

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

FEBRUARY 28, 2013

SPECIAL MEETING

A Special Meeting of the Mayor and Council was held in the Municipal Building on February 28, 2013.

The meeting was opened at 8:30 A.M. without a quorum. An informal discussion was held.

ROLL CALL

At 8:40 A.M., the following Council Members and Professional Staff were present: Mayor Bivona, Councilperson Kahwaty, Councilperson Lambrix, Councilperson Ramsey, Borough Administrator Hart, Chief Financial Officer Pike and Borough Auditor Dieter Lerch. Councilperson Kelly, Council President Lota and Councilperson Pedone were absent.

PUBLIC'S OPPORTUNITY TO SPEAK

Councilperson Kahwaty made a motion to open the meeting to the public. Seconded by Councilperson Lambrix, all ayes.

No one from the public came forward and Councilperson Kahwaty made a motion to close the public portion of the meeting. Seconded by Councilperson Lambrix, all ayes.

DISCUSSION

- **2013 BUDGET –PERSONNEL NEEDS
BOROUGH AUDITOR – DIETER LERCH**

Dieter Lerch, Borough Auditor, referred to the increases and decreases in the tax levy and added that the budget presented is in the amount of \$11,178,103. The 2012 budget was \$10,815,260 which means there has been a 3.25% increase. A shortfall of \$166,000 was discovered and Mayor Bivona said that some work would be necessary in order to make the appropriate cuts. He said that the Council must decide whether to increase taxes or cut appropriations and it is obvious that cuts would have to be made in capital projects. Mr. Lerch stated that \$450,000 in excess funding from Green Acres was pledged for the debt that resulted from the purchase of the Reservoir. None of this funding is being used in this budget and a portion of that \$450,000 could be used to help meet the shortfall. The two short term notes in connection with the Reservoir are not included and he recommended retiring those notes (in the amount of \$250,000). The remaining \$200,000 could be used to pay the principal on the Haledon Reservoir. This would have the effect of decreasing the overall amount of debt.

Mayor Bivona reiterated that the capital improvements portion of the budget could be lowered along with the surplus. Last year the Council decided to use the one-time pay back of surplus to cover the deferred pension payment. Mr. Hart stated that there is discretion in the salary increase of 2%, however, insurance numbers, garbage pick-up etc. are all fixed expenses.

Mayor Bivona said that the goal has been to put the capital expenditures through the operating budget. If that budget is exceeded the difference would be bonded. The total funds to be expended on capital items was \$662,000 plus a pay down of \$1.7 million that would not require bonding. This means that \$1,607,000 could be spent on capital items during the course of the year without increasing debt and \$662,000 would come out of that operating amount.

Mr. Lerch referred to his workbook on page 5 which gave a five year history of financial statements of the Borough. He spoke about 2012 and said that the excess budget revenues were almost break even with the major item being shortfalls in Municipal Court. He noted the \$78,000 charged to tax appeals which will not reverse themselves. Mr. Lerch explained that \$850,000 has to be regenerated and he thought that this could be made up through lapses in the budget and excess tax collection. This formula assumes no revenue refund for tax appeals. He noted that there is nothing budgeted for tax appeals and said that it is permitted to include reserve monies or an appropriation in the budget. Everyone felt comfortable that \$850,000 in excess would be regenerated to cover tax appeals.

Mr. Lerch pointed out that the authorized debt has been stabilized and has dropped by \$2 million since 2008. Mr. Lerch commented that debt is being managed and is tied to the operating budget. He referred to page 2 showing a three year history of retables and said that in 2013 the Borough has flattened out while the retables in most other towns are still declining.

Mayor Bivona stated that the numbers aren't as good as initially believed which means if there is no room in discretionary expenses then \$155,000 should come from capital improvements. This means that \$662,000 would be reduced to \$512,000 and it would reduce the capital number to \$1,450,000. Removing money from the road improvement would be the biggest part of this number leaving roughly \$450,000. Mr. Hart said that a capital schedule must be included in the budget and he reminded everyone of the meeting in two weeks to discuss capital improvements exclusively which will focus on these decisions. Councilmembers agreed to retire the two notes discussed earlier. Mr. Hart said that they could adjust the numbers for the snow plowing operation because they are currently well within the budget.

Mr. Hart stated that the budget will be introduced on March 5th. Mayor Bivona asked Mr. Hart and Mr. Pike to review tonight's discussion and come back with a recommendation for the Council. The direction is an increase of 2% or below without hurting the surplus. The capital number has to come down while refining the debt repayment. A recommendation from Mr. Hart should come via email because time is of the essence and Councilmembers should email any of their concerns back to Mr. Hart. Mr. Hart said he would try to have an email out by the end of the day.

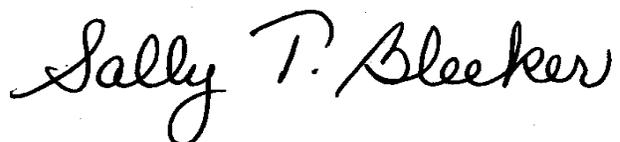
ADJOURNMENT

Motion by Councilperson Kahwaty to adjourn the meeting at 9:30 A.M. Councilperson Ramsey seconded the motion.

Roll Call Vote

Ayes: Kahwaty, Lambrix and Ramsey
Nays:
Abstain:
Absent: Lota, Kelly and Pedone
Motion Approved

Respectfully submitted,



Sally T. Bleeker, Borough Clerk