

Borough of Tenafly

MAYOR AND COUNCIL

BUDGET MEETING MINUTES

THURSDAY, FEBRUARY 24, 2011

7:30 P.M. – 10:00 P.M.

The meeting was called to order at 7:31 P.M. with the reading of the Open Public Meetings Act statement by Mayor Rustin.

Present: Mayor Peter S. Rustin
Council members: Barry Honig, Martha Kerge, Nadia LaMastra, Jon Warmes
Borough Administrator: Jewel Thompson-Chin
Chief Financial Officer: Gene Vinci
Absent: Council members Anthony Barzelatto and Michael Lattif

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."

There was no public comment.

Overview of 2011 Local Municipal Budget – Borough Administrator

Mrs. Thompson-Chin stated that Gene Vinci, CFO, will discuss the current revenue picture and identify changes from last year to this year. Mayor Rustin questioned how the Governor's proposed plan to keep State aid the same as last year has affected the budget. Mr. Vinci advised that initially he had anticipated that aid would be reduced, but has revised the revenue summary to reflect the correct amount of aid. Because Council is in the midst of interviews for a new labor attorney as well as contract negotiations for a number of employees, Mayor Rustin also questioned whether the salary numbers have been increased to provide padding. Mr. Vinci responded that he has anticipated a 2% salary increase for the employees. Mrs. Thompson-Chin advised that they have not increased individual salaries in the budget, but rather aggregated the amount into one line item without a certain percentage attached to that number. In terms of professional services, Mr. Vinci advised that the numbers have been kept the same as last year so adjustments would need to be made.

Mr. Vinci explained that he has received some preliminary assessment figures from the revaluation and advised that these new figures cause a decrease in municipal tax rate from .694 to .562, but increase the average assessment from \$635,200 to \$783,900. Based upon these figures, the average tax per home would decrease \$4 from last year. He pointed out that the budget reflects a reduction in spending as the cost to operate the Borough has decreased by approximately \$50,000. The overall increase in the amount to be raised by taxes is 0.8% and the average tax per home is -0.1%. Council commended Mrs. Thompson-Chin and Mr. Vinci for the great job they did as they feel a 0.8% is a great starting point.

C. Honig questioned what the impact would be on the overall budget if there was a 0% increase in employee salaries and Mr. Vinci responded that there would be a decrease of approximately \$98,000. C. LaMastra asked in which line item the health insurance contribution is reflected. Mr. Vinci explained that the State has mandated that it be reflected as an offset to the appropriations for health insurance. C. Honig questioned what percentage employees would need to contribute to health insurance in order to bring the tax levy increase to 0%. Mr. Vinci responded that the tax levy is increased by

approximately \$180,000, and if the salary increase is to be set at 0%, then an additional \$90,000 would need to be found. Mayor Rustin pointed out that at least an additional \$100,000 in expenses for the Engineer, Auditor, and Labor Attorney would need to be added to the budget.

C. LaMastra questioned what had caused the approximately \$210,000 increase in revenues from UCC Fees between the budget to actual in 2010. Mrs. Thompson-Chin advised that there were a lot of little projects and with the increase in the UCC fees, the increase in revenue was much greater than anticipated. C. Honig questioned why the budgeted number for the UCC fees in 2011 was not increased and Mrs. Thompson-Chin advised that the trend may not continue and the numbers should be kept conservative.

C. Kerge asked whether the taxes collected for the municipal open space program can be used to offset taxes. Mr. Vinci responded that it is supposed to be used to pay for park improvements and open space acquisitions. C. Kerge then inquired whether the Borough could freeze collection for a year. Mayor Rustin advised that the ordinance would have to be repealed in order to freeze collection and as Tenafly is known for its parks and open space, he did not think that action should be taken unless absolutely necessary.

Mr. Vinci then moved onto the appropriations portion of the budget and pointed out there was a decrease of approximately \$51,000. He advised that the State appropriation to the Library is a third of a million of the assessed valuation, meaning that the Borough appropriation to the Library is approximately \$25,000 less. Mr. Vinci stated there have been changes in staffing as there are three less police officers and 2 less DPW workers, certain positions have been reduced from full to part-time, and some positions have been replaced at lower salaries. Mrs. Thompson-Chin advised that two Sergeants have been promoted to the Captain positions and Mr. Vinci added that there could be as many as five vacancies in the Police Department due to retirements and resignations. Mrs. Thompson-Chin asked Council to consider whether they would like to replace the vacant positions. Mr. Vinci reported that there are four promotions built into the budget, but there was some disagreement among the Council as to the consensus on backfilling the sergeant promotions. Council asked that the Administrator check the minutes from those meetings. C. Honig also requested a spreadsheet showing the cost factor if the Council were to add back in the five vacant positions. Council agreed that they would need to sit down with Chief Bruno and have a conversation about the table of organization. Mrs. Thompson-Chin also advised that a part-time employee in DPW had submitted her resignation and Bob Beutel will be looking for authorization to replace this employee when he attends his budget hearing. Some other changes that have contributed to the decrease in appropriations include the use of trust funds, particularly in Recreation as the salary for three Recreation employees during the summer is now being charged to the Recreation Summer Camp Trust Fund. Mr. Vinci advised that he had anticipated a savings due to the garbage contract amendment originally thought to be in effect as of March 1, 2011. Council agreed that the garbage contract would not be amended and that money should be added back into the budget.

C. Honig questioned the approximately 12% increase in the sewer charges. Mayor Rustin remarked that this significant increase is the reason why the Council should allow the BCUA to give their presentation on inflow and infiltration and Mrs. Thompson-Chin advised that they are scheduled to present at the March 1st Work Session. C. Kerge questioned whether the flow between the towns was still being carefully monitored to which Mrs. Thompson-Chin responded that it is. Electrical charge increases were also discussed and Mrs. Thompson-Chin advised that there was a presentation at the Riverside Coop about the County Energy Conservation Program. She explained that a lot of municipalities are hesitant to join because several years of usage data need to be submitted and the program is unable to guarantee substantial savings. However, she advised that the Borough has already collected information about its meters and she and Bob Beutel feel that it is worth sending the information to the County to see whether a savings can be realized. She also advised that the Borough is receiving a \$120,000 in energy savings improvements at no cost to the Borough through the Energy Block Grant.

Mrs. Thompson-Chin explained that there are many categories within the budget that are mandated expenses. She advised that there is far less flexibility within the budget than it may appear and because the budgeted numbers are so close to the actual expenditures, the reserves have been significantly reduced. Mr. Vinci advised that they are appropriating 1.5 million from the surplus to be used in this budget. Mrs. Thompson-Chin expressed her opinion that it would not be financially prudent to have a 0% tax increase as the surplus needs to be replenished. Council agreed to consider adding money back into the budget to replenish the surplus should they be able to reduce the tax increase to below 0%.

Scheduling of Budget Hearings

Council asked that Police, DPW, and Code Enforcement be given an hour at each of the three remaining scheduled budget meetings and the rest of the time slots be divided evenly among the other departments. Council decided that it is not necessary to speak to the Court, Tax Assessor, or Planning Board. In terms of the Court, Council did ask that Mrs. Thompson-Chin speak to the Prosecutor, Judge, and Chief Bruno about streamlining the process in order to reduce overtime for the Police Officers. Council requested that Realty Appraisal, the company who had conducted the revaluation, attend the March 22nd Committee of the Whole to provide an analysis of the results of the revaluation as well as the status of tax appeals. When considering whether Fire Prevention should attend a meeting, Mrs. Thompson-Chin advised that Alden Blackwell had provided draft ordinances for non-hazardous life uses. Council asked that when the ordinances are ready, they be placed onto a work session. Council also agreed that it would not be necessary for Fire Prevention to come to a budget meeting. Council agreed that the Borough Clerk did not have to be allotted a time slot as she already attends the meetings. Council also agreed that Administration should be allotted an hour as legal and engineering fees are incorporated into their budget. C. LaMastra advised that the BID would be making a budget presentation, but currently no specific time can be pinpointed. Council also asked that the March 10th Budget Meeting be used to discuss the Capital Budget. Mrs. Thompson-Chin agreed that, if necessary, another meeting can be scheduled to have a final review of the budget prior to introduction.

Review of Auditor Status

Mr. Vinci explained that the auditor is usually involved in the budget process. He advised that the current Auditor is only obligated to complete the work associated with the 2010 budget and asked Council whether they would like to use this auditor to complete the work associated with the introduction and adoption of the 2011 budget. Council agreed to use this auditor.

ADJOURNMENT

There being no further business to come before the Council, on a motion from C. Kerge, second by C. LaMastra, and all present voting in favor, the meeting was at 9:14 p.m.