

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

MARCH 5, 2015

SPECIAL MEETING

A Special Meeting of the Mayor and Council was held in the Municipal Building on March 5, 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, Councilperson Kahwaty, Council President Kelly, 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 Swist, 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 Council President Kelly, all ayes.

DISCUSSION

Mr. Hart stated that one of the goals of this meeting was to answer questions on the proposed budget and address any outstanding budget related issues. The Borough Auditor, Dieter Lerch, was present to address the budget workbook and this morning the Council would discuss the strategy for the use of surplus. Mr. Hart stated that this budget meets the goal of the policies implemented in the past few years including the fund balance and use of surplus policy while at the same time complying with the capital and debt plan. Debt will be paid as part of the debt schedule which has also been incorporated into the plan. The surplus could continue to build or a portion could be expended now on a one time capital expenditure. Mr. Hart recommended allocating a portion to certain reserves or expenditures that tend to be more volatile.

Mr. Hart referred to the request for iPads for the Fire Department which would roll out over two years. The Fire Department has requested five iPads at a cost of \$8,500; however, Mr. Hart commented that iPads could be purchased for approximately \$330 each. He noted that there are a number of relatively small items that must still be incorporated into the budget such as some amount to cover a shortfall in the sewer budget. There is an additional \$20,000 in delinquent tax numbers that will cover some minor shortfalls in the budget.

Councilperson Kahwaty commented that the Fire Chief didn't give any indication that he wanted to purchase iPads during their preliminary budget discussions. Mayor Bivona said that the budget should include funding for the iPads but it doesn't necessarily have to be spent. Mr. Hart stated that they should take advantage of technology when it is going to increase the efficiency in the Borough. After some discussion, a comment was made that the Borough shouldn't spend too much money on iPad type products that quickly become obsolete, however, Councilmembers agreed to include \$8,500 for the iPads into the budget.

Mr. Hart presented information on upgrades to the sound system and stressed the importance of upgrades to the Recreation Center. There are numbers included for a

sewer operator. The schools will be contributing to the cost of crossing guards and he recommended an adjustment in the salary for crossing guards. Meeting room doors for the Fire House were over budgeted. Cell tower revenue was not included in the budget.

Mr. Lerch presented an overview of the Borough finances including a proposed tax increase just under 2%. There has been a decrease in receipts from delinquent taxes of \$135,000 and an increase in spending resulting in a tax levy increase of \$223,650. Mr. Lerch reviewed the tax rate and stated that the net assessed valuation in Franklin Lakes is \$4,122,251,600 which is relatively high in Bergen County. Mr. Lerch was questioned about the impact of the Toll Brothers development and he said that it would be revenue neutral. Mayor Bivona said that the Borough's low tax rate is a function of high valuations. The tax increase for the average home is \$49 which is on the low end in Bergen County.

Mr. Lerch described the fund balance and said that the balance changes when more money is collected than is expended. The budget has a 24 month life meaning that whatever was budgeted in 2013 must be spent by the end of 2014 or it will go into surplus. He pointed out that in 2014, the tax collection rate was 99.14% and the extra money went directly into surplus. Miscellaneous fees such as road opening permits and FEMA money goes into surplus as well. It is not required and Franklin Lakes does not budget for tax appeals which come directly from budget surplus. Last year \$86,000 was spent on tax appeals and Mr. Lerch said that the Borough may want to consider adding this to the budget. He noted that the year ended with a \$3 million surplus which is indicative of the goal of the Mayor and Council. Debt has been reduced by \$1 million and taxes have been stabilized at 2%.

Mr. Lerch referred to the new sewer utility which was created by ordinance and is a new division within the Borough. The department will have its own budget that will be separately accounted for and will generate its own financial statements. It is dependent on the Borough if it becomes delinquent then the Borough of Franklin Lakes would have to fill that potential shortcoming. Northwest Bergen County Utilities Authority (NBCUA) pays a percentage of their connection fees or a \$21,000 administrative budget this year. Mr. Hart said the question is whether this money is put into the utility budget or whether it is put into the current fund. Mayor Bivona asked if a surplus should be accumulated in the sewer authority budget. Councilmembers felt that any of the operating costs associated with the sewer division or sewer authority should come out of the \$21,000. After further discussion, Councilperson Lambrix concluded that all the revenues associated with the utility should be shown in the utility budget with expenses associated with the utility shown as direct or charged back to the sewer authority if associated with the Borough. The Council decided to put the \$21,000 into the sewer utility budget and remove the deficit of \$10,000.

Mr. Lerch asked about the possibility of establishing certain reserves which had been done in the past. This makes it easier to plan in the case of wildly fluctuating variables such as tax appeals or snow removal. Mayor Bivona wasn't in favor of this suggestion because it creates a lack of discipline relative to tax payer money. On the other hand, a considerable tax surplus has been generated due to the conservative use of surplus and funds can be transfer if needed. Mr. Hart pointed out that medical insurance, salaries and pension comprise half of the annual budget, however, there was a net decrease last year over the typical year. This is exceptional and in coming years they will need to use more of the surplus to meet these types of expenses. Mayor Bivona disagreed and said that even though it will become more difficult to meet the 2% cap, he feels the future is bright in terms of revenues.

Councilperson Lambrix referred back to Mr. Lerch's suggestion of setting up separate reserves and said that he would agree with Mayor Bivona that this is not a good idea. He commented that this is only surplus by another name. He asked how much surplus they would want to consider including in the budget. Councilperson Kahwaty was curious as to the amount of recent transfer totals. Councilperson Lambrix commented that budgeting is not being done correctly if a considerable amount of money is being transferred on a regular basis. Mr. Lerch stated that the amount of money being transferred in recent years has declined but is consistent in the area of DPW vehicle

maintenance. Mr. Pike said he would get information relative to budget transfers to Councilmembers. Mayor Bivona said he would be in favor of establishing a reserve of \$100,000 for tax appeals which would mean a recalculation of surplus. Councilmembers indicated their agreement.

Mayor Bivona said they are fortunate to have a considerable surplus which is why he is asking the Council to consider a lower tax rate of 1.75%. This would mean a \$25,000 increase in operating capital and the capital improvement fund would change to \$600,000. Mayor Bivona stated that a lower tax rate demonstrates discipline and an attitude to the taxpayers. There was a lengthy discussion among Councilmembers with some indicating support. Mr. Pike said that they need to look at the net effect and he indicated that, at this time, he would not be in favor of the Mayor's suggested lowering of the tax rate.

Mayor Bivona recommended moving the operating moneys in the capital budget from \$575,000 to \$600,000. This will come from surplus. Mr. Hart said they could consider many sources to cover this difference. Mayor Bivona stated that all indications are that there will be a \$3.5 million surplus at the end of the year and a lower tax rate is a great message to send to the taxpayers. Councilmembers discussed this suggestion and after a short discussion agreed with the Mayor adding that the budget must be realistic. Mr. Pike and Mr. Lerch will review budget numbers. Mr. Lerch commented that fiscally this is the best position Franklin Lakes has been in in the past ten years.

Resolution 86-15

WHEREAS, the property listed below filed an assessment appeal with the Tax Court of New Jersey and,

WHEREAS, the Tax Court reduced their assessment therefore reducing the property taxes previously paid for the year 2010, on 352 Briarly Drive, homeowners Cassino, Anthony & Suzanne,

WHEREAS, under N.J.S.A. 54:3-27.2 in the event a taxpayer is successful in an appeal from a reduced assessment, the taxing district shall refund any excess taxes paid within 60 days of judgment and,

NOW, THEREFORE, BE IT RESOLVED that the Treasure is authorized to issue a check in the amount listed below and to be charged against Tax Appeals.

<u>Block</u>	<u>Lot</u>	<u>Assessment Reductions</u>	<u>Refund</u>
2602	4	\$200,800 (2010)	\$ 2,501.97

Checks made payable to:
Cassino, Anthony & Suzanne
352 Briarly Drive
Franklin Lakes, NJ 07417

Resolution read and introduced by Councilmember Kahwaty, seconded by Council President Kelly. Discussion – none.

Roll Call Vote

Ayes: Councilmembers Kahwaty, Kelly, Lambrix and Swist
Nays:
Abstain:
Absent: Councilmembers Cadicina and Ramsey
Motion Approved

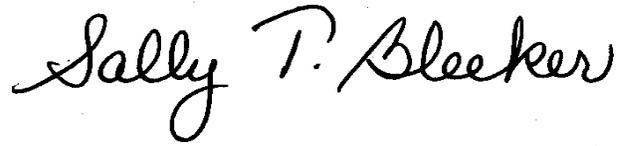
ADJOURNMENT

Motion by Councilperson Lambrix to adjourn the meeting at 9:30 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