

BUDGET EDUCATION FORUM

The following list represents a summary of the questions that were asked at the Budget Education Forum held on January 4, 2006 at the municipal building.

1. What were the 2006 actual budget numbers that were provided to the Commissioners? This budget should have no increase over last year's budget.
2. How many employees does the library have? Where do the library fines go – Borough or Library?
3. It is important for the residents to understand the “total cost” to run the borough. Can the budget be presented in a more readily understandable format?
4. A concern was raised about privatization of Borough services. A resident indicated that he was against the privatization of trash services.
5. Do the Commissioners have a defined mission as to what belongs in the budget? Is there a percentage increase limit on taxes? Can municipal employees generate funds in off peak periods – i.e. by learning grant writing. Resident expressed concern about growth in the percentage of increase in the Borough annual spending. Does the Borough have direct membership on the library board and therefore input on the library budget? Can we have an agreement with the crossing guards that states they cannot collect unemployment when not working?
6. Will the Borough be collecting money from Bancroft or PATCO?
7. Can the Commissioners look at the budget as if it were their home or office budget where revenue is not automatically increased to off-set increased cost? If the County can cut employees shouldn't the Borough consider cuts in staffing levels? Suggested cuts in advertising and publishing, gifts to employees and food purchases. Requested a 0% increase in the Borough budget which would equate to a 0% tax increase.
8. Do we have to have a library? Can we find out what amount would have to be paid to the county if we closed the library?
9. Should we be spending money to fix up 110 Rhoads Avenue when money is needed for the Mabel Kay House i.e. an elevator?
10. A resident expressed concern about deterioration at Crows Woods. He feels maintenance appropriations should not be cut.
11. A resident stated he feels expenditures should be “nickled and dimed” down; i.e. reduce the level of downtown trash collection; reduce costs to Community News (Municipal Matters) and would like to see why certain areas cannot be reduced.
12. Can shared services be looked at for possible increased use other than the Health Insurance Fund/ Joint Insurance Fund (HIF/JIF) which are currently being used?

13. A request was made to have individual departments show the residents what a zero percent increase in the budget would look like; what services would have to be cut? Suggested a county based police department.
14. Could high frequency trash pickup locations pay for that service? Has this been discussed with the Partnership for Haddonfield (Business Improvement District for Haddonfield)?
15. A suggestion was made to increase the fees from Tavistock for services.

The answer to the questions have been grouped together based on subject matter to provide a more thorough explanation of each topic. Answers do not necessarily follow in the same chronological order as the questions. Topics titles are meant to be a generalization of the matter discussed.

2006 Actual Numbers – As of the date of the budget education forum the Commissioners had only been given the requested budgets of the various departments. Revenue numbers had not yet been submitted. The Commissioners have also not had a chance to review the requested budgets with the departments. Therefore the numbers have not been solidified and without revenue numbers do not coordinate into an understandable budget with a proposed tax increase.

Haddonfield Public Library – There were many questions regarding the contribution for the public library. N.J.S.A.40:54 allows for a municipality, by referendum, to establish a free municipal public library. If a municipality does not create a municipal library they must be part of the County system.

Various portions of N.J.S.A.40:54 also discuss the minimum tax levy to be authorized and how the Board of Trustees must be appointed. Specifically a municipality is required to raise by taxation “a sum equal to one-third of a mill on every dollar of assessable property.” The Board of Trustees must be made up of the Mayor, the local superintendent of schools and five citizens who shall be appointed by the Mayor. The Mayor or superintendent may appoint an alternate to act in his or her place.

The Haddonfield Library has 7 full time employees and sufficient part-time employees to make up for an additional 6 full time equivalent positions. The part-time staff positions range from just a few hours a week to about 28 hours and do not include medical or other employee benefits. In addition to the tax allocation, which was \$850,000 in 2005, the Library also received approximately \$14,282 in State Aid and anticipated another \$15,000 in other revenue such as fees, donation, etc. The Borough does receive a check periodically from the library which is collected as a non-resident fee from people who live out of town and make use of the library. An annual membership costs \$35.

As stated earlier a municipality must either be a member of the County library system or pass a referendum to establish a municipal library. Municipalities that are a part of the County system pay a tax portion allocated based on their assessed value compared to the members of the County system as a whole. We drafted an example based on 2005 numbers which calculated an estimated allocation if Haddonfield were part of the County system. The amount for 2005 was estimated to be \$773,732.94. Based on a Borough allocation of \$850,000 in 2005 the difference is 76,267.06. This estimate assumes that the County appropriation and costs to run the County library system

remains the same as without Haddonfield. Under that assumption Haddonfield would not have a local library and our residents would need to go to the closest County library. Should the County assume that they would like to maintain a library presence in Haddonfield their costs would increase and the amount that Haddonfield would pay the County would increase based on a percentage of their costs to run the additional library. If \$850,000 was added to the County's library operating cost and the same calculation was performed, the library tax for Haddonfield would be \$861,550 which represents an increase of \$11,550 over the appropriation for 2005.

A copy of the 2005 Haddonfield Library budget has been attached for review.

Budget Comprehension – The format of the Borough budget is based on the mandatory forms required by the State of New Jersey. However, the Borough has compiled a booklet that it creates and presents to the public at the introduction of the budget each year. This booklet is created to provide a better understanding and summary of the budget. Most of the budget information is also provided on the Borough's web site of www.haddonfieldnj.org. It is anticipated that additional budget education forums will be had in an effort to continue communication and education to the public on various issues associated with the budget. Residents can contact Borough Hall at 429-4700 ext 205 or 257 regarding specific questions at any time.

Privatization – In the effort to provide a fiscally sound and responsible budget the Commissioners review all options each year, including possible services which may be out-sourced. Based on the extensive amount of time it takes to analyze each service, only one or two are undertaken each year. The Borough has a high standard of service and has measured alternatives on the basis that service will not be impacted or reduced solely for cost savings. On a few occasions the Borough has determined that privatizing services has provided a better service for less cost. Examples include tree maintenance and planting, custodial building services, grass cutting (partial), turf maintenance, utility repair and road patching.

Bancroft & PATCO – Currently the Borough receives an in-lieu of tax payment from PATCO in the amount of \$30,000 per year. The Borough does not have a current in-lieu of agreement with Bancroft. In the last few months the Commissioners have discussed requesting an in-lieu payment from Bancroft and have also discussed opening talks with PATCO for an increase in their payment. However, discussions and negotiations for this item takes time. While the Commissioners have decided to move forward with both of these items in 2006, neither will be completed in time to make an impact on the 2006 budget. It must be noted that an in-lieu of tax payment must be agreed to voluntarily by these entities and cannot be forced on either Bancroft or PATCO.

Crossing Guards – The Borough cannot exclude employees from collecting unemployment benefits if they qualify based on the State Unemployment regulations.

Shared Services – Over the years Haddonfield has saved money by joining with other municipalities and forming a Joint Insurance Fund (JIF) to combine liability, casualty and workers compensation exposure for better coverage at a lesser cost. Haddonfield has also combined with other municipalities to form a Health Insurance Fund (HIF) which serves the same function except for prescription, dental and health insurance premiums.

Often at meetings it is suggested that the Borough look into other types of Shared Services/Interlocal Agreements to see if costs could be cut through those means. This is not something that Haddonfield is shy at doing. Significant time was spent analyzing the impacts of

shared services for the court system with several surrounding communities. In the end the reduction in cost for the actual service was offset with the payment to the host community and increased overtime costs for police personnel. The Borough was successful with sharing services for the Construction Office for several years. This recently ended with the other municipalities wanting to expand the services they provided and needed to add personnel to accomplish their goals. Haddonfield was also successful in joining with the County for dispatch services. There was a \$150,000 decrease in the Borough budget for the elimination of Borough employees handling those services.

There are many shared services with the School District. The most recent was involving space in a new Borough Public Works building for the school's building and grounds personnel and equipment. Other items include office staff, space, phones and computers. The Borough also provides vehicle fuel to the School District. This allows the School District to take advantage of the Borough's bulk discount and provides for one dispensing system. For years, Borough recreation programs have utilized school facilities especially in the summer. A school athletic department employee is always the Borough's part time Recreation Director. He handles field scheduling for Borough and School fields for all users. This also means that Borough fields and courts are used for school teams and school fields are used for town sports organizations. Whenever time permits the Borough and School personnel provided needed services to each other's facilities throughout the year.

The Borough is part of a County-wide pricing program for purchase of office supplies at the County bulk prices. We are also part of the regional energy cooperative to buy bulk electricity and natural gas when prices are attractive. We obtain disposal facilities for trash and recycling by contract with the County. We also take advantage of State contracts to buy items at their lower costs due to the volume discount they can get from vendors.

The Borough continues to look for other ways to decrease cost by sharing personnel or services with other municipalities, the school system and the County.

When municipalities share services one municipality becomes the host municipality. The host budgets for the full operation and receives a fee from the participating municipality. Shared services work best when the service that is provided is maintained at the existing level or is increased but with a decrease in cost for all municipalities involved. Each municipality that participates must make a contribution either in equipment, personnel or funding. For example the Borough currently provides services for the Borough of Tavistock. The Borough also submits an invoice for payment to Tavistock for those services. Initially when the interlocal originally was signed the services were costed out and an escalator was put in place for an annual increase. The escalator was set at the Borough's annual percentage of tax increase. The actual costs of providing those services have not been reviewed lately and will be looked at in 2006. The funds received from Tavistock as reimbursement for the services are deposited into the Borough's general funds and become part of the revenue surplus each year.

Alternative Budget Options – Based on requests made by the public, the Commissioners have asked their departments to provide them with details on the cost of particular services and options to reduce departmental budgets. The Commissioners have further decided that they would try to construct three different budget proposals. The first would be based on continuing all services at the current level. The second proposal would result in a 3% tax increase with the third representing a 0% tax increase. All three options are based on the operating budget only and do not include any

costs for capital improvements. Each of the departments has been meeting with the Commissioner in charge of their department and members of the administration. All aspects of the budget are being carefully reviewed at those meetings. From those meetings the Commissioners expect to be able to determine what operational or service items need to be cut to meet the 3% and 0% tax rate increase. As requested, the Commissioners are looking at all possible changes, even if some seem insignificant on their own with limited financial savings.

Many specific items to be reviewed for possible budget cuts were mentioned during the Budget forum. Fuel costs have played a significant role in increased costs recently. The Borough has seen the cost triple in two years. However the Borough has not sat idly by and just assumed the increase. All departments have been requested to pursue all realistic options to reduce use of fuel. The Borough has also kept fuel prices in mind as it purchases new vehicles, looking for vehicles that use fuel more efficiently. The Borough is currently looking at hybrid vehicles.

Recently the Borough did a thorough analysis of the current trash services, including going out to bid to see if the services could be provided cheaper if out-sourced. The analysis confirmed that the current costs were in line with private companies. As part of the bid process, bidders were given the option to come up with alternative ways to pick up the Borough trash if would produce a reduction in cost. All of the bidding companies chose to bid based on the current schedule. When interviews were conducted of the two low bidders, they were questioned on this choice to maintain the existing schedule. The Borough was informed by the bidders that they believed the current schedule and method of operation was the most economical. Minor changes, such as picking up the business district twice or three times a week rather than five, would not create sufficient time savings to warrant a reduction in man power nor a reduction in driving miles and would cause problems with storage of the trash. The only way to change the current schedule for a reduction in cost would to be to make drastic changes such as changing to pick up every other week rather than on a weekly basis, something that is not acceptable from a service standpoint.

Each year the Borough looks at the staffing level to determine if there are ways to trim personnel. For example in 2005 one Police Officer position was cut from the budget, one public works employee position was eliminated with one other position filled with temporary employees and one full time and one part-time position were eliminated from the Borough Hall offices. Each department has been put on notice that additional cuts in personnel may be expected in 2006. Over the years, the overall number of Borough full time employees has dropped approximately 20%. To the extent possible, employees are cross-trained to handle additional responsibilities other than their own if necessary. Additionally as the Borough negotiates the Police and Teamster's contracts, changes are requested in health insurance and prescription plans.

Another item that has been mentioned by the public as a possible cost savings is the public information process that the Borough currently maintains. Public information is disseminated through various means including, press releases provided to all publications, notification on the municipal web site, legal advertising, event advertising and pay to have the bi-weekly information pages called "Municipal Matters" written and published in a publication delivered free to all residents. The Borough is reviewing the various methods of distribution to see if services can be provided cheaper or see how a reduction of this service impacts the community.

Infrastructure – A major aspect of the budget is maintenance of existing facilities and maintenance of infrastructure. Maintenance to the Borough's various buildings, fields and equipment is handled in the operating portion of the budget. Major repairs and replacement of infrastructure is handled in the Capital portion of the budget.

Another way for the Borough to provide improvements to facilities is in obtaining grants through federal and state funding sources. The Borough is continually on the look-out for alternative funding sources to help offset the use of tax dollars. One such improvement mentioned was the repairs to the 65 Club and the need for an elevator at the Mabel Kay House. The repairs to the 65 Club are being done in conjunction with the user organization with the Borough only being responsible for the cost of the handicap accessible bathroom. As a municipal building the Borough insisted that any improvements must include that renovation. The Borough is paying only a small portion (\$13,000) of a much bigger project which will result in added value to a municipal building at low cost to the tax payers. As far as the Mabel Kay House is concerned, the Borough has spoken to various people (grant writers, legislators etc.) looking for ways to find \$200,000 to fund the elevator and the building addition to house it. The Borough has been very successful in obtaining grants for a variety of projects over the last couple of years but has not yet found the right match for this particular project.

Conclusion: The Borough Commissioners are currently holding individual department meetings and joint special worksession to discuss budgetary decisions. The Commissioners are striving to meet the public's desire of more efficient services while maintaining financial stability. It is anticipated that the budget may be introduced as early as March 14th or as late as March 28th. It is anticipated that prior to the introduction some type of public interaction will be considered.

Should you have any questions regarding the information contained in this response or about the budget process, please contact a Commissioner, Richard Schwab, Borough Administrator or Sharon McCullough, Assistant to the Administrator. Thank you.