

**MINUTES OF THE SUPPLEMENTARY MEETING
OF THE MAYOR AND COUNCIL**

JANUARY 19, 2011

SPECIAL MEETING

A Special Meeting of the Mayor and Council was held in the Municipal Building on January 19, 2011.

Mayor Bivona opened the meeting at 8:30 A.M. and Borough Clerk, Sally Bleeker, read the Sunshine Law Statement.

ROLL CALL

The following Council Members and Professional Staff were present: Mayor Bivona, Councilman Friscia (9:05), Councilman Pedone, Councilwoman Lota, Councilman Smith, Borough Administrator Hart and Chief Financial Officer Pike. Council President Ramsey was absent.

PUBLIC'S OPPORTUNITY TO SPEAK

Mayor Bivona said that no from the public was in attendance to speak this morning.

DISCUSSION

Mayor Bivona said that both Mr. Hart and Mr. Pike have done a lot of work on the budget so far this year. The purpose of this meeting is to give an overview of the present situation. There are some things that may be taken out of expenses and put into revenues which would improve the situation somewhat.

Mr. Hart stated that they have used the same review process for the budget over the past several years. Every line item in the budget is being considered and the Department Heads are responsible for their individual department budget. A budget is submitted to Mr. Hart and Mr. Pike who review every line item in the budget and they have met with the individual Department Heads. Mr. Hart stated that the Preliminary Budget and Levy Cap Forecast Worksheet is the culmination of the meetings and numbers.

BUDGET DISCUSSION

Mr. Hart stated that the current budget consists of salaries, wages and other expenses. There are salary increases including contractual increases for the police of 3.9%. The AFSCME employees, including the DPW and Borough Hall staff, have a contractual 2.2% increase. Although the Mayor and Council has discretion over a 2% increase for non contractual employees, this is the percentage for the purposes of calculations. He added that a 2.02% increase from 2010 for all employees is the average increase being used.

Mayor Bivona pointed out that there is a Police Step Program in place which results in a double digit percentage pay raise in some cases. Mr. Hart said that there are steps for patrolman and sergeants that are quite substantial. Councilman Smith noted that a new bill was passed in Trenton that restricts the increase cap for police at 2% in arbitration. This would negate the step increase which is now capped at 2% and will have a huge impact on salary increases. Mayor Bivona noted that the Acting Police Chief has budgeted \$150,000 for overtime largely related to the number of days off that the police receive.

Mr. Hart stated that using the Public Safety Director is a major savings in the budget. There were also savings realized in going from a full time DPW employee to a part time employee. Councilman Smith asked about the 2.02% increase Mr. Hart referred to earlier. Mr. Hart clarified stating that this refers to everything including steps as well as the reinstatement of salaries for the Mayor and Council. The Mayor and Council have not

taken salaries for the past two years. Mr. Hart said that prior to that the Mayor's salary was \$9,500 and Councilmember's salaries were \$6,000 each which is a total of \$45,500.

Mayor Bivona indicated that this should be a personal decision. Mr. Hart said that he would need to know everyone's decision in order to put the number in the budget before it is introduced. Mayor Bivona instructed everyone to get back to Mr. Hart with a decision.

Mr. Hart noted the other expense line items such as group insurance and pensions amounts that are determined by the State. Councilman Smith noted that in 2010 the Borough must pay back \$500,000 back to the pension over ten years. Mayor Bivona asked if this could be paid back before the ten year deadline. Mr. Hart said he didn't think it could be paid back but he will check into this.

Mr. Hart stated that the Library appropriation has decreased because it is based on the equalized assessed value of the Borough. Mayor Bivona anticipates that this will continue to decrease because the equalized assessed values continue to decline.

Mr. Hart said that all other line items have decreased by 1.8% and demonstrates the flat or decreased movement in departmental budgets. This is due to cost saving measures that have been implemented by the Department Heads. There is also a list of policy issues that Mr. Hart and Mr. Pike thought needed consideration by the Mayor and Council.

Mr. Hart noted other items such as grants which appear in both revenue and appropriations. Debt items include deferred charges consisting of the Master Plan (\$4,000) and the Reassessment (\$16,000) which can be spread over five years. Debt service (1,371,000.00) is a set expense and the Reserve for Uncollected Taxes is estimated at \$1 million. The total amount of appropriations is \$15,865,610.00.

Mr. Hart referred to the revenues including anticipated surplus and Mayor Bivona explained how this is calculated. He said that the net goal is to break even with revenues and expenditures and to discourage the use of surplus. Mr. Hart said that there will be further projections as the process progresses. He reported that miscellaneous revenues remain the same as in 2010 and there were several revenue items that surpassed the projections including construction fees. Mr. Hart recalled that construction fees were raised and he noted that by law they could anticipate for 2011 the amount collected in 2010 but this should not be done if this number is not realistic. Mayor Bivona said that they should consider increasing this number slightly and Mr. Hart said that they will discuss this with the Borough Auditor Dieter Lerch.

Mr. Hart referred to grants and receipts from delinquent taxes and explained that the appropriations have to equal revenues. The appropriations number is subtracted from the surplus number which equals the amount of \$10,772,278 which is the amount that needs to be raised through taxation. He said that in 2010 this amount was \$10,418,446.00 and by current law taxes can be raised by 2% or \$10,626,815. The difference between \$10,772,278 and \$10,626,815 is \$145,463, however, there are levy cap exclusions which allow the amount to be increased by taxation to more than 2%. These exclusions include new ratable adjustments based on added assessments; the change in debt service; and allowable pension increases and health care costs above 2%. Mr. Hart concluded that they are actually \$172,665 below the levy cap based on the taxes collected from the added assessments.

There was a discussion on the receipt for uncollected taxes and Mayor Bivona said that this should turn around at some point. This reserve is required by the state and based on the collection rate which is not 100% every year. Mayor Bivona asked if the funds come back in unanticipated surplus which Mr. Pike confirmed and he reiterated that it must be part of the budget every year as per the State. He explained that the formula is based on last year's collection rate or the average of the past three years. He said that this number will always be a lesser number than 100%. The percentage cannot be exceeded and generally they go to the maximum that is allowed as a cushion in the reserve for uncollected taxes. Mr. Hart said that it depends on the collection rate which was good this year and he advised discussing this further with Mr. Lerch.

Mr. Hart stated that there doesn't appear to be a levy cap issue because they are substantially below by \$172,000. Mayor Bivona said that the goal should be stable surplus by using net/net zero surplus to maintain the surplus line. Mr. Hart noted that the budget has to be introduced by March 11, 2011, with the adoption necessary by April 22, 2011. He plans on introducing the budget at the February 15th meeting unless additional time is needed. Mayor Bivona stated that the amount to be raised through taxes is \$353,832.00, however, there are many items that should significantly reduce that amount.

Mr. Hart listed some items that he and Mr. Pike thought should be reviewed by the Council. These items include Blackberry service for the Administrator, DPW Superintendent and Assistant Superintendent. Other items for consideration are newsletters and salaries for the Mayor and Councilmembers. This was briefly touched on earlier and it was decided that each individual would let Mr. Hart know whether they wanted a salary or not. Councilwoman Lota felt that making this decision individually puts Councilmembers in an uncomfortable position. Mayor Bivona pointed out that Councilmembers put in a lot of time, effort and expenses and should be compensated. Councilman Friscia said that the understanding should be that either no one takes a salary or everyone takes a salary. Councilman Smith suggested that everyone should be given a salary and the individual could have the option to give it back in the form of a donation.

Mayor Bivona said that this is tax payer money that is being taken and then funneled to another entity. Councilman Pedone remarked that this money should not be used for any type of operating expense. Mr. Hart indicated he would speak to Councilwoman Ramsey and the discussion would continue at the next meeting.

Mr. Hart stated the police would like to hire a new patrol officer at a base salary of \$52,000. Councilman Pedone said that some towns in New Jersey have hired Class I Police Officers who are used when a police officers have days off instead of paying overtime to a regular police officer. There are also Class II officers who can carry guns, go on patrol, make arrests and basically do everything else that a regular police officer can do but are only paid \$15,000 per year.

Mayor Bivona stated that there is a requirement to have two police officers on patrol at all times which results in overtime. Councilman Pedone said that Class I police (without guns) cannot go out on patrol. He recommended that they research this because other towns have saved money using this approach. He pointed out that there are no step programs or pensions for these police officers.

Mr. Hart noted that there are three Police Department vehicles proposed at a cost of \$87,000. He recommended that these be purchased over the next two years. Mr. Hart stated that there is the purchase of shotguns to deal with the bear population to be considered. The Fire Department is asking for a stipend of \$9,500 for the officers performing clerical work along with reinstating a payment of \$6,000 for the Fireman's Convention. Mayor Bivona asked for a Financial Statement from the Fire Department. Councilman Smith agreed noting that the Fire Department is allowed to fund raise and he suggested that Councilwoman Ramsey speak to Jim Webb about the Fire Department budget. Mr. Hart stated that physicals are required for fireman and they are requesting \$30,000 to cover the costs. He said that physicals are recommended but not required and he will follow up on this question.

Mr. Hart stated that the Fire Department is proposing an increase in the amount of their stipend up from \$39,000 to \$84,000 in this year's budget. Everyone would get the maximum \$1,500 if their proposal were adopted; however, Mr. Hart said that this has been scaled back from \$84,000 to \$60,000.

Mr. Hart said that the DPW has asked for a separate appropriation for the maintenance of Memorial Pond for this year. Mayor Bivona said that there won't be a lot of work done there in 2011 and he recommended a smaller amount than the \$7,000 that is proposed. Mayor Bivona recalled that he had mentioned a special event this year for Memorial Pond in conjunction with the 10 year anniversary of 9/11. He has been in contact with the Memorial Pond Committee. Mayor Bivona said there is a DEP permit required for

work at the pond. The work is being held up while the DEP decides if a full flood study is necessary. Mr. Boswell, the Borough Engineer, will be handling this aspect of the project that includes the installation of a waterfall which requires an electrical pump. Mayor Bivona said that the other question is whether this needs to be reviewed by the Planning Board. Councilman Friscia said that this should go before the Planning Board to get their insight.

Mayor Bivona said that he would support maintaining the waterfall and park after September 11th which will be an added cost to the Borough. Mr. Hart added that they will have to discuss whether this would fall into the hands of the DPW or another contractor. Mayor Bivona added that the town is not spending anything to complete this project at the moment. He said that this should be promoted to the residents.

Mr. Hart said that there is \$5,000 available to get the cable TV station up and running. He said that there are some items not contained in the budget that need to be discussed. A salary adjustment may want to be considered for people who were promoted without any adjustment. There are bills for DeCotiis in the amount of \$27,000. A recording secretary is being considered for the Planning Board and a software solution for property maintenance and zoning purposes for the Construction Department.

Mr. Hart recommended a meeting for the following two Wednesdays beginning at 8:30 A.M.

Adjournment

Councilman Pedone made a motion to adjourn the meeting at 9:50 A.M.

Respectfully submitted,

A handwritten signature in black ink that reads "Sally T. Bleeker". The signature is written in a cursive style with a large, prominent 'S' and 'B'.

Sally T. Bleeker, Borough Clerk