

- cross-departmental reduction and restructuring options
- revenue strategies
- review departmental reduction submissions

-Manager consult with employees/unions on suggestions

April 15

Financial Oversight Committee. Agenda:

- Review and recommend analysis on nature and scope of structural deficit
- Review proposals for reductions, restructuring and revenues
- Recommend FY 2009 budget process and schedule
- Review FY 2008 options and recommend adjustments
- Discuss approaches to long-term restructuring

April 22

Township Council Discussion:

- Report from Finance Oversight Committee
- Give direction on FY 2009 budget process and FY 2008 budget adjustments
- Review approaches to long-term restructuring

STEPS AHEAD

1. March. Briefing on fiscal outlook
2. April Council consensus on nature and scope of structural deficit
Council decides on any adjustments to FY2008 budget
Decide on FY2009 budget process and timetable
Discuss process for long-term restructuring
3. May Begin implementation of FY2009 budget process
Decide on process and timetable for long-term restructuring
4. June Preparation of FY 2009 budget materials
Begin implementation of long-term restructuring process
5. July-Aug. FY 2009 budget materials finished and circulated
FY 2008 closed out
AFS prepared
6. Sept. FY2009 budget hearings with Departments
7. Oct. FY 2009 budget adopted
Status reports on long-term restructuring

EXPENDITURES	2006	2007	2008	2009
IN-CAP	27,961,348	34,511,571	37,186,477	38,488,003
PERS	179,600	338,480	819,935	1,986,213
PFRS	758,173	1,353,258	2,090,931	3,230,716
Capital Downpayments	800,000	100,000	20,000	50,000
Cash Capital	1,825,680	937,155	4,585,398	2,489,000
SCIA Debt Service	1,257,166	1,254,720	1,495,220	972,518
Debt Service	2,900,201	3,068,138	4,177,137	3,715,874
Debt Service on pipeline/future capital programs (including SCIA)				200,000
Reserve for Uncollected Taxes	4,652,193	4,985,847	4,436,976	4,614,455
Misc. OUT-CAP (*Insurance moved IN-CAP in 2007)	5,997,816	434,024	873,614	773,614
Expenditures w/o Library, Grants	46,332,177	46,983,193	55,685,687	56,520,393
Grants	1,787,375	1,316,538	895,755	895,755
Library Expenditures	2,199,372	2,564,789	2,829,375	2,950,671
TOTAL EXPENDITURES	50,318,923.72	50,864,520.06	59,410,816.47	60,366,818.47
FY 2008 BUDGET AS ADOPTED				
DOES NOT INCLUDE ALL ANTICIPATED GRANTS				
REVENUES	2006	2007	2008	2009
Surplus Anticipated (one-time use)	1,179,680	937,155	2,489,000	2,489,000
Surplus Anticipated (recurring use)	6,388,669	7,044,119	12,027,586	12,182,232
Licenses, fees, permits	684,000	684,000	710,000	715,000
Municipal Court	600,000	600,000	500,000	600,000
Interest on Taxes	400,000	416,929	480,000	400,000
Investment earnings	601,763	1,000,000	2,000,000	1,480,274

March 16, 2008 – Council Retreat

Fire prevention fees	250,000	250,000	250,000	250,000
Cable franchise fees	52,704	52,704	52,704	52,700
State Aid	6,387,687	6,385,759	6,503,889	5,983,889
Construction Code Fees	2,700,000	1,900,000	1,000,000	1,900,000
Hotel Tax	950,000	950,000	1,350,000	950,000
Receipts from Delinquent Taxes	1,800,000	1,800,000	2,200,000	1,800,000
Local Tax for Mun. Purposes (@ 4% per year after 2007)	25,697,499	27,237,822	28,327,335	29,460,429
Grants	1,774,939	1,297,537	870,753	870,753
Interlocal Agreements	305,947	308,495	419,150	419,150
Recurring Revenues	42,204,574	42,883,247	44,663,830	44,882,194
Sale of Liquor Licenses	546,000		230,400	-
TOTAL REVENUES	50,318,923	50,864,520	59,410,816	59,553,425
REVENUES MINUS EXP.	(0)	0	(0)	(813,393)

EXPENDITURES	2010	2011	2012	2013
IN-CAP	39,835,083	41,229,311	42,672,337	44,165,869
PERS	2,055,731	2,127,681	2,202,150	2,279,225
PFRS	3,343,791	3,460,824	3,581,953	3,707,321
Capital Downpayments	50,000	50,000	100,000	100,000
Cash Capital	2,392,000	2,018,000	100,000	100,000
SCIA Debt Service	865,973	674,890	557,107	297,830
Debt Service	3,091,749	3,023,787	2,979,724	3,273,787
Debt Service on pipeline/future capital programs (including SCIA)	300,000	300,000	300,000	300,000
Reserve for Uncollected Taxes	4,799,033	4,990,994	5,190,634	5,398,260
Misc. OUT-CAP (*Insurance moved IN-CAP in 2007)	773,614	773,614	773,614	773,614
Expenditures w/o Library, Grants	57,506,973	58,649,101	58,457,519	60,395,905
Grants	895,755	895,755	895,755	895,755
Library Expenditures	3,058,227	3,169,703	3,285,243	3,404,994
TOTAL EXPENDITURES	61,460,954.73	62,714,558.30	62,638,516.30	64,696,654.03
FY 2008 BUDGET AS ADOPTED				
DOES NOT INCLUDE ALL ANTICIPATED GRANTS				

REVENUES	2010	2011	2012	2013
Surplus Anticipated (one-time use)	2,392,000	2,018,000	100,000	100,000
Surplus Anticipated (recurring use)	4,961,562	4,469,678	5,844,384	5,517,219
Licenses, fees, permits	720,000	725,000	730,000	735,000
Municipal Court	600,000	600,000	600,000	600,000
Interest on Taxes	400,000	400,000	400,000	400,000
Investment earnings	1,041,214	989,261	956,663	937,033
Fire prevention fees	250,000	250,000	250,000	250,000
Cable franchise fees	52,700	52,700	52,700	52,700
State Aid	5,983,889	5,983,889	5,983,889	5,983,889
Construction Code Fees	1,900,000	1,900,000	1,900,000	1,900,000
Hotel Tax	950,000	950,000	950,000	950,000
Receipts from Delinquent Taxes	1,800,000	1,800,000	1,800,000	1,800,000
Local Tax for Mun. Purposes (@ 4% per year after 2007)	30,638,846	31,864,400	33,138,976	34,464,535
Grants	870,753	870,753	870,753	870,753
Interlocal Agreements	419,150	419,150	419,150	419,150
Recurring Revenues	45,626,551	46,805,151	48,052,130	49,363,059
Sale of Liquor Licenses	-	-	-	-
TOTAL REVENUES	52,980,112	53,292,830	53,996,514	54,980,278
REVENUES MINUS EXP.	(8,480,843)	(9,421,729)	(8,642,003)	(9,716,376)

Members of Council questioned Mr. Daly about certain items of the budget and offered suggestions regarding raising revenue and increasing surplus.

Mr. Glicklich noted that postponing the road program would only increase costs and contribute to the increasingly bad condition of the roads.

Mr. Daly explained that if the program were initiated and completed by 2011, the Township could pay for the program with cash; if the program ran through 2013 it would have to be financed by debt.

Mr. Glicklich also noted that the solid waste program should be thoroughly reviewed to determine if the increase in taxes to residents would be over and above the fees charged by private haulers, and also to examine the fact that senior citizens would not be afforded a discount.

Mr. Mettler asked if the tax rate would increase. Mr. Daly answered that rate is not the only consideration; levy and rate must be considered. The projection is based on 4%; falling house prices cause rates to go up.

Ms. Danile suggested that the Financial Oversight Committee conduct brainstorming session to find creative ways of raising revenue and increasing fee-based endeavors.

Mayor Levine noted that if the road program were to expend from one million to two and one-half million per year through 2011, there were be a regeneration of surplus. Mr. Daly noted that in the 2006 audit, there was six million in surplus; in 2007 the surplus was cut in half.

Economic Development Plan

Donna Vieiro, Assistant Manager, presented the Franklin Township Economic Development Strategic Plan that was developed using findings and data from current market analysis, the Franklin Township Economical Development Study, Phase I (January 2003), Phase II (March 2004) and Eco-Tourism Plan (July 2006). The Plan also contained comments and suggestions from the Business and Industry Advisory Board.

Ms. Vieiro introduced Jarrett Sutton, Economic Development Administrator, who is working with many businesses with plans to locate or remain in the Township. Ms. Vieiro noted that a database has been created that lists all businesses in the Township as well as all available leasing opportunities. Ms. Vieiro cited the improvements made and proposed for the retail sections of Franklin Township, most especially the Downtown Revitalization Program.

Alluding to the Economic Development Plan that was distributed to Council, Ms. Vieiro made the following points:

5. Neighborhood & Infill Nonresidential Development: the Township needs a plan to focus on small areas where neighborhood resources, needs and values could be maximized;
6. Eco-Tourism: Involve John Loos and the Open Space Advisory Committee, the Board of Education and other organizations to initiate:
 - a. Eco-heritage tourism logo to promote eco-tourism products/services;
 - b. Promotion of Farmers' Market, roadside farmers' market stands and pick-your-own tree farms;
 - c. Expansion of website; create eco-tourism portion and make efforts to link website to other websites;
 - d. Eco-Tourism Day- annual "Day" to promote all resources jointly;
 - e. Franklin's-Second-Weekend-of-the-Month – encourage hotels and restaurants to have Second-Weekend-of-the-Month discounts or promotions;
 - f. Promotional brochures – to be placed in State and County visitor centers and participating businesses;
 - g. Bed/Breakfast Businesses: Kingston area and Canal Road area;
7. Workforce Development
Collaborate with Raritan Valley Community College and the Food Bank to provide assistance to residents looking for employment
8. Community Development Process
Need to create fair, consistent and timely review of processes in construction department through an operation audit. Improve personal contact with businesses to cement relationships to get or keep them in the Township.
9. Economic Funding
Present fiscal crises makes additional funding questionable; strengthen incentive potential of existing Special Improvement Districts.

10. Organizational Development

Identify and recruit internal and external professionals to participate in plan implementation; identify and utilize local county and state resources to participate; share learning experiences; increase mutual understanding gained by participants.

Councilmembers questioned Ms. Vieiro regarding which aspects of the Economics Development Strategic Plan should receive priority attention. Ms. Vieiro explained that all aspects of the plan are being worked on simultaneously; her short list would be Workforce Development, Business Retention and Hamilton Street (Downtown Revitalization).

Mr. Mettler questioned the absence of brownfields in the Strategic Plan, noting that Federal money might be available for sites such as East Millstone and the Cleary properties.

Mr. Prasad noted the potential of tourism interest in the D&R Canal area, creating activities covered by licenses that would produce revenue.

Ms. Francois noted the next meeting of the Business and Industry Advisory Committee would be Wednesday, March 19, 2008. when the timetable will be discussed.

Affordable Housing Plan; Schedule for Update

Mark Healey, Director of Planning, presented a status update regarding the Township's housing obligations under the Council on Affordable Housing (COAH). Mr. Healey also provided Council a general overview of COAH's revised rules and a general timeline for completion of a new affordable housing Fair Share Plan (due to COAH by December 31, 2008).

Mr. Healey informed Council that the following are some of the major changes that are proposed:

- a) Requirement is up 60,000 statewide; one affordable unit for every five residential units; one unit for every sixteen new jobs (was twenty-five) based on UCC;
- b) There is a March 22, 2008 deadline for written public comments to be submitted to COAH;
- c) Warehouse vacancies are no longer counted;
- d) The Township's obligation is now 823 affordable units
- e) Demolitions can no longer be subtracted from projected or actual development activity

Mr. Daly noted that he provided a copy of an email from Ed Martoglio, citing a column in the Wall Street Journal of March 12, 2008 in which it was reported that some of the nation's largest financial companies have scaled back their participation in the federal government's tax-credit programs. Mr. Daly explained that, because of the decline in construction, the financial companies do not need tax credits, thereby dropping the number of below-market-rent apartments and increasing the obligation of municipalities.

Ms. Eberle stated that she believes the legislature is trying to eliminate RCA's. Ms. Eberle noted that the Township's obligation is not as high as other municipalities and the Township is not being as affected as others.

Mr. Metter mentioned that the Board of Adjustment approved development, which included a YMCA, in the area of Weston Road and Mettlers Lane proposed by Eastern Properties, with a certain time limit regarding the beginning of construction. Mr. Metter wondered if that development is going to begin, or go away.

Mr. Healey answered that the time limit was two years and the development might be started sooner.

An extensive discussion followed regarding the practice of downzoning and the proposal was made that an inventory of all Township owned land should be taken in order to facilitate the report to COAH that land is not available.

Franklin Youth Initiative Update

Mr. Glichlich spoke regarding the many programs that the Township has initiated, including the GREAT program that involves parents and students who are “at risk”. An officer of the Township Police Department will be in training to conduct this program at the seventh grade level beginning in the fall of 2008.

Ms. Francois announced that “Safe Night” would be conducted at the Franklin Middle School, on April 5, 2008; Career/Job Fair will be conducted on Thursday, May 8, 2008 at the Community/Senior Center.

Mayor Levine applauded the Parks & Recreation Department and all those involved in the Franklin Initiative Programs saying he is proud of the community’s participation in the various programs.

Alice Osipowitz, Director of Parks & Recreation, thanked the Council and the Township staff for all the support that her department has received in their endeavor to provide the programs to the youth of the Township.

Invitation to State Legislators to Attend Council Meeting

Ms. Danile suggested that the Township reach out to the Board of Education and plan a joint meeting with legislators to discuss Board of Education matters regarding property taxes.

Mr. Glicklich suggested that the Administrative Committee create an agenda and prepare a list of questions to ask the legislators at that proposed meeting.

Ms. Francois asked if the Board of Education should be included in the meeting.

Mr. Glicklich proposed that the four liaison of the Township Council to the Board of Education be included in the meeting.

Mr. Daly mentioned that perhaps Assemblyman Chivukula should be included also.

Mr. Mettler noted that the public should be invited, but not permitted to speak.

It was determined that there should be a list of the four or five most important questions compiled so that the time with the legislators would be well utilized.

Green Initiatives

Mr. Daly noted that “going green” does provide cost savings in the long run, but initial investments are costly. He noted that there are other municipalities that are initiating programs and that much can be learned from them.

Mayor Levine noted that the Environmental Commission is a good source of information and direction in the Township’s plan.

Mr. Glicklich noted that he gained information at the Atlantic City Convention from the displays by the Somerset County Freeholders regarding street lighting and Recreational Fields. He noted that an investment now would produce saving by 2013.

Mr. Prasad agreed that investments made now would reduce energy costs. He noted that the Board of Education also should be making plans for solar, geothermal and wind power options.

He noted that the Township and Board of Education should be willing to bond and the Township could go into the energy business. Mr. Prasad noted that State and Federal grants would reduce initial costs, and also that the Township Building Code needs to be revised to include ways of saving energy.

Mr. Glichlich noted that developers and builders need ordinance in Building Code to take “green” steps. He observed that the lighting in this (municipal) building is not energy efficient.

Mayor Levine suggested that the task of initiating “green” plans be given to the Environmental Commission.

Mr. Glichlich and other members of Council noted that the Township library should have been constructed with solar panels.

Public Comments

Mr. Sumter moved to open the meeting for public discussion. Said motion was seconded by Mr. Prasad and carried unanimously upon voice vote.

Morris Braithwaite, 5 Dahlia Road, noted that the lights in the Franklin Township High School and in the Township Police Department burn twenty-four hours a day. He explained that there are subsidies from the Federal government to help municipalities initiate energy saving plans.

Ms. Danile moved to close the meeting for public discussion. Said motion was seconded by Mr. Glicklich and carried unanimously upon voice vote.

Adjournment

Mayor Levine thanked Township Attorney Leslie London for her attendance at the Council Retreat.

Mr. Glicklich moved to adjourn the meeting at 4:17 p.m. Said motion was seconded by Mr. Mettler and carried unanimously upon call of the roll.

Approved: *June 24, 2008*

Date: *As Amended.*

Brian D. Levine, Mayor

Virginia M. Woodbury
Deputy Township Clerk