toured the facility, to pay a visit.

The Council did not take any action to include this capital project in the 2008 Budget, although Ms. Grossi commented that the Office should be in a different location, not near Synergy Gas.

Brief recess taken.

INSURANCE (110)

Present for this portion of the budget review: A. Visakay, representing AxisPointe, Inc.; R. Graham, representing Fairview Insurance; and A. Tavares, representing Horizon Blue Cross

Ms. Lim noted that she submitted a spreadsheet to the Council via a memo (dated March 5, 2008) showing the difference between the health insurance costs, across all lines and funds (current, construction and utilities). This memo included a bar chart showing health insurance costs over the years (2006 calendar year actual payments to State Benefits Plan; 2007 calendar year estimated payments to State Health Benefits Plan; 2007 calendar year actual payments to Horizon; 2008 calendar year estimated payments to Horizon with 9% increase). Copies of this memo, in addition to a report prepared by AxisPointe, Inc. and Fairview Insurance, were provided to interested members of the public as well.

Ms. Lim summarized that the renewal of the medical insurance was January 1, 2008; the cost increased about 9%. She advised that the prescription coverage's renewal date is May 1, 2008 and will increase 19%, noting that our claim history on prescription coverage is over 100%. Ms. Lim indicated that dental and vision coverages are not up for renewal until January 1, 2009.

Ms. Visakay reminded the Council that the health insurance cost is driven by claims. She recapped years 2006 and 2007 and reviewed the renewal costs for 2008. She congratulated the Administration and Council, commenting that by moving from the State Plan to Direct Horizon, over \$600,000 was saved for 2007, a savings of over 11%.

Discussion ensued relative to the fact that the State Plan does not offer the Traditional Program any more. Mr. Graham pointed out that this is a major problem for groups whose contracts read “equal to or better than.” He noted that all of the Township’s benefits are intact. Mr. Graham explained that the State was able to lower its premiums this year because the Traditional Program was cancelled.

Mr. Graham, in response to a Council inquiry, advised that, as brokers, they get paid standard commissions by the carrier, which amounted to 2½% of \$5 million last year for each broker.

The following “Financial Summary” was presented:

1	2006 / 2007 State Renewal	Increase \$265,032	+4.9%
2	2006 / 2007 State vs. Horizon	Savings \$372,305	-6.97%
3	2007 By Moving to Horizon Direct	Savings \$637,336	-11.37%
4	2006 Horizon Savings is \$372,305 from 2006 State rates; If you include the State Renewal Increase of \$265,031 the Total Savings would be \$637,336		
5	2008 Horizon Renewal	Increase \$447,039	+9%
		Original Renewal Increase	+11.62%
6	Remaining Savings	2007 Savings <u>minus</u> 2008 Increase Savings \$190,297	
7	Horizon Charging in 2008	\$74,735 More than State 2006 Premium 1.39% Increase from State 2006 Premium	

(Medical Trend has been 12% Increase per year)

Ms. Visakay, Mr. Graham, and Mr. Tavares responded to specific questions posed by members of the Council.

Ms. Lim clarified that the reason there is an increase in spite of the claim’s history is because the actual medical cost portion has gone up.

Specific data relative to prescription coverage costs will be provided to the Administration shortly. The renewal date is May 1, 2008. Ms. Visakay commented that there is a 29% increase in the rates. A change in prescription coverage (zero payment for generic and \$10 for brand name) was discussed. The Police Department has already changed to this plan and, with the renewal of the prescription contract, the Administration is planning to move the non-representative group of employees to the zero/ten plan as well. By doing this, per Ms. Visakay, there will be a 19% increase rather than a 29% increase in costs.

POLICE DEPARTMENT (240) – CAPITAL IMPROVEMENTS (525)

The Council asked to revisit the Police Department's Capital Budget. Ms. Lim explained the need for the Lawn Sprinkler System at \$40,000, indicating that a lot of the landscaping is not in good condition. Originally, there were plans for a lawn sprinkler system when the building was constructed, but the project was eliminated as a cost savings measure. Now, manual sprinkling is relied upon; the Parks Division doesn't have enough personnel to maintain all of the new facilities. Ms. Grossi questioned the cost, commenting that she has a hard time spending \$40,000 for a sprinkler system. It doesn't seem like an essential need. Ms. Lim indicated that she will invite either Mr. Jannarone (Superintendent, Building Maintenance) or Mr. Walsh (Superintendent, Parks and Forestry Division) to attend the next review session to address the Council's inquiries.

In connection with Portable Radios and Chargers, Mr. Barberio suggested reducing the number by 50%. Mr. Fox commented that a lot of municipal police departments have procedures in place where police officers take walkie-talkies home, noting this can be a benefit. Discussion ensued relative to the benefits of this purchase.

Further discussion relative to both proposed capital improvements items will be conducted at the budget session scheduled for March 15, 2008.

CONTINGENT (520)

Ms. Lim explained that \$25,000 is budgeted as a contingency. In 2007, \$25,000 was actually expended.

DEFERRED CHARGES / STATUTORY EXPENDITURES (540)

These expenses were reviewed. Ms. Lim pointed out that this is the last extraordinary increase for the Police and Fire Retirement System (804) and, second to last, for the Public Employees Retirement System (802).

Council President Cesaro opened the meeting to the public, noting a five-minute time limit per speaker.

Roy Messmer, 10 Drumlin Drive, asked questions and/or made specific comments as follows:

- Why does the Township Attorney have to represent employees in connection with the U.S. Attorney subpoenas?
- Regarding allocation percentages, are they the same as in past years? Mr. Messmer indicated that he is not happy with some of the percentage calculations.
- In connection with his March 5, 2008 memo, will he receive answers? The cost of gasoline, for example, is increasing. Employees, some living far from the Township, take their vehicles home. This is unfair to taxpayers.
- The Chief of Police was not asked if the hiring of new or replacement officers would result in reduced overtime. The Chief should have provided a staff chart for the Council and public to view.
- Mr. Messmer suggested a large directional sign on Route 46, as well as better directional information at the Municipal Building, advising people how to get to the Municipal Court, noting that he is tired of giving directions on Tuesday evenings (when Court is in session).
- Regarding (health) insurance, if we under-budgeted by \$600,000, from which departments did that money come?
- We have 300 members in the Township's Health Insurance Plan. At a cost of \$5 million, \$17,000 per member (depending on single vs. family rates), he suggested giving each employee \$15,000 and letting them obtain their own insurance.
- We talk about 4% increases. We are paying the insurance brokers 5% commission. He suggested getting the brokers down to 4% and putting the money into the budget for the Blue Collar workers.

Sam Poff, 24 Lake Stockholm, Stockholm, questioned the insurance discussion. He stated that employees always had a choice of seven or eight insurances to accommodate their needs. Ninety per cent (90%) of employees who work in a municipality come for the benefits, not the wages. Currently, there are only two choices and the Administration is trying to take one of those away. The insurance representatives this evening noted that the State just gave up the Traditional Program, but he believes it still offers seven other options. In exchange for giving up the Traditional Plan, State employees received medical benefits for life, if he read correctly. In order to keep the Traditional Plan in Parsippany, the Administration wants employees to pay 50% of the difference, which is roughly \$500, \$1,000, \$1,500 or \$2,000 per year. He commented that it sounds like certain employees

are going to lose money. If the Township gets rid of the Traditional Plan, it is lowering employees' coverage.

Paul Breslauer, 8 Deerfield Road, a twenty year employee, complained about the cost to the Township of administering the health insurance plan. Until Horizon Direct became the Plan Administrator, he never had a problem with the paperwork. He noted that he hasn't been denied coverage, but that the administering of the plan is not good. Other employees are experiencing problems as well. He reviewed his specific concerns. He questioned if the Township could insure itself and administer its own plan.

He indicated that, currently, there are about 56 employees in the Traditional Plan; out of this number, 18 to 20 are Blue Collar employees and they are the only employees being asked to contribute to the cost. He asked why.

Mr. Barberio asked for the administrative costs, not in percentages, but in dollars, so that the cost per individual can be determined. He explained that the administrative costs, as well as the brokers' fees, must be considered when determining savings.

Sam Poff, 24 Lake Stockholm, Stockholm, noted employees' concerns with the "in-network" doctors and insurance payments. Claims have to continually be resubmitted to get properly paid. Since the Township switched carriers, employees have had to do the administering of their plans.

Additionally, a lot of employees' personal information was stolen off of a computer. The insurance company is only offering a year of credit monitoring; this is not sufficient. Credit protection would be better. Mr. Fox noted that there is a \$25,000 insurance policy as well.

Seeing no one else come forward, Council President Cesaro closed the public portion.

MOTION TO ADJOURN: Ms. Grossi
SECONDED BY: Council President Cesaro

Roll Call:	Barberio	-	Yes
	dePierro	-	Yes
	Fox	-	Yes
	Grossi	-	Yes
	Cesaro	-	Yes

MEETING ADJOURNED: 9:40 p.m.

Minutes approved: April 29, 2008