

BOROUGH of GARWOOD
Special Budget
Workshop Session MINUTES of the
COUNCIL MEETING
March 6, 2014

Workshop session was opened by Mayor Quattrocchi at: 7:00 p.m.

Adequate notice of this meeting was provided to the Westfield Leader, advertised on February 20th, 2014, and prominently posted on the municipal public bulletin board and filed in the office of the municipal clerk informing the Public of the time and place according to the Provisions of the Open Public Meeting Law (Chapter 231, P.L. 1975).

Present: Mayor Quattrocchi, Council President Palmer, Councilman Martin, Councilman Mathieu, Councilman Nierstedt, Councilman Petruzzelli and Councilwoman Todisco.

Also Present: Borough Administrator/Clerk Christina Ariemma, Borough Chief Financial Officer/Treasurer Sandy Bruns, and Warren Korecky, Auditor Suplee Clooney.

The finance committee presented the 2014 Municipal Budget.
Councilwoman Todisco introduced CFO Sandy Bruns and Auditor Warren Korecky.

Councilwoman Todisco read the following statement:

I'd like to welcome the Mayor, my fellow Council people, and the residents to the presentation of the 2014 municipal budget. Despite the rough winter, which caused us to cancel meetings or try to schedule them around the weather forecast, we were able to meet numerous times to work on the budget. I would like to thank the other members of my committee, Councilman Petruzzelli and Councilman Martin, as well as our professional staff of the Borough Administrator, CFO, and auditor, for all the time and energy they put into this budget at meetings and also in answering my more than a few phone calls.

As I have discussed at prior council meetings starting in the last quarter of 2013, I knew we would be facing some pretty steep increases this year. Some are necessary to pay the Borough's bills, such as an increase of about \$37,000 to the RVSA, about \$55,000 for contractual obligations, and about \$25,000 for health insurance, in addition to other increases. Some increases in this budget reflect the need and desire of the Council to make additions or changes to improve Garwood, such as an increase in about \$46,000 toward redevelopment as reflected in studies and plans in the Planning Board budget and for the implementation of COAH. Also, we have budgeted for the hiring of a 16th police officer about halfway through this year, which will be a great addition to our Police Department and at the right time so that the new hire can be trained and brought up to speed right in time for the new senior complex on Second Avenue to be built, in addition to all the future development we are expecting. We have also budgeted for our volunteer Fire Department and First Aid Squad to get their LOSAP award at the maximum level that they can obtain by state standard and it has been determined that they can receive it for their earnings in 2013. This means the LOSAP award will go from \$1,150 to \$1,589 per individual that qualifies and the LOSAP page in the budget reflects a total increase of \$19,651. Increasing LOSAP will show our current volunteers appreciation and will hopefully create an incentive for new members to join these important community service groups as well as keep the volunteers we have. I'm sure they are doing this job for more than the stipend, but it is still nice to reward them. I will bring up LOSAP again in just a few minutes as it is one of the items I would like the entire Council and Mayor to discuss tonight.

In addition to facing increases, the Finance Committee was also able to make numerous cuts to ensure the budget would remain tight, while still properly funded. We made about \$80,000 in spending cuts in total, but did face additional increases during the budget process. These increases that we learned of while in the middle of working on the budget include: \$10,000 for tax appeals, \$5,000 for tax appraisals, and \$25,000 for debt service

based on recommendations from our professionals. In addition to spending cuts, we were fortunate to be in a much better surplus situation. The Borough's surplus was boosted by approximately \$100,000 in one-time funds from FEMA reimbursement for Sandy and some other sources. We chose to use as much surplus as we felt responsible to provide some tax relief for the residents. What does all this mean? In end of the process and as the budget is before you tonight, this budget reflects an increase of \$44 per home assessed at \$100,000, which is about where the average home is assessed. Although no one is ever happy to announce a tax increase, the Finance Committee is proud to present the lowest municipal tax increase Garwood has seen in the past 12 years. This reflects a 1.2% tax levy increase. We are especially happy this increase also comes with funding for redevelopment, the hiring of a 16th officer, and an increase in LOSAP to our volunteers. An interesting note to add is that we started the budget looking at an initial impact of \$156 per home assessed at \$100,000.

Before I open this meeting up to questions and comments from the Council, Mayor, and public, I would like to put a couple items on the radar of the Council. For one, we received a memo and copy of a cap ordinance from our CFO, which I would ask Sandy and Warren to explain to everyone as they explained to the Finance Committee. I'm sure some of you have already reached out for information prior to tonight, but I would like them to explain the situation and answer any questions anyone may have about the cap ordinance because it is an important decision to be made.

Also, I would like us to discuss LOSAP because the Finance Committee recommends and has budgeted for the volunteers to receive maximum payments, but we could also provide an increase of a lesser percentage as you can see in the chart that was provided to you on February 25th.

Finally, I would also like the Council to discuss potential raises for non-union employees tonight so that we can budget the potential raises based on the sentiments of the entire Council. You received a chart on this in your packet as well. This is an issue the Finance Committee was really wrestling with and going back and forth on. Although we ultimately budgeted for all non-union staff, protected and non-protected, to receive 1.75%, we would like input from the rest of the Council. We were between 1.75% for protected workers, 1.75% for the Chief of Police, and 1.75% for the Planning Board Secretary and 1% for everyone else or simply 1.75% for all non-union employees. After looking at the numbers and seeing only about a \$2,000 difference between both scenarios, we are leaning toward a recommendation of 1.75% for all staff. However, we would really like to hear what everyone else thinks so that we can adjust the budget if need be.

A couple final notes. We will have graphs and charts to provide visual representation of the budget on March 25th at the introduction of the budget, which will be available to the Council as well as the public.

I would also just like to say there was much time and effort put into this budget by everyone. I want to personally thank my committee, the Borough Administrator, the CFO, the auditors, and all of the department heads for their hard work in making a solid 2014 budget. The Committee supports and approves this budget before you tonight.

I would like to welcome any questions at this time.

Councilman Martin stated that the Finance Chair Councilwoman Todisco did an exceptional job at leading the committee along with Councilman Petruzzelli. He also commented on the efforts made by the Administrator and her staff.

Mayor Quattrocchi thanked the budget committee particularly Chair, Councilwoman Todisco. She commented on how committees function and the job they are charged with. She thanked Councilman Martin and Petruzzelli as well. She said the group did a great job with the budget process.

Councilwoman Todisco thanked Mayor Quattrocchi and her committee members.

Council President Palmer commented that the committee has done a great job and she thanked the members. She asked about the cap levy and the "true" 2%. Councilwoman

Todisco responded it is a “true” 2%. Council President Palmer thanked the Finance Chair and commented that this is an outstanding accomplishment.

The council proceeded to discuss the details of the budget document.

Councilman Mathieu thanked the committee for their efforts, however he mentioned a neighbor that had to move because he couldn't afford the taxes in Garwood. He commented further on budget matters, reforms, healthcare, pension and debt service. He suggested a budget citizen board be formed and more input from the public be obtained. He commented on seasonal workers being able to apply for unemployment and that it is not acceptable. He commented on the debt and that he feels it is too significant for the borough. He asked about the borough collection rate and Mrs. Bruns and Mr. Korecky commented.

Councilman Nierstedt thanked the group for their efforts especially Councilwoman Todisco Finance Chair. He asked about the overtime budget in Streets and Roads particularly snow. Mrs. Bruns answered and provided detailed information on these costs.

He asked about the Shade Tree Budget page. Ms. Ariemma answered providing the plan for shade tree work in the budget. He asked about the planning board salaries. Councilwoman Todisco and Ms. Ariemma answered. Councilman Nierstedt suggested reducing the appropriation for Paperboard Study as \$25,000 is high.

Councilman Nierstedt suggested increasing the contribution to the First Aid Squad. He asked about the dog tax account. Mrs. Bruns and Ms. Ariemma answered. Councilwoman Todisco commented that the First Aid contribution is not for the members but for the Squad. She said the LOSAP is for individual members. He commented on the Sanitation fees. Councilwoman Todisco commented on the increase the bulk appropriation, which actually nets out to zero. There was conversation on the borough's debt, notes and bond anticipation notes. Councilman Nierstedt asked about the \$5,000 for old capital. Mr. Korecky answered and attempted to explain that this was an old expenditure that was not processed correctly and must be funded.

***Mayor Quattrocchi paused the meeting for a five minute break at 8:42 pm.
The meeting continued at 8:57 pm.***

Councilwoman Todisco mentioned three pending items. LOSAP sheet was in the council's packet. She provided information on the LOSAP calculations. Council briefly discussed these calculations and unanimous support was expressed for the increase. Councilman Mathieu asked Councilwoman Todisco when the members would receive the increase. Councilwoman Todisco explained that the resolution authorizing the increase would be presented to council at the time of budget adoption. Councilman Mathieu agreed and commented that previously the members wouldn't get the increase for 2013 services, however acknowledged that is no longer the case.

Councilwoman Todisco mentioned the salary increases proposed in the budget and suggested the budget reflect what the council agrees the increase should be. For the purpose of the proposed the budget reflects 1.75% for all non-contractual employees. Council President Palmer said she supports the 1.75% as presented. Councilman Nierstedt said he may support the increase. Councilman Mathieu asked about the evaluation system and Councilwoman Todisco answered that the process is in place and the recommendation for 1.75% has been received from department heads. Councilman Mathieu suggested that anyone who has received a raise in recent years be denied, and anyone who hasn't should get the 1.75%. He mentioned asking employees that have received raises to waive a raise for 2014. Councilwoman Todisco asked Councilman Mathieu to define how to issue a raise to the planning board secretary. Councilman Mathieu answered providing information however did not answer the question. Mayor Quattrocchi commented she supports the LOSAP increase.

Municipal Auditor Warren Korecky and Chief Financial Officer Sandy Bruns explained Ordinance No. 14-05 being presented for introduction this evening.

Councilwoman Todisco commented on the ordinance and the impact including what would happen if this ordinance is not passed. Council President Palmer commented on the ordinance and suggested based on the information provided that she doesn't know why it wouldn't be passed.

Mr. Korecky commented further on the need for the passing of the ordinance.

Councilman Mathieu commented that low inflation is good everywhere except for government. He stated he understands what is being presented and he feels that the borough is in this position because of poor budgets of prior years. He mentioned that even though there is this problem, raises are still being considered. He asked Mayor Quattrocchi her position. She explained that at this point in time the best interest of the borough is her consideration. She said this is a good budget and it protects residents and the interests of the borough. Councilman Nierstedt said he differs in thinking with Councilman Mathieu regarding this matter. He stated low inflation is not good for senior citizens, investments and other related matters. He expressed how .05% COLA, will seriously impact this borough. He provided examples and factual information. He suggested that taking away services is not supported and not good for the community.

ORDINANCES:

INTRODUCTION:

Municipal Clerk read Ordinance 14-05 by title only:

ORDINANCE NO. 14-05
CALENDAR YEAR 2014

**MODEL ORDINANCE TO EXCEED THE MUNICIPAL BUDGET
APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK
(N.J.S.A. 40A: 4-45.14)**

A motion to introduce Ordinance 14-05 was made by Councilwoman Todisco, seconded by Councilman Martin, whereupon Mayor Quattrocchi directed Roll Call, Council President Palmer-Aye, Councilman Martin-Aye, Councilman Mathieu-Nay, Councilman Nierstedt-Aye Councilman Petruzzelli-Aye, Councilwoman Todisco-Aye. 5-Ayes, 1-Nay. Ordinance 14-05 was adopted.

PUBLIC COMMENT:

Is there anyone in the audience who wishes to address the mayor and council please step to the microphone and state your full name and address. Please limit your comments to three minutes.

Bruce Paterson 325 Willow Avenue said he likes what the council has produced in the 2014 Budget. He asked the total tax increase. Mr. Korecky said it is \$67,493. He asked if the pension is totally funded. It was commented that what is in the budget is the amount of the pension bill. He commented on LOSAP and that the increase should be revised and not to the max. He commented on the ordinance being presented this evening.

UNFINISHED BUSINESS:

CONSENT AGENDA

(Adoption upon Roll Call)

"Consent agenda items are considered to be routine and will be enacted with a single motion; any items requiring expenditure are supported by a Certification of Availability of funds; any item requiring discussion will be removed from the Consent Agenda; all Consent Agenda items will be reflected in the full minutes."

RESOLUTION NO. 14-154

WHEREAS, the Borough of Garwood, County of Union, realized 97.38% of Current Tax Collections for 2013, and;
WHEREAS, the percentage of Cash Collections on Current Taxes for the three previous years was as follows:
C.Y.

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<u>Year</u>	<u>Percentage</u>
2012	97.17%
2011	97.30%
2010	97.92% and;

WHEREAS, N.J.S.A. 40A:4-41(c) provides the use of a three year collection rate average which can be used by the Borough to calculate the 2014 reserve for uncollected taxes.

NOW, therefore, be it resolved by the Governing Body that permission be requested of the Director of Local Government Services to permit the Borough to anticipate the three year average Current Tax Collection rate of 97.46% for the 2014 budget.

A motion to adopt Resolution No. 14-154 was made by Councilwoman Todisco, seconded by Councilman Petruzzelli, whereupon Mayor Quattrocchi directed Roll Call, Council President Palmer-Aye, Councilman Martin-Aye, Councilman Mathieu-Aye, Councilman Nierstedt-Aye, Councilman Petruzzelli-Aye, Councilwoman Todisco-Aye. Resolution 14-154 was adopted.

At 9:41 p.m., a motion was made by Council President Palmer, seconded by Councilwoman Todisco to adjourn the Workshop Session.

CHRISTINA M. ARIEMMA, Municipal Clerk
Borough of Garwood