

Borough of Tenafly

MAYOR AND COUNCIL

SPECIAL COMMITTEE OF THE WHOLE

MINUTES

TUESDAY, September 21, 2010

The meeting was called to order at 7:30 P.M. with the reading of the Open Public Meetings Act statement by Mayor Rustin.

Present: Mayor Peter S. Rustin

Council members: Nadia LaMastra, Michael Lattif, Patrick J. Rouse,
Jon Warms

Borough Administrator: Jewel Thompson-Chin

Borough Attorney: William R. McClure, Esq.

Chief Financial Officer: Gene Vinci

Absent: Council members: Anthony Barzelatto, Joseph McDermott

Mayor Rustin read the following statement:

"Public Comments: A total of 15 minutes has been allocated for this purpose. Citizens are welcome to address the Mayor and Council on any governmental item of concern to them, whether or not it is scheduled on the agenda below. Citizens must give their names and addresses when recognized to speak. Large groups are urged to select someone to represent them. The public is advised that these meetings are recorded and are subject to the Open Public Records Act."

David Simpson – 12 Woodland Park Drive – compared the deficit of the public pension in France to New Jersey's pension shortfall; requested that Council do everything possible to cut costs and to assume greater responsibility in affecting the state's economy; challenged Council to communicate with the leadership of both parties in Hackensack and Trenton.

Mark Feldman – 133 Lylewood Drive – questioned the rationale of having a surplus and the justification of why a certain level of surplus is prudent.

C. Warms referred to a recent ordinance introduced in Teaneck where residents who speak during public comments are not required to provide their full street address in response to the recent death of a resident who actively spoke at Council meetings. Mayor Rustin requested that the Administrator and Clerk investigate this matter and report back to Council.

Mayor Rustin requested that during the presentation regarding surplus, that Mr. Vinci provide insight on the philosophy of maintaining a surplus. He also reported on a Mayor's Event held with Governor Christie this past Friday where a discussion involved the state of the economy and its impact on residents.

Mrs. Thompson-Chin explained that the idea behind these meetings is not to delve into the entire budget, but to highlight and revisit issues that arose during the 2010 budget discussion. This exercise is to look at the building blocks of a budget with an overview on critical topics that impact the Borough's ability to reduce costs and operate effectively and efficiently.

Budget Meeting Agenda Topics:

1. Surplus Analysis

Mr. Vinci highlighted that since 1998, the peak year where the surplus balance was at its highest amount was in 2005. Since 2005, the surplus has eroded by approximately \$600,000 or 5%. He explained that the Department of Community Affairs does not recommend that a specific percentage of local budgets be set for surplus. The rationale for having a surplus is to build equity to cover unforeseen expenses that may occur this year and in succeeding years. However, municipalities do not directly budget to create a surplus. Surplus is generated from the cancellation of unexpended appropriations, collection of additional revenue, and collection of unanticipated revenue. For bond sales, ratings are based on the trend of a municipality's surplus, which has been a downward trend.

Mrs. Thompson Chin explained that she does not believe in expending large amounts of funds from surplus. Other communities have done so over the past year, but the impact remains to be seen. Usually, scrutiny is placed on all department expenditures on November 1st; however, this will occur on October 1st in an effort to hold the line on expenses to determine if any possible transfers will be required.

Mr. Vinci reported that if a municipality does not have enough funds in surplus to cover its costs, emergency appropriations must be made via borrowing. As expenses increase every year, surplus decreases and reductions in surplus is offset in taxes unless new revenue is generated. The goal is to maintain the surplus balance at last year's level of \$1.6 million.

2. Trust Accounts Status

Mr. Vinci explained that of the \$3.2 million in trust account balances for 2010, \$1.48 million is in the COAH Housing Trust. Some funds in trust accounts can be used to subsidize operations, such as use of Davis Johnson Park for weekend events and the over-time incurred for DPW staff to be present for those events.

Mayor Rustin emphasized the need to look at the use of the COAH Housing Trust for rehabilitation projects since there is a time limit on spending the funds.

Mrs. Thompson-Chin reported that she and Mr. Vinci will continue their analysis of recent activity on trust accounts in an effort to close out account and expend the funds to offset tax dollars. Council requested that she review expenditure of funds for donations that were made for a specific purpose and funding was used for the purpose, but the account still has a balance.

3. Escrow Accounts Status

Mr. Vinci informed Council that while there is \$975,000 in escrow accounts, municipalities do not have the ability to use those funds.

Mrs. Thompson-Chin explained that staff will look more closely at tree escrow accounts. These deposits are made by developers who take down trees while developing on a property. If the developer has not replaced the trees that were eliminated, there may be funds available for use.

Mayor Rustin requested that the Borough Administrator and CFO apprise Council of the process, steps, and timing involved from when funds are placed in escrow, when refunds are issued, and what can be done with the funds in escrow if a developer forfeits.

4. Capital Program Review

Mr. Vinci explained that if funds for capital improvement projects have not been utilized, the funding can be cancelled and placed into surplus or the funding can be transferred to another project.

Mrs. Thompson-Chin advised that the funding that had previously been unexpended are being used for emergency repairs or to match grants for similar projects.

C. Lattif expressed his concern about spending resources in other areas than on serious infrastructure issue. He requested that the condition of the Borough's infrastructure be evaluated to determine the costs, funding, and potential liability. This issue needs to be addressed with groups and officials and brought to the state's attention. Mayor Rustin advised that he will bring the issue of infrastructure maintenance and planning at the next mayor's group meeting.

Mrs. Thompson-Chin informed Council that she and Mr. Vinci will continue their review of capital improvement balances and advise if any accounts can be cancelled.

5. Review of Other Expense Categories

Mrs. Thompson-Chin advised that she has been evaluating the most frequent other expense categories by department and division in the 2010 budget, which comprise of one-third of the operating expenses portion of the budget. She is seeking to limit use of "other" categories, looking for duplication of expenditures, and the extent of these costs on various budgets.

Mrs. Thompson identified the existence of potential savings by centralizing costs where redundancy currently exists and to make sure funds are being used as designated, accessing information through online publications instead of purchasing hard copy books, and assessing the amount of funding appropriated funding for continuing education units. Department heads are being advised that their budget submission must be accurate and close to real needs, not a wish list.

On October 19th, the topics for discussion will include a review of large vendors and the impact on the bid threshold, revenue opportunities, and shared services.

ADJOURNMENT

As there was no further business to come before the Council, on a motion by C. LaMastra, second by C. Rouse, and unanimously carried, to adjourn this meeting. The meeting was adjourned at 9:15 p.m.

Respectfully submitted,

Lissette Aportela-Hernandez