



pensions for the second quarter for PERS and the second quarter for Police and Fireman's for 2008, 2007 respectfully is going to be a higher number. He stated then the percentage is actuarially still used, and is also going to be a higher percentage. He stated that you have to build into this, and the pension bill that we pay as an employer is going to go up. He said that it will definitely go up by the \$1,208,789.00 because that deal is no longer going to be there. He said that it was only a one time deal for one year. Mr. Bianchini asked what our contribution was. Mr. Cardis stated that our contribution is close to 7 or 8 percent. Mr. Cardis stated that the police match what we put in. He said that with PERS, he is not sure, but thinks it may be in the 5, 5½, 6 percent range. He stated that it may be 6 now. Mr. Cardis stated that there is bad news on the pension side. Mr. Cardis stated that it is going to go up. Mr. Cardis stated that an actuary calculation is added to the mix and that the State is trying to figure out what the municipalities ultimate liability is. Mr. Cardis stated that this number is top secret at this time. He stated that we have to add to that the reduction in the COMPTRA Aid, which they already gave out with the State Aid numbers. He stated that they told us that we were going to receive \$128,579.00 less than we received in fiscal year 2009. He stated that he knows this already. Mr. Cardis stated that the township has never received with their COMPTRA Aid a cost of living index adjustment. He said as he has been with the township, it has never been increased. He stated that now the State is starting to reduce it. Mr. Cardis said that other than extra ordinary aid, he knew what his aid was year to year. He stated that now it is going down. Mr. Cardis stated there is another \$128,579.00. He stated that then there is the re-val. He said that he confirmed the numbers given today, because the assessor had used the figure of \$338,000.00 which is right, which is the principal amount that we borrowed. He stated that there is an interest factor, 2 ½ percent interest over the five years that we took out the emergency appropriation. He stated that just because he has used the term "emergency appropriation", he stated that it is the preferred verbiage from the State of New Jersey. Mr. Cardis stated that every time a re-val is done, it is called an emergency appropriation. He said that it is funded over a five year period, and associated with that will be \$45,000.00 in interest. He stated that it is not \$338,000.00, it is now \$383,000.00. He stated that the final item, is what the township negotiated with the Council 10 Public Works Labor union. He stated that they did settle their contract. Mr. Cardis said that based on the township availability of funds we had depleted the reserves from prior years. He stated that the contract expired on 12/31/06, he said that the retro pays of the police, and non-police, those payments depleted the monies that the township had available that we were reserving for the salaries for everyone. He said that they tapped into what they had available in the 08-09 budget, so they were able to satisfy the retro payments, for Council 10 Admin, Supervisors and the Dispatchers. He said that the retro payments were just made in the last checks that went out. He said that the township wanted to make the payments before June 30<sup>th</sup> of this year. He stated that what was negotiated was language that stated that we would pay the Public Works employees after July 1<sup>st</sup>, because we didn't have the funds and we didn't want to take the chance of overrunning the budget. He said that the \$356,835.00 that they calculated will be part of next years budget and that will be in and above the normal raises that the Public Works employees would usually get. He stated that with that all said, by his calculations he is at \$2,077,203.00 which equates right now to an increase of roughly 8 ½ cents. Mr. Bianchini asked what the average percent of the increase was. Mr. Cardis stated that they varied, he said that there were a couple of 4's, there were 3½'s. Mr. Cardis stated that there were some bumps and some adjustments because of the give backs on the health insurance. Mr. Cardis stated that the prescriptions were taken out of the major medical and created a prescription card and a lot of the deductibles were eliminated that they were getting reimbursed for, now they pay \$10.00 at the doctors instead of \$5.00. He said that every little bit helps. Mr. Cardis stated that even though he is at 8½, he is hinting to the Council, as with what he said with the pensions, he said that there are driving factors that could drive that number even higher. He said that he and Mayor Rau-Hatton called the auditor, and Mr. Stewart said that he could easily see it go as high as 10 and maybe a little higher than that.

Mr. Hutchison asked Mr. Cardis if he was basically saying that the expenditures were going to be approximately 2 million dollars more than last year. Mr. Cardis stated that this was correct. Mr. Cardis stated in the normal course of business, yes.

Mr. Hutchison stated that what Mr. Cardis is saying is that the auditor believes that the expenditures are going to occur. Mr. Cardis said that the township has not yet calculated interest on the investments. He stated that it has gone down. He said that it is so hard to earn interest on our investments and we are limited at where we can put our money. He stated that he thinks we are maximizing our interest opportunities because we are in the New Jersey Cash Management Plan. He said that it is a constant overnight sweep which seems to be out

performing a lot of the CD's and money markets. Mr. Hutchison asked if the Council is being asked to set the tax levy this evening? Mr. Cardis stated that they must set the preliminary estimated levy for both the regular tax rate and for the open space, which he is asking them to set at 2 cents, because the real adjustment period with that, for the open space tax is when we do the February/May bills. He stated that when they do these bills, they could adjust that if they decided that they did not want to do 2 cents. He stated that you would have that opportunity in December or January to make that decision to cut it back. Mr. Hutchison asked when and where they would vote on this. It was stated that it will be voted on during the regular meeting. Mr. Bianchini stated that it will be a walk on resolution for the tax levy as well as the open space. Mr. Cardis stated that the Council is almost mandated to establish the rate at the maximum amount to be raised, and then Council could make the adjustment for the fiscal year for the February and May quarters, if the Council decides it is going to be something less. Mr. Hutchison stated that he wished this didn't have to be walked on as members of the public had shown displeasure in walk-on resolutions. Mr. Cardis stated that he wished it didn't have to be walked on but he said that they are in the 11<sup>th</sup> hour of this. He stated that he actually requested that it be walked on at the meeting of June 8<sup>th</sup>, but it was deferred so that more analysis could be done on it. Mr. Hutchison asked why something wasn't done to prevent this from being a walk-on resolution. Mr. Cardis stated that he needed Council's guidance as far as how the resolution was going to be constructed and they would need to tell him what they are going to set the rate at. He stated that it is driven by a formula. He said that he must crunch numbers before he puts it in a resolution. Mr. Hutchison stated that he understands this but why didn't the meeting take place previously. Mr. Cardis stated that he tried on the 8<sup>th</sup> and he discussed it with Mr. Bianchini. He stated that it was not feasible to do it on the 8<sup>th</sup>. He stated that it was Mr. Bianchini's decision. Mrs. Lovett stated that this is a little different from a regular walk on resolution. She stated that the council is actually sitting and discussing it and it is not that the council is sitting on the dias and getting a resolution that must be voted on, without having asked questions or have the chance to discuss it. Mr. Hutchison stated that the concern of the residents was more that the citizens have an opportunity to participate. Mr. Bianchini stated that the meeting was advertised, so it was put out there for the general public. Mr. Hutchison stated he wanted to be able to respond to any questions. Mr. Cardis stated that the administration did not attempt to unnecessarily delay this, but to try to get it done as expeditiously as possible. Mr. Cardis stated that he feels that we are the at 11<sup>th</sup> hour, because to go any further would jeopardize getting the tax bills out. He stated that he has already spoken to the County Tax Administrator, Kelly Hepe, who said that as long as the information was given to her by Tuesday, the township should be good to get the tax bills done. He stated that the other tax entities are in and they are only waiting for the County to do their certification. Mr. Cardis stated that he could not tell Council definitively the number that they would put in there. He stated that what the Council sets the levy at is what he would use to do the formula calculation, which would result in what he would put in the resolution. He stated that all this is driven by what Council sets the levy at. He stated that the next question is where is he recommending that to go? Mr. Cardis stated that even though his number was 8 ½, he would feel more comfortable with 10. He stated that no one wants to see a tax increase. He stated that the reality of it is, revenues are tight and expenditures are up and he can't tell Council if the State will come back with some type deal for pension deferral. Mr. Bianchini asked Mayor Rau-Hatton her input.

Mayor Rau-Hatton stated that she has asked Mr. Cardis, when they last discussed this, what their new fixed costs were. She stated that everyone knew that they were mandated to do the re-val, etc. She stated that it is a little hairy with the pension, because you never get that ahead of time, and she stated that the State is not very helpful to them. Mayor Rau-Hatton stated that her concern is that when it is set at zero the payments are not spread out equally to people and she stated that it was a big concern last year. She went on to say what the increase was, and they had to make up for it in two payments instead of spreading it out. She stated that hopefully the township won't have a tax increase, but she said that the reality of all these expenditures that are mandated, the pension and the re-val have to be considered. She stated that the Tax Assessor, brought up a good point about how it would affect the senior freeze. She stated that she did get complaints from some residents because they never understand, that being on a fiscal year, when they get the bill they think that is what it is going to be for the whole year, and they don't realize that it is going to go down the next time. She stated that it is our problem being on a fiscal year. Mayor Rau-Hatton stated that she would like for it to be even. She also stated that they have been going back and forth. She stated that she doesn't think it should be zero because

of reality, but she stated that Mr. Cardis also said 10 cents. She suggested to Council, that there is a liquor license available and she thinks it should be put out to bid for revenue. She stated that we will probably generate another license with the new census for the following year. She said that this might be a good time to try to put the license out to get additional revenue. Mayor Rau-Hatton stated that she is discouraged by the revenues because of the economy, such as investments, because it is not a good time right now. Mayor Rau-Hatton stated that the only thing going up in the township is the court fees which is a good thing. Mr. Cardis stated that construction revenue is down also. Mayor Rau-Hatton spoke about Cherry Hill setting a zero tax levy that was in the newspaper. She stated that further in the article it was stated that the zero could change according to their revenues and their expenditures. Mayor Rau-Hatton stated that this article is just a PR thing. She stated that they wind up putting the residents, if they have an increase like they did last year, paying two bills. Mayor Rau-Hatton stated that Mrs. Ferguson, the Tax Collector brought up a concern, because of the accelerated tax rate, then the sale, that people couldn't manage that in two payments, and they wound up with a lien. She stated that she would not like to see that. Mayor Rau-Hatton stated that she doesn't necessarily agree with Mr. Cardis that it should be 10, but he is the professional. Mr. Hutchison asked the Mayor what she thought it should be. She stated that she thinks that the township would be safe with 7 cents, and if the township were able to bring that down, that would be great. She stated that it would even out payments for the people. She stated that when people get their tax bill there would not be jumps up and down. She stated that with the open space that it should be 2 cents because people supported that, and the township has been tapping into that to help with other recreational needs besides open space, which is allowed. Mr. Hutchison asked why she thinks it should be 7 as opposed to 8½ which they are coming in at? Mayor Rau-Hatton stated she is hoping that we could sell that liquor license. He asked how quickly a liquor license could be sold? It was stated that there is one consumption license left. Mr. Bianchini asked what the reality of selling that liquor license is with the present economy. Mr. Cardis stated you have to be sensitive to how much money you would get out of the license and he stated that you don't want to give it away. Mr. Bianchini asked what if it came in lower than we wanted. It was stated that it would be put out with a minimum bid amount. Mr. Hutchison stated that a penny is \$244,000.00, so if we got that amount, that is where the Mayor is saying we would get from 8½ to 7 ½. Mr. Hutchison stated that Mr. Cardis said that the amount is really 10 cents. Mr. Cardis stated that he is just trying to be realistic in what he believes the Council is going to see on the revenue side. Mr. Hutchison asked if the Administration has gotten together to discuss the numbers? Mr. Cardis stated that he and the Mayor have been discussing it and as he has indicated, they did have a discussion with the auditor. Mr. Hutchison stated that the Mayor and Mr. Cardis have a \$360,000.00 difference. Mayor Rau-Hatton stated that it is difficult how this will play out. She stated that she has asked the Department Heads to cut again, and some of them could, but then the Chief of Police comes in and informs them that bullets have gone up 20%. She stated that it is something that can not be controlled. She said that they are mandated to qualify on the range four times a year. She stated that things are being streamlined as much as possible and that the township has been saving money in some areas such as overtime, and she is hoping all that will help. She stated that they are starting to see employees paying into medical benefits, etc. and that it is coming back to the town. Mr. Hutchison stated that the difference from Mr. Cardis's recommended 10 cents and the Mayors recommended increase of 7½ cents is \$600,000.00. He stated that Mr. Cardis and Mayor Rau-Hatton are \$600,000.00 apart. Mr. Cardis stated that he is quoting also what was told to him by the auditor and also told to the Mayor. Mr. Hutchison asked if they could get together on the same page and give the Council an opinion from the Administration, a unified position. Mrs. Lovett stated that in the past, Mr. Cardis came in and asked for at least 7 cents and this Council came in and said that they were going to go with zero. She stated that it is a 7 cent difference. Mr. Hutchison stated that there is a difference. He stated that what he is asking for is that Council is taking the position of the Administration and right now they are not getting a unified position from the Administration, they are getting two different opinions. He said that Mr. Cardis is saying 10 cents and the Mayor is saying 7½ cents, he said that is a difference of \$600,000.00 and clearly Mrs. Lovett could see the difference between Mr. Cardis coming to Council and saying 7 and Council saying zero. Mr. Hutchison stated that there is a difference. He said that the Administration has to give them an opinion. Mayor Rau-Hatton stated that it is a variable and she stated that Mr. Hutchison never valued her opinion in the past. Mayor Rau-Hatton stated that the number is not concrete. She stated that she wishes that there was a formula, where she could fill in the blanks and at the end know what the number is. Mayor Rau-Hatton said that she thinks we can sell that liquor license at a reasonable price because of Berlin-Cross Keys Road. She stated that there are more restaurants that want to come in to town. She stated that somebody is going to want that liquor

license. Mr. Bianchini stated that it would be a shot, but that it can't be counted on, but that the Mayor was right, that if there was a restaurant going in, the likelihood is that we would sell the license. Mayor Rau-Hatton stated that her concern is that if they set it at zero and it does wind up being something, no one wants a tax increase but she is more concerned on how it affects the residents' bills. She wants them to see that it is more even. Mayor Rau-Hatton stated that the township got drastically cut in our aid, but the schools got additional aid which will help because people just look at the last number when they write their mortgage check out. She stated that she does not want the drastic up and down any more which is not healthy. Mr. Hutchison stated that the Mayor is asking Council to take the Mayor's position that the expenditures are going to increase by 1.75 million, give or take, not over 2 million. Mr. Cardis stated that Mr. Hutchison had said 7½ and that Mayor Rau-Hatton had said 7. The Mayor stated that she said about 7. Mayor Rau-Hatton stated that Mr. Cardis recently brought to her how is difficulty with the PERS. She stated that she doesn't know what it is going to take. Mr. Hutchison stated that he just wanted to know. He stated that the Administrator and the Mayor got together and the two of them are asking Council to set a tax levy. He stated to the Mayor that she is telling him to set it at 7 and that is where she believes it is going to come in and not where the Business Administrator indicates it will. Mayor Rau-Hatton stated that Council is setting an estimated tax levy and she is saying what Council should base their decision on, is the information they are providing Council. She stated that it is really the four things that Mr. Cardis listed that are concrete, that are above what the township had last year. She stated that the re-val is no big surprise and will have to be dealt with for the next five years. She stated that we have to pay for that and this is the first year. She stated that next year it will automatically be there for the next five years. She stated that these are all things that are different than last year. She stated that it was their responsibility to bring that to Council to help them formulate their opinion. She said that if they did not do this, Council would say that everything is the same and they would set the rate at zero. She stated that these are the new things that Council has to think about. She said that she made sure that she e-mailed the information from Mr. Palumbo and Mr. Cardis as soon as she received it, and did not wait until this evening so that they had the opportunity to review it. Mr. Hutchison stated that it was not the point. He said that he wanted to make sure that they are all on the same page. He stated that all he is looking for is a unified position from the Administration as to what they are recommending that the Council set the levy at. He stated that they are \$600,000.00 apart. Mr. Cardis stated that the 8½ cents are real numbers. Mr. Hutchison stated that the Mayor is telling the Council that they don't need what Mr. Cardis is asking for. Mr. Cardis stated whatever the Administration is off by on the estimate, because it is an estimate, will be paid up plus or minus because it could be less. Mr. Cardis stated that it would be made up in the February/May quarters of 2010. Mr. Hutchison asked the Mayor if she was happy if they set it at 7 or 7½. Cents. Mayor Rau-Hatton stated that it doesn't matter if it is 7 or 7½ cents. She was asked which number she wanted it set at. Mayor Rau-Hatton stated 7 cents. She said that she feels that Mr. Hutchison is missing her point on how it winds up in reality with the quarters. She stated that their goal is that if their number is kind of in the middle then its more even. She stated that if it winds up being less, then it will be ok because it won't be drastic, such as 0 to 7½. cents. She stated that 7½ cents is fine. She still thinks that we are going to have that liquor license. Mr. Hutchison stated that the liquor license would get her down from 8½ to 7½. Mayor Rau-Hatton stated that she thinks we must put that liquor license out there. Mr. Hutchison stated that the best case scenario, they would be looking at 7½ cents. Mr. Cardis stated that he supports 7½.cents. Mr. Hutchison asked if this was the best case scenario. Mr. Cardis asked in terms of reducing it? Mr. Cardis stated that he wouldn't go any lower than 7½ cents. Mr. Hutchison asked if the expenditures were going to come in at below a 7½ cent increase or 1.7 million. Mr. Cardis stated these are considered anomalies that are hitting this budget that normally wouldn't be there. He stated that we are going from a 50% pension bill back to 100%. He stated that it was reflected in the tax rate. He said that was a 21 cent tax increase. He said that this is not good coming back. He stated that the pension bill must be paid. Mr. Cardis stated that the township was in a position that the township would not have received what they needed, in terms of the cap levy and tax waiver, and they needed it. Mr. Hutchison stated that he hates to be the guy that said I told you so, but he stated that he told everyone that if we did the pension deferral they were not getting any money from the State, and that is what the State told them is the reason they did not get any money. Mrs. Lovett stated that Mr. Cardis said that the township could not go before the Local Finance Board if we did not do it. She stated that Cherry Hill tried to do it and thought that they could go before the Local Finance Board without passing the pension deferral. She said that the township was caught between a rock and a hard place. She stated that Mr. Hutchison had the luxury of voting no because everyone else voted yes. Mrs. Lovett stated that it was terrific for him, but

sometimes you have to stand on principal. She stated that it was nice to be noble. He stated that he didn't want his kids paying for it. Mrs. Lovett stated that she did not want that either. He said that it was what she voted for. Mrs. Lovett stated that she voted because she truly believed that if we didn't do it, the Township wouldn't be able to go before the Local Finance Board. Mr. Hutchison stated that she passed the buck, Mrs. Lovett stated that Mr. Hutchison passed the buck. Mayor Rau-Hatton stated that the township was told that they had to pass that resolution. She stated that Cherry Hill tried to go to that meeting of the Local Finance Board and was told that they had to go home. She stated that she does not necessarily agree with it, but the township had to pass it. She stated that the Governor should be asked about it, and that Susan Jacobucci stated that the Administrations position is , that if the township had a tax increase between \$150.00 and \$300.00, the administration considered that acceptable. Mayor Rau-Hatton stated that it is one of the reasons why we did not get any money. Mayor Rau-Hatton stated that all that money, except for Lawnside, all went to North Jersey. Mr. Cardis stated that Cherry Hill was forced to swallow the bill also. Mayor Rau-Hatton stated all the South Jersey Mayors are complaining about this.

Mr. Bianchini opened a public portion.

Mr. Kibelstis of 81 Shelly Street asked what did our local legislatures do? He asked if the township was in contact with our legislators and senator and if we asked them to move on money for our township. Mr. Bianchini stated that he has talked to them and each one of them supported and took a position that the money was needed in Gloucester Township. Mr. Kibelstis asked what did they do for the township? Mr. Mercado stated that the township has received money from the legislators to fund projects. Mr. Kibelstis stated that the officials must fight to get the taxes down.

Amy Tarves of 928 Cummings Avenue stated that we received additional money for the schools.

She stated that we have gotten more than we got in the past. She asked if we were going to have to pay for both increases the 7½ as well as the 2 cents? Mr. Cardis stated that it would be two separate resolutions and it will be decided at the meeting following this meeting.

Ray Polidoro of Erial stated that the Mayor was asked her opinion where she would like to see the levy. He stated he would like to see the public speak after Council voices their opinion. He asked if the public could weigh in on this and would the public get a chance to speak. Mr. Bianchini stated that there is a public portion where the public could speak about it. Mr. Bianchini stated that the public will not get a chance to speak after the Council votes on this, because that is not how the agenda is formed. He stated that there will be the first public portion which is for agenda items, which this will fall under, and then the second public portion at the end.

There being no further comment, the public portion was closed.

Mr. Hutchison made a motion to adjourn, seconded by Mr. Garbowski. Roll call vote: All in favor. Motion carried 6-0.

Respectfully submitted,

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President of Council

Rosemary DiJosie  
Township Clerk, RMC