

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

**FEBRUARY 26, 2015**

**SPECIAL BUDGET MEETING**

A Special Meeting of the Mayor and Council was held in the Municipal Building on February 26, 2015.

Mayor Bivona opened the meeting at 8:00 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, Council President Kelly, Councilperson Kahwaty, Councilperson Lambrix, Councilperson Swist, Mayor Bivona, Borough Administrator Hart and Chief Financial Officer Pike. Councilperson Ramsey and Councilperson Cadicina were absent this morning.

**OPEN TIME FOR PUBLIC COMMENT**

Motion to open the time for public comment was made by Councilperson Kahwaty, seconded by Councilperson Lambrix, all ayes.

No one from the public came forward at this time and Councilperson Kahwaty made a motion to close the time for public comment, seconded by Councilperson Lambrix, all ayes.

**DISCUSSION**

Mayor Bivona thanked Councilperson Lambrix, Mr. Hart and Mr. Pike for the tremendous amount of work involved in preparing the 2015 Budget. Councilperson Lambrix reported that the Finance Committee has met several times on the budget and they now feel it can be presented to the Council for consideration. Mr. Hart and Mr. Pike met with all Department Heads to review their budgets which were then reviewed again by the Finance Committee. Mr. Hart said that budget constraints were explained to the Department Heads including the 2% cap and that a realistic and prudent budget had to be prepared that would be consistent with the level of service to be provided to residents and the municipality. He explained the methods used by those involved to formulate the budget and said that this year the first run of the projection sheet was exactly at the 2% nominal cap. The budget conforms with the fund balance policy or surplus as well as the capital and debt plan. Mayor Bivona recalled that they set a goal many years ago to increase surplus, reduce debt, and put more into capital reserves such as road maintenance. This surplus policy has been successful which is obvious when looking at the fund balance analysis. Mr. Hart stated that they will meet again next Thursday at 8 A.M., and the auditor, Dieter Lerch, will prepare a budget workbook prior to that meeting. In order to comply with the State requirements, the budget will be introduced on March 17th and adopted on April 21<sup>st</sup>.

Councilperson Lambrix asked Mr. Hart and Mr. Pike to focus on the use of surplus and discretionary spending along with bigger picture options such as the use of surplus funds and a discussion on the 2% cap. Mr. Hart said that some of these items would be better discussed at an upcoming meeting when Mr. Lerch will be present. Mayor Bivona suggested initially reviewing the budget projection and the surplus analysis.

Mr. Pike presented a summary overview and noted the column showing "Actual 2014". He stated that appropriations and expenses for 2014 continue to be spent in 2015. The net change represents the change from the 2014 budget to the 2015 budget column. The 2015 budget remains the same as for 2014; however, more revenues were received than anticipated. Grant monies received have been offset in the budget projection and have no

impact on the budget. Receipts from delinquent taxes are an estimated amount. There is a reduction in the amount of salaries and wages due to retirements and the payment in lieu plan. This means that an employee will chose to go on a spouse's medical plan and will in turn be provided with a lesser amount than what it would cost the Borough to cover the benefits for that individual. Employee contributions have been phased in over four years and are now maxed out meaning that this will be a flat number going forward. PERS pensions and the library are costs that the Borough is obligated to pay. This is the last year for the deferred charges or assessment charges. Mr. Hart commented that some of the smaller capital items have been rolled into the operating budget. Departmental budgets have been flat due to more efficient operating practices.

Mayor Bivona said that there is \$575,000 in capital which helps to reduce debt. Mr. Hart said the budget contains favorable numbers such as a decrease in salaries, pensions and insurance and only a 2% increase in other numbers. Mr. Pike noted the Large Budget/Revenue Preparation Worksheet from page 80 on which includes the category for the revenues. A historical analysis of surplus for 2014 was also provided.

Mr. Hart referred to the Discretionary Expenditures for 2015 and pointed out that there is a Recommendation Column which notes whether the item was recommended or rejected by the Budget Committee. Mr. Pike noted that this is the first year for sewer utility and there may be some changes to the operating budget, as a result. The Borough may have to fund the utility for the first year and be reimbursed later and noted as a receivable.

Council President Kelly noted a reduction in part time work for administration. Mr. Hart explained that a part time support person working in his department but this position had been eliminated. He reviewed the non-capital discretionary expenditures and stated that the non-contractual 2% salary increase is consistent with collective bargaining procedures. Personnel decisions have been made with back up from the various departments such as an assistant in the Construction Department; a crossing guard to be funded by the schools; and administrative support for the DPW. There is a recommendation for the present 20 hour per week employee's hours to be increased to 22.5 hours. There was a request for a DPW foreman by the new superintendent which is supported by the Budget Committee. They are considering contracting out grounds maintenance to help the DPW. The recycling coordinator is paid from grant funds and this employee will now be compensated for the time actually worked. It is recommended that a portion of the tree specialist's salary be paid from the Tree Escrow Fund.

Stipends for officers in the Fire Department were requested but were not recommended by the Budget Committee. The stipend budget was recently increased for regular fire fighters. The Fire Department budget request has increased by nearly 50%. Regarding the police, there is a request to have a sergeant move to a lieutenant which results in a patrolman moving up which leaves the department short by one patrolman. Additional support was requested in and rejected in other areas after analysis from the Public Safety Committee.

Mr. Hart referred back to the other expenses that were recommended by the Budget Committee which include education and training for an employee in the Tax Office; office equipment and maintenance for automation in the Construction Department; a vehicle and additional traffic equipment for the police department; various items for the fire department including building maintenance and equipment testing; equipment for the DPW and nature preserve; and tennis court fence repairs for the Recreation Department. Mr. Hart reiterated that the budget for the Fire Department is up approximately \$50,000 to \$60,000 even though many other items requested were rejected. The Fire Chief will appear at the March 3<sup>rd</sup> Council meeting to explain his portion of the budget.

Mr. Hart said that there will be more strategic items discussed at next week's meeting as well as surplus and input from the auditor. Mr. Pike spoke about the 2014 results and said that there was an increase in the current year's taxes, primarily for the added assessments, in the amount of approximately \$375,000. Receipts from delinquent taxes cover what is collected over and above what is estimated in the operating budget. He reviewed the categories and made projections for 2015 and said that generally they collect more than what is anticipated. Any additional monies collected will become part

of the surplus which is revenue neutral. The Surplus and Fund Balance Policy requires that whatever is appropriated must be regenerated. Mr. Pike continued to review the Three Year Surplus Analysis and Mayor Bivona pointed out that the surplus for 2014 in the amount of \$800,000, is in excess of what had been predicated last year.

Councilperson Lambrix said that they could consider using more surplus to fund specific items rather than putting \$750,000 in the revenue line because the surplus balance is quite healthy. Alternatively, Mayor Bivona suggested putting more into non-capital which would lower the debt and Mr. Hart said he would present some alternatives for consideration. Mayor Bivona commented that the Borough is financially in a much better position than anticipated some time ago partially due to retirements. This will ensure that the Borough is better able to handle any unforeseen problems due to this healthy surplus.

#### **ADJOURNMENT**

Motion by Councilperson Lambrix to adjourn the meeting at 9:40 A.M. Councilperson Kahwaty seconded the motion.

#### Roll Call Vote

Ayes: Councilmembers Kahwaty, Kelly, Lambrix and Swist

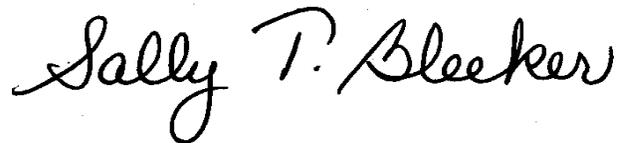
Nays:

Abstain:

Absent: Councilmembers Cadicina and Ramsey

Motion Approved

Respectfully submitted,

A handwritten signature in black ink that reads "Sally T. Bleeker". The signature is written in a cursive, flowing style.

Sally T. Bleeker, Borough Clerk