

**MAYOR AND COUNCIL
SPECIAL BUDGET MEETING
February 20, 2018
7:00 P.M.**

CALL TO ORDER

SALUTE TO COLORS

Mayor Maio invited all those present to stand in a salute to the 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 Meeting was included in the Annual Meeting Notice sent to the New Jersey Herald and the Daily Record on February 14, 2018 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:

Councilwoman Kuncken – present	Councilwoman Thistleton - present
Councilman Riccardi - present	Councilman Thornton - present
Councilman Romano – present	Councilwoman Zdichocki - present

Mayor Maio – present

2018 MUNICIPAL BUDGET

Mayor Maio informed Council the Borough received notification today that they were awarded a \$225,000 Municipal Aid Grant for the Musconetcong Avenue/Walton Place Improvement Project, which will have an impact on the budget.

Mayor Maio noted the governing body must determine the salary increase for personnel. Mayor Maio recommended giving the same salary increase that has been given the past several years, which is a 1.75% increase to all employees, excluding the stipend that various employees receive. Administrator McNeilly clarified that the salary increases for 2018 will be: stipend at 0%, DPW at 1.85%, as per contract and Police at 1.5%, as per contract. Administrator McNeilly noted that the protected four, being the CFO, Tax Collector, Tax Assessor and Clerk, will receive a 1.85% increase, as per state statute. The governing body questioned the 1.85% increase for DPW and asked for confirmation. Administrator McNeilly read an excerpt from the DPW contract that stated the first year of the contract (2017) has a 1/.75% increase, the second year (2018) is a 1.85% increase, the third year (2019) is a 1.95% increase and the fourth year (2020) is a 2.0% increase. Administrator McNeilly stated the budget is currently configured with these increases. Mayor Maio questioned why page 4-a shows one position marked at a 2.70% increase, noting it was agreed all employees would receive a 1.75% salary increase. Mayor Maio polled Council if all were in agreement to a 1.75% increase for all positions: Councilwoman Zdichocki – yes; Councilman Riccardi – yes; Councilman Thornton – yes; Councilwoman Kuncken – yes; Councilwoman Thistleton – yes; Councilman Romano – yes. Administrator McNeilly will relay the information to the CFO.

Mayor Maio stated the Administrator and CFO were asked to work on the numbers and determine where cuts could be made in order to bring the budget down from the 2.4% increase. They reviewed the line items and initially reduced the budget to a 2% increase, to which she asked them to make additional cuts to bring the budget down to 1.5%. Administrator McNeilly distributed paperwork showing amounts that were taken out of the budget based on the last meeting and additions that were needed. Mayor Maio clarified that the additional construction secretary hours are not permanent and must be reviewed every six months. Administrator McNeilly noted the increase of \$15,000 in the Capital Improvement Fund is due to the Municipal

Aid Grant received. The reductions made are as follows: Mayor & Council Newsletter - \$1,000; Engineering-Planner - \$2,000; LMRPB Lake Treatment - \$750; Health Benefits - \$9,000; Gasoline - \$7,000; Diesel - \$3,750 and Heating Oil - \$5,000. The reductions made brings to the budget to a 1.5 tax levy which equates to an increase of \$32.14 to the average homeowner. Mayor Maio commented she is comfortable with the number and believes it is fair for the taxpayers. Councilman Romano asked for an explanation on the CFO finding a \$9,000 savings in health insurance benefits. Administrator McNeilly explained that last year a number of employees took the financial incentive program and those employees as well as the employees who enrolled the year before are locked in for a two-year period. Mayor Maio noted the CFO admitted she over-budgeted this line item. Administrator McNeilly explained the rates are not determined by the State until late in the year and since the initial draft budget is prepared before those numbers are determined, the CFO inserts a number. The CFO is comfortable with the number now in this budget. Councilwoman Kuncken asked if reducing health benefits will put the Borough in a difficult situation next year. Administrator McNeilly responded in the negative. The Borough is a community with minimal commercial and everything the Borough spends is coming from our taxpaying residents. Councilwoman Kuncken questioned if they will have anything to take next year, if needed. Mayor Maio stated they may not need bonding money next year. This year is a first for the Borough, where they need to purchase a fire truck, ambulance and dump truck all in the same year. Administrator McNeilly stated the Borough needs a PILOT Program from the County ("Payment in Lieu of Taxes"), which must be in a redevelopment area. Mayor Maio commented the Compac property is available and a possible site for redevelopment.

Mayor Maio recapped the agreement that employee salary increases will be 1.75%, except those required by law to receive 1.85% or per contract and agreement with the cuts and increases as presented by the Administrator bringing the levy to 1.5 with an average increase of \$32.14 per homeowner. Councilwoman Zdichocki noted a letter received requesting a salary increase and she asked if the request would be discussed. Mayor Maio responded the governing body has agreed all employees will receive a 1.75% increase.

General Capital – Administrator McNeilly distributed paperwork listing the "Immediate Needs" for capital projects, adding General Capital requires a 5% down payment for bonding. Administrator McNeilly read the items on the list, line by line. The second page is based on Eric Keller's presentation, the first being the TAP grant and Mr. Keller's estimates. Administrator McNeilly directed the governing body to skip over the Maryanne Terrace line. The Musconetcong/Walton Mill & Pave project is receiving a Local Aid Grant, but they need the 5% bond down payment. The total proposed amount is \$2,741,488; total grant being \$1,230,000 with bonding of \$1,409,693 and local contribution of \$730,000. Administrator McNeilly added the five percent (5%) down payment would be \$74,194 which would include some capital improvement funds. The Borough would be self-funding the recording system, a portion of the turnout gear and all the firearms. Administrator McNeilly stated projects have been authorized, but have not been fully funded. It is not money the Borough took in. With the "physical" money they have in 2018, there will be no 2018 money left for those three items. The CFO is working on the numbers. The \$74,194 for bonding is already in the budget. Administrator McNeilly distributed paperwork from the CFO indicating the history of capital projects authorized. The list goes from 2007 to 2017 and shows amounts for the General Capital Fund. The governing body reviewed the list, noting 2011 and 2013 were the only "light" years. They were somewhat light in 2017 and they self-funded \$39,000 in 2017. Councilwoman Kuncken asked, at this point in time, where the Borough is with regard to debt. Administrator McNeilly responded he does not know the exact dollar figure and looking at history, the Borough will never get ahead of it or even equal with it. Administrator McNeilly stated a long-term bonding question can be answered after your capital plan is determined. After that you can decide on long-term financing. Administrator McNeilly noted certain road projects cannot be done due to the need for the 5% down payment. Councilman Riccardi questioned the upgrade to the recording equipment, adding the amount seems excessive. In reading what is listed he does not see anything special about the equipment to justify a \$4,000 cost and he also questioned the platter-base drive. The Clerk explained her office has been using Gramco for many years without issue. They are responsive and helpful. She solicited a quote from Gramco for an upgrade to the recording equipment, which quote was far below what was spent when they first purchased the recording equipment. Councilman Riccardi said it would be helpful to have an itemized quote instead of listing everything under one amount. The Clerk will ask Gramco to provide an itemized quote. Councilman Riccardi noted the police department computer quote includes speakers and he questioned why speakers are needed and also why a platter-base drive in the computer. Administrator McNeilly responded the police officers need to listen to interviews as well as

watch evidence. Councilman Riccardi asked why, regarding replacement of the firearms for the police department, it is marked at \$6,000 and the sheet shows a proposed amount of \$7,000. Administrator McNeilly responded the Chief put in the \$6,000 number; however, the quote he received was \$6,700 and the CFO rounded the number up. She includes costs associated with capital, i.e. advertising. The cost for it will be \$6,700 that was quoted. Councilman Riccardi also questioned the difference in cost between the “rounds” (ammunition) itself. Councilwoman Zdichocki responded they changed firearms. Administrator McNeilly stated he does not know the exact cost savings in the change. Councilman Riccardi asked what is done with the old ammunition, to which Administrator McNeilly responded they trade them in to the manufacturer.

Water Capital – Administrator McNeilly distributed paperwork listing the “Immediate Needs” for water capital projects, which includes a portion of the mason dump truck and a portion of the meters. The total amount is \$54,850 and there is no down payment needed for these projects.

Sewer Capital – Administrator McNeilly stated the “Immediate Needs” in this budget includes the other portion of the mason dump truck, 50% of the meters and the pump station. In discussions with the Ray Sarinelli, the Borough Auditor, using a portion of capital improvement funds to help defray that cost, the amount bonded would be \$688,525. The amount includes Eric Keller’s projected construction costs, soft costs, etc. Administrator McNeilly stated the Borough would self-fund \$30,000 and the bonded amount would be \$658,525.

Administrator McNeilly noted there will be discussion in the future about moving \$5.00 per meter from sewer to water.

Mayor Maio asked if Council is in agreement with the budget presented and to introduce the budget at the March 13, 2018 meeting. Council agreed with the budget presented and to have introduction of the budget at the March 13, 2018 meeting.

Mayor Maio and Council thanked Administrator McNeilly and CFO, Dana Mooney, for their work on the budget and back-up documentation presented.

CITIZENS TO BE HEARD

Mayor Maio amended the agenda for citizens to be heard and 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 motion by Councilman Romano, seconded by Councilwoman Kuncken and unanimously carried by voice vote the meeting was adjourned at 8:00 P.M.

Approved:

Ellen Horak, RMC
Borough Clerk