

**MAYOR AND COUNCIL  
SPECIAL BUDGET MEETING  
February 8, 2017  
6:30 P.M.**

**CALL TO ORDER**

**SALUTE TO COLORS**

**MAYOR'S STATEMENT AS TO COMPLIANCE WITH P.L. 1975**

Adequate Notice of this Meeting has been provided according to the Open Public Meetings Act, Assembly Bill 1030. Notice of this Special Meeting was sent to the New Jersey Herald and the Daily Record on January 27, 2017 and was placed on the Official Bulletin Board in the Municipal Building.

In the event the Mayor and Council have not addressed all items on this Agenda by 11:00 PM and they are of the opinion that they cannot complete the Agenda in a reasonable time period, the Mayor and Council may exercise their option to continue this meeting at an agreed to date, time and place within ten (10) days of this meeting. Please turn off all cell phones for the duration of this Meeting.

**ROLL CALL**

Council Members:

Councilman Depew – Present	Councilwoman Thistleton - Present
Councilwoman Kuncken – Present	Councilman Thornton – Present
Councilman Romano – Present	Councilwoman Zdichocki - Present

Mayor Maio – Present

**COUNCIL DISCUSSION**

*2017 Municipal Budget* – Mayor Maio stated this special meeting has been scheduled to continue work on the budget. Salaries will not be discussed this evening. Mayor Maio asked the Finance Committee to meet with regard to salaries and report back with their recommendation at the next scheduled meeting.

*4-f Computer Services* – Ms. Mooney stated \$100 has been added to the Internet/Website line item.

*11-a Condo Services* – Mayor Maio stated the snow removal issue was discussed during a previous budget meeting. The Borough can use the funds in the snow trust for snow removal services at the condominiums if necessary. The line item for snow removal at the condominiums does not have to be over budgeted for the Kelly Act. The budget can be calculated based on a normal year and if more funds are required, the snow trust can be utilized to cover any additional costs. Ms. Mooney stated the budget has been decreased by \$10,100.

*12-d* – The Total Expenditure Budget is now \$4,760,668.23.

*Surplus* – Mayor Maio stated Administrator McNeilly informed her there is one-time money in surplus. There is a significant amount of money and the Borough Auditor has made recommendations. At the last budget meeting the Governing Body was under the impression cut backs of \$21,000 were needed to be made in order to stay with a 1.1% increase. The Kelly Act was reduced by \$10,000. Ms. Mooney reviewed the surplus. Anytime there are excess funds they become part of the surplus at the end of the year. At the end of 2016, the expired 2015 appropriation reserves were cancelled. These funds can go to surplus or sometimes, if they are related, a recommendation can be made to use them for other purposes in some type of reserve account. Mayor Maio asked Ms. Mooney to confirm that \$259,527.00 was budgeted in 2015 which was not spent and is now in surplus. Ms. Mooney confirmed this and stated it is very common. This is not a result of budgeting poorly. There are many reasons for surplus funds. Some of the surplus can result from employee issues such as being under staffed, change in staff, medical leave. Legal issues can also vary causing surplus. Administrator McNeilly stated the departments are disciplined with their spending and they are not using every dollar budgeted to their line items. Councilman Thornton asked if going forward a list could be provided detailing where the surplus funds have accumulated from.

Ms. Mooney explained there are grant reserves which require the funds to be held until they are cancelled. The Highlands Grants have been on hold. Mayor Maio stated the Governing Body made the decision, quite some time ago, not to join the Highlands. The \$29,000 was another step which would have been used to rewrite all the borough ordinances to comply with the Highlands. Ms. Mooney stated the Highlands Grant is being cancelled and becomes active cash available for use. Administrator McNeilly stated when the Police Department applied for the Accreditation Grant, the Borough was required to put \$50,000 in reserve. The grant has been received and satisfied and it can now be cancelled. These two cancelled grant reserves along with the cancelled appropriation reserves over the prior year of \$70,000.00 total \$149,951.91 of one-time increases.

Ms. Mooney stated Mr. Sarinelli has made recommendations regarding where the funds should be placed. The first suggestion is to place funds in the Reserve for Tax Appeals. This would be a cash hold situation. Mayor Maio asked why the surplus funds are not going to be used to pay down debt or used toward the capital purchases for equipment this year. Ms. Mooney stated the funds can be used for that purpose if the Governing Body chooses to do so. Administrator McNeilly explained the EPL/POL Trust. The Employment Practices Liability (EPL) and the Public Official Liability (POL) are insurance policies through the JIF. The policy has a \$20,000 deductible and a 20% of the first \$100,000 expended co-pay. One event will cost \$70,000 to the Borough. Ms. Mooney recommends transferring funds to the EPL/POL Trust. Administrator McNeilly suggested placing enough funds in the reserve for one and a half events. Mayor Maio stated she is in agreement but she is of the opinion funds should not be placed in the Reserve Tax Appeal. The funds should be used for the capital purchases this year to prevent incurring additional debt.

Ms. Mooney stated the State guideline for the Snow Trust states there should be three times the amount of the costs for an average year. Snow removal costs include the cost of salt, overtime wages, truck repairs, gasoline for the trucks, liquid brine and any other snow removal costs. Ms. Mooney averaged the snow removal costs from 2008 to 2015, eliminating the two highest figures and the one lowest. The snow removal costs average \$81,000. Based on this figure the goal for funds to be placed in the snow trust would be \$244,000. It is not a mandate. Councilwoman Kuncken stated the funds placed into the snow trust are locked into that trust and cannot be used for any other purpose.

Ms. Mooney stated the Accumulated Sick Time balance is \$168,266.78. Adding \$10,000 to Accumulated Sick Time will bring the Borough to the State guidelines. This year two employees will be retiring. Ms. Mooney recommends transferring \$10,000 into this fund.

Administrator McNeilly asked Ms. Mooney where the funds from the sale of the properties are located within the budget. Ms. Mooney stated the funds are in a reserve. Mayor Maio stated Mr. Sarinelli had recommended the funds not be used because you do not know what the future years will bring. Ms. Mooney stated some of the funds have been used. Mayor Maio asked Ms. Mooney how much money is left of the original \$200,000. Mayor Maio stated there is also \$25,000 from the sale of the property next door. Ms. Mooney stated the balance, as of the end of 2016, is \$228,609. Ms. Mooney stated she has included using \$10,500 from this fund for the 2017 budget. Mayor Maio stated in her opinion this fund should remain at \$228,609 and the \$10,500 should not be taken from this fund. The surplus fund should be used. No additional funds will be added to the Reserve for Tax Appeals or the Snow Trust.

Ms. Mooney reviewed two scenarios. The first scenario would use \$780,000 from surplus, which is nearly \$1,000 more than last year and includes \$10,500 from the sale of property. The levy would be 1.4%. The second scenario would use \$800,000 of surplus. Ms. Mooney stated she has spoken with Mr. Sarinelli and he approves the use of the \$800,000 surplus. The second scenario brings the levy to .8% increase. The increase per average household would be \$19.38. Administrator McNeilly stated this scenario will hurt the Borough in future years. Mayor Maio stated the Borough would be using money which was not available in the past and will not be available in the future. Administrator McNeilly asked how this will recur next year. This will hurt the 2% cap on subsequent years, there will not be recurring revenue and we will be further into using the surplus. Much discussion took place regarding surplus and the funding for the capital items. Ms. Mooney stated surplus can be used to fully fund a capital expense. Mayor Maio stated she is of the opinion using the \$800,000 does not put the Borough in a difficult position. The money keeps getting put aside for a rainy day. Mayor Maio stated the residents are having their rainy day now. Administrator McNeilly stated he is of the opinion the debt should be paid down as opposed to paying down a budget and not have a recurring fund for next year. Mayor Maio is of the opinion \$20,000 will not have much of an impact. Administrator McNeilly stated \$20,000 on surplus and \$10,500 from the sale of municipal assets brings it to \$30,500. Next year if that is extracted out of the budget it is \$10,500 and the surplus use will be gone.

Much discussion took place regarding the self-funding of capital items. The pickup truck cost for DPW is \$38,500 and the cost for the Ventrac tractor is \$42,000. DPW has also requested radios. Administrator McNeilly stated the Fire Department has a \$25,000 request for this year's budget. Mayor Maio stated in her opinion the equipment which is usually bonded for the Fire Department should not be self-funded by the Borough. Ms. Mooney stated when the decision is made regarding which items will be self-funded; the amount required should be placed in the capital improvement fund. The pickup truck and tractor costs are spread over three budgets. The Borough general share is \$13,500. Administrator McNeilly stated there is a \$141,000 milling and paving job which could also be paid down. Ms. Mooney stated the radios for DPW are already budgeted in the capital fund. The radio cost is \$2,100.

Administrator McNeilly stated the \$108,000 in recommendations which the Governing Body does not agree with, will be utilized for capital. Mayor Maio stated the funds will be used to purchase the pickup truck and the Ventrac tractor. Ms. Mooney stated the general portion of the two pieces of equipment total \$28,500. The balance of the two pieces of equipment will be paid for through the water and sewer capital budgets. There is a \$35,000 line item in the budget to cover the costs of the file cabinet, portable lights and the face pieces. Councilwoman Kuncken stated the quantity of the face pieces has been reduced to five. The cost will now be \$1,700.

Ms. Mooney stated she will let the \$35,000 turnover and the remaining balance can remain there for the future. The Governing Body agreed to use the balance still available from the \$108,000 to pay down debt. Ms. Mooney stated the note payment at this time is \$310,000. Mayor Maio stated paying down the debt will save the Borough money in the long run. Mayor Maio confirmed with Ms. Mooney that she will redo the figures showing the additional money in the capital improvement fund and going with the green version of the budget. Ms. Mooney stated \$79,500 will be used to pay down debt. Ms. Mooney stated she will verify the figures for the purchase of the equipment now that the items will not be bonded. The costs may be slightly less. Councilwoman Kuncken stated using the \$800,000 and the green sheets for the budget would result in a \$19.38 increase for the average home. Ms. Mooney confirmed this and stated the levy is not affected by the changes which were just decided upon. Mayor Maio stated the only item left to finalize is salaries. The budget is currently calculated with a salary increase of 1.75% . Mayor Maio asked the Finance Committee to meet, review salaries and make their recommendation to the Governing Body at the February 14<sup>th</sup> meeting.

Mayor Maio stated she wanted to bring to the Council's attention the fact that Ms. Mooney has not shown a salary increase for the Governing Body. Mayor Maio asked the council for their opinion. Councilwoman Zdichocki stated it has been several years since the Governing Body received a raise and she is of the opinion the Governing Body should receive a raise. Mayor Maio stated the salary freeze was put into effect the first year she was on the Council at her recommendation. That was 11 years ago. Councilwoman Zdichocki stated the Governing Body members have expenses which are increasing. There are expenses incurred as a result of being on the Council for things such as community events and travel. Councilman Depew is concerned the residents will be upset if the Governing Body receives raises and their taxes increase. Councilman Thornton stated he agrees with Councilman Depew even though he is of the opinion the members are deserving of an increase. The amount of the increase would be minimal but he is concerned about the backlash. Mayor Maio stated she disagrees with Councilman Depew. Councilman Romano stated he is ambivalent but understands Councilwoman Zdichocki's point. Councilman Romano is working with the Police Department and the DPW on negotiations and has been stressing financial constraints. Councilwoman Zdichocki stated the unions have always received a salary increase. The last increase they received was 1.75%. Councilwoman Zdichocki suggested a 1.50% raise for the Governing Body. Councilwoman Thistleton agreed with Councilwoman Zdichocki. Councilwoman Kuncken stated she was Mayor when the freeze was put into effect. That was the beginning of tough times and it was done to set an example to the residents to let them know we understood the pain they were feeling in their financial lives. Councilwoman Kuncken stated she does not do this job for financial compensation. Councilwoman Kuncken stated the amount of the increase would be minimal, will not impact her finances and she is not in favor of an increase. Councilwoman Zdichocki stated none of the members do this job for financial reasons.

Mayor Maio called for a straw poll vote. Mayor Maio asked the Governing Body if they are in favor of increasing the Governing Body's salary by 1.50% and asked for a show of hands. The results are as follows:

Councilwoman Zdichocki – yes	Councilwoman Thistleton – yes
Councilman Romano – no	Councilwoman Kuncken – no
Councilman Thornton – no	Councilman Depew - no

Two members raised their hands in favor of an increase. Four members raised their hands against receiving an increase. Mayor Maio stated the vote is 2 in favor and 4 against. The Governing Body will not receive an increase in salary this year.

Mayor Maio thanked Ms. Mooney for attending tonight's meeting.

### **CITIZENS TO BE HEARD**

Mayor Maio opened the meeting to the public after advising attendees that there is a five (5) minute time limit for each speaker.

Seeing no one from the public wishing to speak, Mayor Maio closed the public portion of the meeting.

### **ADJOURNMENT**

On a motion by Councilwoman Kuncken, seconded by Councilman Depew, and unanimously carried by voice vote the meeting was adjourned at 7:45 P.M.

Approved:

Linda Chirip  
Deputy Clerk for  
Ellen Horak, RMC  
Borough Clerk