

Suburban

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Mayor mulls options to address budget gap

Furloughs, more layoffs will be considered among other alternatives
BY LAUREN CIRAULO Staff Writer

Extensive spending cuts may be necessary in order to trim Old Bridge's 2010 budget, which Mayor Jim Phillips recently released in first-draft form.

"This is only a preliminary budget," Phillips said. "The Governor's Office has reached out and let us know that the state [budget] will be delayed, and most likely the budget will not be introduced until May. But we thought it would be good to see where we are and have everyone start looking into how to improve our financial situation."

The township's first calendar-year budget stands at \$55 million and includes a spending increase of \$1.8 million. According to Phillips, health care and pension costs have gone up \$1.6 million and \$220,000, respectively, from last year.

The mayor is now calling on council members to analyze and reduce the budget, noting that there are three major options the governing body may consider.

A deferment of the township's \$1.5 million half-year pension payment, a tax increase, additional layoffs or a combination thereof are all possible measures officials may take to offset the increased costs.

Phillips said that a pension deferment, which is an option the state made available last year, would be a last resort.

"It would eliminate the spending issue, but the negative is that the full impact of the deferment would be felt next year," he said. "I'm not particularly hot on that idea. I wouldn't recommend it at this point in time. It's similar to using a credit card."

Phillips said the current budget includes \$1 million in savings reaped from employee eliminations last December. Four part-time and 15 full-time employees were eliminated in the past two months — 13 through layoffs and six through attrition.

Phillips said future layoffs are a possibility, if that is the route the council decides to take. However, the implementation of furloughs may be a viable alternative.

"Given the option, I would much prefer furloughs. In Civil Service towns, furloughs can be implemented by the governing body. But Old Bridge is not a Civil Service town and furloughs must be agreed upon by the unions," he said, noting that furloughs could save a minimum of \$400,000. "I would hope that they would work with us on a plan. Downsizing with furloughs is much better than downsizing with terminations."

Though the mayor said the township does not usually implement police furloughs or layoffs, he said circumstances may force officials to terminate police officers.

"The police department has not been affected by layoffs, but they have been affected by arbitration. Depending on what the arbitrator decides, we may have to downsize the department," Phillips said. The township has a certain amount of money budgeted for the department's wage increases, but if the arbitrator decides on a higher increase, layoffs will be likely.

"In this budget, there's no room. We have a remaining balance in our surplus of \$900,000," Phillips said. "It's supposed to be a rainy-day fund, but right now it's pouring. We've already used \$600,000 of it in this budget. There's just not enough surplus to draw upon to entertain high wage increases."

But Phillips explained that there are other ways to save that won't have a negative impact on township employees or the community. He said the township is looking into shared-services agreements with other municipalities in order to eliminate departments and cut spending. Two such agreements are already in the process of being set up.

"We'll be bringing these to the council shortly. One would be for the library to assume responsibility for the local TV station. So far, the board is very open to the idea. It would cut the cost of a TV staff," he said. "I can't speak much about the other agreement, but it would save the township approximately \$250,000."

In addition, Phillips suggested that township unions agree on a uniform health care insurance plan. Currently, this insurance accounts for \$10 million in the budget. If the four unions agreed on one plan, he said, there may be a chance for substantial savings.

"There are four different health care policies with different provisions, so it's hard to match up. They're not in uniform with benefits, premiums or deductibles. If we can get some overall common policy, we can do a better job negotiating that policy," he said.

Phillips said the township would be willing to share those savings with employees if such a move is made.

In addition to these measures, the mayor said officials will be actively looking into absorbing the Old Bridge Municipal Utilities Authority (OBMUA) into the township.

"This is an idea that deserves the council's consideration. There are many factors involved, such as reissuing bonds that might make the transition financially difficult. But if it's run by the township, we'll be able to reduce taxes," he said.

Phillips noted that the township has again used \$1.3 million in OBMUA surplus money to alleviate the budget deficit, a move that upset residents and council members alike when last year's transition budget was passed in September 2009.

With a preliminary budget, the council will now begin to dissect the spending of each department and see where cuts are feasible.

"This is the time when the council needs to come to grips with the budget. But perhaps someone can see something that's been overlooked," Phillips said. "I will tell you that there are no Democratic or Republican ways to save. This is really going to be a bipartisan effort."