

**MOUNT LAUREL FIRE DISTRICT #1
BOARD OF FIRE COMMISSIONERS
SPECIAL MEETING / WORK SESSION**

August 3, 2010

Fire Department Headquarters Station

Meeting Minutes #16

IN ATTENDANCE:

1. Commissioner Shestack
2. Commissioner Nash
3. Commissioner Cornue
4. Commissioner Roura
5. Administrator Jones
6. Deputy Chief Colucci

NOT PRESENT:

1. Commissioner Shapiro
2. Chief of Department Gallos

The meeting was called to order by Commissioner Cornue at 7:06 PM.

The Pledge of Allegiance was recited and a moment of silence observed.

The Public Announcements were read by Commissioner Roura.

Tom Beemer of Heartland Payment Systems provided the Board with a short presentation about how we could implement credit card payments for the various fees collected by the Bureau, including the use of the Internet to accept payments. He indicated that there are 3 ways we could process credit card payments; in person, which was the least risky and the least expensive, by phone with customers verbally providing their credit card information which costs more and is more risky because physical identification is impossible, and through the Internet requiring the creation of an "internet gateway" which is the most expensive and most risky.

Transaction costs are partially based on the type of credit card being accepted and whether it is present for inspection. Rate structures vary by provider, with each provider charging different fees to use their card. Transaction volume is important because the more volume, the lower the transaction cost. Under \$50,000 in volume using VISA and MasterCard would cost \$49/month and 5¢/transaction. VISA and MasterCard pass the transaction percentage cost through to us, ranging from 1.03% to over 2%. With rewards cards, check cards, consumer cards, signature cards and business cards, wholesale card costs for VISA and MasterCard would be under 2%. He then said the cost for the internet gateway from their provider, Authorize.net, costs a one-time fee of \$199 for setup plus \$10/month for processing and 10¢/transaction with the first 250 monthly transactions being free. When a card is processed, his company goes out through the gateway to the issuing bank to get an authorization number and returns it to us, which all takes only a few seconds. At the end of the day, the account closes automatically on the charges made that the day and we receive the funds in our account. They are one of only 2 companies that are able to fund VISA, MasterCard, Discover and American Express on a single combined statement with a 3 or 4 day processing delay for American Express and Discover charges.

Commissioner Shestack asked if all charges made before 3 PM would be deposited in our account the next day. Mr. Beemer said that with our bank, Bank of America; it usually takes 24 hours. Fire Marshall Kownatsky added that to cover our transaction costs, we would add a "convenience fee" to any payments made by credit card, which is what Evesham and Cherry Hill do. Commissioner Nash asked who would receive the "convenience fee" and Fire Marshall Kownatsky stated that we would receive it and it should pay for all of the setup and transaction fees that we incur.

Commissioner Shestack explained how the transaction charges work in this kind of a payment system. If the charge is \$100 with no convenience fee and the credit card transaction fee is 2%, Heartland would charge the user's credit card for \$100, remit it to our bank account within 24 hours and at the end of the month they charge us the \$2 service fee for a net collection to us of \$98. If we charge a \$2.95 convenience fee for the transaction on top of the \$100 credit card charge, we'll see the \$102.95 deposited to our account within 24 hours and at the end of the month we will pay Heartland the \$2 service fee and we keep the additional 95¢, which should offset the new administrative costs we will incur managing the credit card payment program.

Administrator Jones added that he believed that there are some state regulations involved in setting this payment system up. He wanted to try and cover the new expenses that are involved if we decide to proceed with it and make sure that it does not become too labor intensive.

Fire Marshall Kownatsky added that his main goal is to make it more convenient for our customers to do business with us, particularly those customers that currently have to come in for smoke detector certifications. On-line smoke detector certification scheduling and payment will make things run much smoother and allow the clerical staff more time to do other things. Commissioner Shestack agreed but wanted to make sure that this does not create a lot of additional accounting work for Administrator Jones. Administrator Jones repeated his concern about covering the costs through the fees we charge so that our taxpayers don't have to pay a dime for someone to enjoy this added convenience. He suggested starting out with the on-line smoke detector certification scheduling program first and getting that program up and running. Once the bugs are worked out and we are sure that it is working to meet our needs, we can then extend the on-line payment option into all of the other areas that would be convenient for customers. He felt that we could also immediately implement the front desk credit card payment option for those that still want to do it in-person.

Commissioner Shestack asked Mr. Beamer about the in-person credit card payment option and Mr. Beamer replied that there would be a one-time \$185 setup fee and we would need to purchase a PIN pad device for \$79 to swipe debit and credit cards.

Commissioner Nash asked Fire Marshall Kownatsky how many transactions he thought would be involved if this service was offered to the public. Fire Marshall Kownatsky stated that we are up to 700 smoke detector certifications so far this year and based on the number of requests he has fielded asking about credit card usage, he felt that well over half of our customers would have used it if it had been available. Commissioner Nash agreed that this is a significant number and would be even greater once other Bureau fee payments are eventually added. Fire Marshall Kownatsky agreed with Administrator Jones that starting the program off with the on-line smoke detector certification scheduling was a good idea and allows us to minimize our risks. This source of revenue is the largest one for the Bureau outside of local registration fees. Once we are comfortable with it, we can branch out into local registrations, penalties, permits, etc.

Commissioner Roura asked Mr. Beamer if "convenience fees" violated credit card agreements. Mr. Beamer replied that they are allowed for certain purchases in certain industries and local/state/federal government payments are one of them. Administrator Jones asked him if we could restrict the credit card providers we accept to just VISA and MasterCard and Mr. Beamer indicated that we could. Administrator Jones felt that this might be a good idea initially to keep our costs down and that these were the most common credit cards anyway. Fire Marshall Kownatsky added that his Evesham FD contacts report that 90% of their Bureau transactions are now done remotely by people from either their office or their home computer and only 10% is now from walk-in traffic with 5% of those being elderly residents who don't have or know how to use a computer. For the walk-in traffic, he suggested adding a terminal in the lobby for customers to use and if some customers are unable to figure it out, Kelly or Janet could assist them.

Mr. Beamer advised that we should probably consider starting out with the lobby terminal and payment keypad before we move on to on-line payments because there is a 5 day hold placed on new on-line payments due to the amount of fraud and businesses that come and go. Once we set up the regular payment process, we can then introduce the on-line payment option as an additional terminal. Fire Marshall Kownatsky added that IT Specialist Lupan advised him that we do not have the software to do our own internet gateway but we could put a button on our website homepage to direct customers to the Authorize.net gateway where they can make their payments. Mr. Beamer added that our lobby terminal should be capable of encrypting the financial data being entered into it for compliance with State and Federal requirements. Heartland will then offer to stand behind any fraudulent transactions that are made through that terminal.

Commissioner Nash asked Fire Marshall Kownatsky if the point of adding this payment option was more for customer convenience, to enable the Bureau office staff to be more productive or to have enough time to do what he is expecting of them. Fire Marshall Kownatsky replied that Kelly is still responsible for assisting the Training Officer in addition to her receptionist duties and this will relieve her of some of the constant foot traffic she sees in the lobby every day.

Commissioner Shestack felt that by adding this payment system option we can give our customers much more convenience in their back office interaction with the Bureau and it will cost us nothing once we recoup the original set-up cost investment through convenience fees. He was enthusiastic because we will be better able to service our residents. Administrator Jones stated that if the Board agrees to move ahead with this, he will get involved in taking the next step in the process. He added that there are other firms out there that can provide this same kind of service and we have to make sure that we follow the requirements of the Local Public Contracts law. He said that "Officialpayments.com" provides the State gateway and many municipalities use them to accept on-line commerce transactions. He would look into the resolutions or ordinances that may have to be adopted and passed to implement the program.

Commissioner Cornue asked if the Board wanted Administrator Jones and Fire Marshall Kownatsky to work on moving this idea forward. Commissioner Nash asked Administrator Jones if we have to get 3 quotes for this service. Administrator Jones stated that he would like to get that many, but this is something that you have to know something about in order to properly put it out to bid.

Commissioner Nash asked if implementing this program could result in a loss of income for the Bureau because of the startup and setup costs and recurring transaction fees. Commissioner Shestack clarified that this is what the additional credit card payment convenience fee is for, to allow us to collect the full Bureau fee amount due with charge credit card users paying a small fee that will cover startup costs and transaction fee costs. Administrator Jones added that if we calculate our convenience fee correctly, we'll be able to cover the costs for the program either over a certain period of time or a certain number of transactions. Commissioner Cornue asked Administrator Jones to run this all by Solicitor Braslow to make sure that we do it correctly.

Administrator Jones reminded everyone that we don't have any dedicated funding this year to pay for this program unless we reallocate funds. If we cannot identify funds to implement it this year, we'll do everything that we can to get it set up for rollout early next year.

Commissioner Shestack noted that a correction was needed for the September Special Meeting date. It is listed as 9/6/10 which falls on the Labor Day holiday. It was discussed and agreed to move the Special Meeting to the next day, Tuesday 9/7/10.

Resolution #2010-55 "Regular and Special Meeting Dates for 2010 - 2011". A motion to approve the resolution was made by Commissioner Roura and seconded by Commissioner Shestack. The motion was unanimously approved by the Board.

Commissioner Cornue opened discussion on the "Fee for Service" agenda item. Commissioner Roura questioned why the proposed resolution doesn't specifically state that these fees will only apply to non-Mount Laurel customers. He felt that this leaves the question of who we are trying to charge open to different interpretation by future Boards and Administrations. Commissioner Cornue said the preamble leads one in the direction that Commissioner Roura was going, but the rest of the text doesn't clearly and specifically state that we won't bill Mount Laurel residents and he asked if this was our intent. Deputy Chief Colucci believed that the intent was that all customers receiving our services would be billed but if Mount Laurel residents (or their insurance coverage) did not pay, we would not pursue it further. Commissioner Shestack was concerned about residents paying for our services through their property taxes and that they would now think that we are double-dipping and was that anything different from what the Lenape Regional High School Board was doing with the new parking fee and after-school activity fee. Commissioner Nash said he shared these concerns and asked where does it stop? Commissioner Shestack added that he was very concerned about the public's perception of this new fee and how it might affect us at the annual election. Commissioner Nash felt that if we could be guaranteed that we would get a 2% increase each year because the public did not have to vote on the budget, maybe this new fee would be a good option to raise additional revenue. Commissioner Roura stated that this was the subject of one of the proposals in the Governor's 'tool kit' and if we choose to exceed the 2% Levy CAP, we would have to put a referendum on the ballot and get voter approval.

Commissioner Shestack asked Administrator Jones how he felt about this and he replied that he too felt that we could be getting ourselves in trouble with the public if we billed everyone for our services. He felt that we should only be billing the customers' insurance company and should not send a bill to our residents.

Commissioner Roura brought up the next agenda item, which was his concern about a recent network software upgrade that was done and the cost associated with it. Administrator Jones clarified that the upgrade cost was included in our Microsoft licensing agreement and that the only cost was the 15+ hours of Roman's time to implement it, all of which was being taken as comp time. Commissioner Roura felt that this was an unnecessary software upgrade at this point in time because it was a relatively new Office software release. He felt that this should have been a decision made by Management. Administrator Jones stated that he had discussed the upgrade with Roman and authorized it to be done in order to solve some ongoing network problems with Outlook. Commissioner Shestack added that he toyed with the new Office 2010 software upgrade this past weekend and felt that it seems to run much faster.

Administrator Jones stated that he is surprised that this issue has reached this level of discussion and concern among the members of the Board. He had no problem with any question that Board members had about anything that we do, but he gives the employees working for him the leeway to do what they need to do as long as it falls within the scope of their position. In the case of Roman and Ron Skeenes, they are both much more experienced and expert in their fields and although he may have responsibility to authorize a purchase or something major in how we do things, he doesn't try to second guess them. He asks the appropriate questions to understand what they are requesting authorization to do so that he can fully understand the problem, but he relies on their expertise and knowledge to do what is best and necessary. He added that this upgrade was more of a minor upgrade that supposedly would solve problems some users were having with Outlook. He noted that after several years of almost no investment in new hardware due to tight budgets, we are basically keeping our network operational with band-aids and prayers. We have a number of needs that could become critical at any time, but which we have not had funding to address, which will hopefully change in coming years.

Commissioner Shestack believed that Commissioner Roura's biggest concern was why we were upgrading to Office 2010 to fix server and network issues, which was not something that the upgrade addressed. Administrator Jones stated that he didn't think that this was the only upgrade that was done to address the problems and that the latest Terminal Server update was done at the same time. There are Terminal Server issues that exist because we have 3 upgrades installed already but should really be upgrading to the newest clean version. Without a backup Terminal Server to switch to while this clean install would be done, we cannot do anything more because the network would need to be down for almost a week. If we are able to obtain a new server later this year, we will install the latest clean version of Terminal Server and make it operational after testing it with a select group of users. We will then do the switchover, wipe the current Terminal Server clean and install the new version to mirror the new primary machine. This will eliminate problems that we may not even realize are affecting us and allow us to have redundancy that we currently do not have.

Commissioner Shestack brought up the next agenda item, which was how we are going to proceed with the 2011 Budget and the involvement of the Finance Committee. There are many variables involved next year that we normally do not have to consider, including the Levy CAP reduction from 4% to 2%, are we going to do a capital lease or bond issue for new fire apparatus and how it will affect the Levy CAP, along with uncertainty over labor costs due to the upcoming contract arbitration. Administrator Jones clarified that the capital lease or bond issue won't affect us in 2011 because in 2011 we will make the final payment on the current fire apparatus. 2012 will be the 1st year that we have to worry about whether we have new debt to replace retired debt and if we don't, we will take a big hit against the Levy CAP. He said that it was critical to get voter approval of a new fire apparatus capital lease or bond issue in 2011 so that this does not happen.

Commissioner Roura thought that since debt service was an exclusion and outside the Levy CAP calculations, we wouldn't take a hit for a bond issue or capital lease. Administrator Jones stated that, unless the DCA changes the rules and past practice, without approval of a new capital lease or bond issue, the \$258,000 drop in debt service payments in 2012 will reduce the 2% Levy Cap allowance by that amount. Commissioner Roura thought that the new 2% Levy Cap bill reduced exclusions down to just 4 items and that this was one of them. Administrator Jones stated that debt service payments have always been one of the exclusion items but the problem is that any drop off in payments annually results in a negative adjustment figure, which affects the amount that taxes increase. He said that, in effect, they are incentivizing local government to add new debt service every year or when old debt service is retired, just to keep the debt service exclusion from negatively impacting the budget and that is not what you should be doing.

Commissioner Shestack asked Administrator Jones if he has adjusted his budget spreadsheet for 2% instead of the old 4%. Administrator Jones stated that he had done a quick one for Counsel Biviano to show him where we were projecting to be next year. He stated that the next unknown pieces of the puzzle for this year is to determine exactly how much of the referendum money we need to spend to complete the SCBA replacement project and how much the new SCBA compressor for Station 361 is going to cost. He was guessing that about \$250,000 of the referendum funding will be left to revert to surplus at the end of this year. He projected that we won't know what the final rules and interpretations of the 2% CAP legislation are until sometime in late October or early November, which complicates the budget process because we have to wait and make assumptions until we know for sure. By the end of August he felt that we should have a rough overall picture of what the 2011 Budget will look like. The receipt of the grant is very helpful, although he had hoped that we would get more and be able to save referendum funds for use in future years.

Commissioner Nash guessed that the surplus this year might be around \$200,000. Administrator Jones stated that we will need cash flow of at least \$860,000 to get through January and February 2011. Commissioner Shestack stated that his calculations indicated that we would have about \$1.1 million left at the end of this year, but that only about \$850,000 had been audited and could be used as surplus in 2011. Commissioner Shestack asked Administrator Jones how much surplus we used this year and was told that is was around \$376,000. Administrator Jones added that Counsel Biviano has advised that if the arbitration occurs in October/November, we should not expect to have a decision for 12 to 18 months, which puts us into 2012 and budgeting for retroactive pay back to 2010.

Commissioner Nash stated that he didn't quite understand what Administrator Jones had just said. Commissioner Shestack explained that the Administrator was saying that if we know that the arbitration award will not come out for 18 months, we don't have to budget any additional money for salaries in the 2011 Budget. He added that the approximately \$160,000 that we could get from the 2% Levy CAP increase each year and for the foreseeable future is going to have to cover any increases in operating increases that we have. He doesn't see how that will even cover annual salary and benefit increases without dipping deeply into our surplus reserves. Administrator Jones noted that we won't have to budget for former Firefighter Carr's salary and benefits next year, which will give us about \$100,000 to use. If Firefighter Rafer cannot return to work from his workers compensation injury, there is another \$100,000 that could be available next year as well.

Commissioner Shestack stated that in the next budget there are 2 things that we will have to look at - expenses that we have to incur immediately and expenses that can be deferred further. Commissioner Nash asked him if and when the Finance Committee would be meeting to get the budget firmed up. Commissioner Shestack indicated that the Administrator had to finish up the projections before that could happen and that, because of the arbitration, the Committee should probably be limited to a couple of Commissioners and management representatives this year.

Administrator Jones stated that after he returns from vacation next week, he will pull together the rest of the budget and that it should be ready for review by the end of August. He said that the Station 362 shower projects need to be put out to bid so that we know how that impacts our budget this year and hoped to get that done by the end of September. He added that he has been doing a lot of work for Counsel Biviano in preparation for the arbitration, which has sapped available time for everything else.

Deputy Chief Colucci reported that he has been approached by several volunteers about the banquet and whether they can move forward with their planning. Commissioner Roura asked him what date they had in mind and Deputy Chief Colucci stated that they were tentatively reserving January 29, 2011. Commissioner Roura asked him why they had pushed this years' banquet into next year instead of holding it later this year when we knew whether we could approve funding for it. He was concerned about whether we can pay for a banquet this year but hold it in January, when cash flow is tight and we are operating on a temporary budget. Administrator Jones added that this is a bad idea from a cash flow standpoint and that it will not look good if the budget gets defeated in February and they've already held the banquet. Commissioner Shestack asked him if we could vote to approve their banquet funding request now using encumbered funds from this years' budget. Administrator Jones replied that it would be unusual to do it that way because you don't know all of the costs involved. The biggest costs involved are the per-person cost and we would not have an accurate head count in mid-December if the actual event is not until the end of January. Commissioner Roura stated that from this point on, the banquet should be held in the 4th quarter of the year, which Commissioner Shestack agreed with. Administrator Jones suggested that the Board strongly consider the perception that the public and Township Council could have about this issue. Commissioner Roura felt that the Board cannot give the volunteers an answer about this until at least September and that it should be held before December 1 of this year.

Deputy Chief Colucci reported that pieces of the World Trade Center steel will be making their way down to Washington at the end of this month via Route 295 and that the Port Authority is requesting a point of contact to sign off on the transfer legal agreement they will be preparing. They have also requested us to place apparatus and personnel at each of the Route 295 overpasses in our Township on the day the steel is traveling south. Commissioner Roura recommended that the Chairman be authorized to sign the agreement. Commissioner Cornue stated that he will advise Captain Evans that he will sign off as the Chairman of the Board.

Resolution #2010-56 "Closing of Meeting Pursuant to Open Public Meetings Act". A motion to approve the resolution was made by Commissioner Roura and seconded by Commissioner Nash. The motion was unanimously approved by the Board.

**THE OPEN SESSION ADJOURNED AT 9:41 PM.
A CLOSED SESSION BEGAN AT 9:48 PM.**

Administrator Jones and Deputy Chief Colucci were excused from the meeting at approximately 10:45 PM so that the Board could hold private Closed Session discussions amongst themselves.

IT IS UNKNOWN WHEN THE CLOSED SESSION OR THE MEETING ADJOURNED.