TOWNSHIP OF DENVILLE
MUNICIPAL COUNCIL
BUDGET WORKSHOP

JANUARY 21, 2012

The Meeting was called to order by President Kuser at 10:24 a.m. The Salute to the Flag was recited, followed by the reading of the Open Public Meetings Act Statement by Deputy Township Clerk Kathy Costello. Mrs. Costello reminded everyone to turn off or mute their cell phones and noted that this is a non-smoking facility.

ROLL CALL: FITZPATRICK, GOLINSKI, LYDEN, SCOLLANS, SMITH, KUSER

President Kuser advised that Councilman Gabel will be arriving a little later.

ALSO IN ATTENDANCE: MAYOR ANDES, ADMINISTRATOR WARD, CFMO GUARINO, CHIEF WAGNER, LT. PARTIN, LT. NIGRO AND LT. PERNA

Mayor Andes thanked Mr. Ward and Mr. Guarino for the work that they put in on the budget. He thanked Chief Wagner for exploring the different possibilities to help with our financial crunch. The Mayor stated that he fully supports the Chief’s budget and he hopes that the Council welcomes it.

OPEN PUBLIC PORTION: No one wished to be heard.

CLOSE PUBLIC PORTION.

Administrator Ward gave a brief overview of the budget process and noted that all departments came in at or below their 2011 budgets and he complimented all of the departments and the staff. He advised that the one exception was the Police Department, but there were things that were well beyond their control. Mr. Ward commented that, although there is an increase in the operating budget, the re-organization of staff that the Chief will present offsets that increase. He said that the Chief’s budget is virtually flat.

Administrator Ward told the Council that they should have their budget books by the end of next week. He added that the Auditors just finished the Annual financial Statement yesterday, they are checking the numbers and will meet with Mr. Guarino and Mr. Ward on Tuesday morning. Mr. Ward said that the Auditor will explain the revenue picture more than anything in the municipal budget. The Administrator advised that he and the Mayor went over the expenditure side of the budget, line by line, last night. He said that he feels that the Council will be very pleased with the expenditure side of the budget.

The Administrator listed the following major budget items:

- Salaries and wages
- Operating expenses including, health insurance, pension, increase in petroleum costs, contractual increases and projected contractual increases, increase to sick leave bank contribution in order to better fund our sick leave liability.
- Benefits realized from changes that were made in 2011 in various departments; Engineering, Health, hazmat and various departments that were done in mid-year. It was noted that we are realizing the full year financial benefits from some of those moves. Mr. Ward noted that we are contracting out services that were previously
handled in-house.

Re-organization of the Police Dept. will help considerably. That issue will be presented by the Chief.

Administrator Ward reported that, taking all major cost factors into account, we are below our 2011 level by $15,000.00. He noted that areas that are increasing are: debt service obligation in the amount of $80,000 and the emergency appropriation that we had to do in the amount of $257,000. Mr. Ward stated that we controlled what we could and he complimented all of the departments and the staff in making sure that happened. He noted that the operating expenses, with those two items, is up $300,000 to $350,000.

Administrator Ward reported that, in a preliminary meeting with the Auditor, there were two things on the revenue side that the Auditor wanted the Township to take a careful look at.

1. Fund Balance. The Auditor advised that the Township will not have the ability to regenerate the fund balance in 2012. He noted that part of that is Hurricane Irene-related. Mr. Ward explained that the reserves, which consist of monies that were left unspent in various line items in 2011 and is put into Appropriation Reserves in 2012, becomes our fund balance in 2013. Mr. Ward further explained that, typically, we have had $400,000.00 in our Appropriation Reserves and that amount is down to $150,000 to $200,000. He added that an increase in Tax Appeals also comes out of the Fund Balance.

2. Administrator Ward advised that the Sewer Utility’s biggest expense in the Sewer budget is our payment to the Sewage Authority which has increased by 20% this year and amounts to $100,000.00 over the year. He said that the Auditor indicated that the sewer rates will have to be reviewed in 2012, noting that they have been unchanged for five years. Mr. Ward commented that the Auditor advised that a utility must be self-liquidating or the short-fall will come from the General Fund. He noted that we will make it through 2012 but, by the end of the year, there will be no fund balance left in the Sewer Utility.

Councilwoman Smith suggested that the Administrator examine the allocation of certain salaries to the Sewer Utility. Mr. Ward and Mr. Guarino explained the rationale behind that practice and noted that it is a solid practice. Mr. Ward commented that there has been no increase in administrative positions being allocated to the Sewer Utility. He noted that the DPW employees are now pooled and the salaries are divided among all Departments. Mr. Ward commented that it will help, once the Openaki/Upper Kitchell Rd. sewer project residents start paying into the Sewer Utility.

Councilman Scollans asked what amount is expected to be paid back. CFO Guarino explained that the base cost is $6.2 million but some people will opt to pay their assessment up-front and not pay the interest over a 20 year period. He said that the rest will pay about $1.4 million in interest over that period.

President Kuser asked if Mr. Ward will be looking for an increase in sewer rates for 2012. Mr. Ward replied that he will speak with the Auditor and have more information at
Mr. Kuser asked why the 2011 salaries are not included in these budget sheets. Mr. Ward replied that, because the salaries are contractual, they have separated them in the budget book. Mr. Kuser said that he is looking for the 2011 salaries for comparison and asked that it be provided for all of the budgets, not just the Police. Mr. Ward said that he will provide that and added that they did discuss it while putting the budget together, but there are still three contracts that have not been settled. He explained that the salary that is shown for those budgets is still the 2009 salary and they just did projections based upon anticipated contract settlements.

Chief Wagner began his presentation at 10:43 a.m. Chief Wagner advised that the budget is a daunting task and he feels that it is important that his staff be involved and take part in the process.

MAJOR EVENTS IN 2011
Ice rescues and drowning. Lack of training and equipment was a concern which was addressed by requesting public donations to purchase ice rescue suits and equipment. The response yielded $7,000.00 which was used to purchase 7 full sets of ice rescue equipment that are now in the six front line cars and the Command Post vehicle that is on the road all the time. Every member of the Police Department, including the Chief, attended the ice rescue training last January and February and will continue to do that this winter.

Councilman Golinski asked if the Police Department participated in the Fire Department ice rescue training last week or are the doing it independently. The Chief replied that he has training scheduled for he and his men in February but, in the future, they will cross train with the Fire Dept.

The Chief then spoke of the March storm that brought massive flooding and Hurricane Irene which was disastrous for the town.

President Kuser asked if we could possibly get more advertising for the Nixel program. Chief Wagner advised that he is working with Dan Miller who is an Eagle Scout candidate and wants to do a public awareness program on Nixel and Reverse 911 as his Eagle Scout Project.

Councilman Gabel arrived at 10:53 a.m.
The Chief touched on the October snow storm that took down so many trees that it made travel on some Township roads impossible.

Chief Wagner advised that there was unlawful access to the Evidence Room by one of our Police Officers and a large number of cases were compromised. An audit was performed by the County and all evidence is now stored in a trailer. The Chief said that he is working with Mr. Ward on plans for a new building which will contain a secure, alarmed evidence room.

Chief Wagner spoke highly of the selflessness of his men during a police involved
shooting in Mt. Lakes. He said that the investigation of the event discloses that every one from every agency that was involved acted admirably. The Chief noted that we are beyond the 90 day limit for litigation and have heard nothing.

Chief Wagner provided statistics on calls for service, arrests, car crashes and traffic summonses.

President Kuser asked how the e-ticketing program is working.

The Chief replied it is excellent and he explained the program to the new members of Council.

Chief Wagner advised that there will be a 10.64% increase overall in the 2012 Police operating budget.

The Chief went over the budget with his power point presentation. A copy of that presentation is attached to these minutes.

The Chief explained his request for two Chevy Tahoes as opposed to the usual Police sedans. He noted that the currently available police vehicles are too small for the equipment that a Denville cruiser carries. There was an in-depth discussion regarding the need for these vehicles as well as their durability and fuel consumption.

2012 CAPITAL REQUESTS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Police Radio Upgrade</td>
<td>$162,750.00</td>
</tr>
<tr>
<td>Aura Pay Station Parking Meters (2)</td>
<td>18,000.00</td>
</tr>
<tr>
<td>Mobile Data Terminal Computer-Chief’s car</td>
<td>6,850.00</td>
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Chief Wagner presented details on the radio upgrade, noting that it is digital with ultra high frequency and will replace the entire current system. He added that the Fire Department has an FCC license that they are willing to trade to the Police Dept. Chief Wagner explained that the new system works without a telephone tie line.

The Chief advised that the Police Department was without service for four days with the current system because the telephone line fails regularly.

Chief Wagner played approximately eleven minutes of failed radio transmissions; the first at the active shooting scene and three smaller ones from one of our schools.

The Chief advised that he has saturation studies that were done on these radios. There was a lengthy discussion on all aspects of the radio system, questions were asked by the Council and the process of bonding for the expenditure was also explained. There was also a discussion regarding the County system and it was noted that the Fire Department is not pleased with that system and that it takes local control away by eliminating the local dispatcher, resulting in the Police Station being locked after 4:00 p.m. because no one is in the building.

Mrs. Smith explained that, if we bonded for this $163,000, we would only be required to put down 5% of the cost, $7,750.00, with the remainder being paid over the term of the bond. Mrs. Smith stated that she is in favor of this, but a final decision cannot be made
until the Council looks at the overall Capital Budget, at the end of the budget cycle. President Kuser noted, for the benefit of the new Council members, that Police vehicles, because of their short life span, cannot go out to bond. Administrator Ward explained the process of going out to bid for capital items and that, if the bid is lower than the bond amount, the difference goes into the Capital Outlay Fund. He noted that it could then be used in future years or for a mid-year purchase. Chief Wagner then spoke about the Aura Pay Station Meter system. He noted that they are cheaper than the old meters that were destroyed in the hurricane, they are solar powered and they accept credit card payment. The Chief added that a decision has to be made about parking before the new meters are purchased. Chief Wagner gave some brief comments regarding the computer that he is requesting for the Chief’s car. He noted that it would enable him to become the Incident Commander at any major event in town and would provide him with access to all information that is available in headquarters.

TABLE OF ORGANIZATION.

Chief Wagner provided a copy of the Table of Organization, both current and proposed, to each member of the Council. An explanation of the reorganization was also included in the power point presentation, a copy of which is attached to these minutes. The Chief explained that one Sergeant’s position will be eliminated, and a civilian would be used to perform that Sergeant’s duties; an Administrative Lieutenant position would be eliminated and the position of Captain would be created. The duties of the new Captain and civilian employee were covered, as well as the advantages of the reorganization. The Chief advised that the changes will result in a savings of $136,728.00. Mayor Andes noted that the DARE program is intact and asked the Chief to explain the ascendancy of the Captain to the position of Chief of Police. Chief Wagner explained that there can’t be a de facto Chief. He advised that, when the Chief’s position is vacated, the Captain and Lieutenants will be eligible to be interviewed for the position. There was a discussion concerning the civilian, who already works in the Police Dept., who will replace the eliminated Sergeant’s job, being replaced. It was noted that it is not certain that it will be necessary to hire another civilian when that change in position occurs. Further discussion was held regarding the public’s perception of adding another highly paid officer in the Captain’s position. Mayor Andes emphasized the savings of $136,000 and the improvement of the efficiency in the department. He also commented that the reorganization, stipulating the number of members in the Police Department, will be done by ordinance. Mr. Andes added that, should there be a request to change that in the future, it would be done in open session with public input. Councilwoman Smith asked for a comparison of the structure of like municipalities. The Chief responded to another question from Mrs. Smith by explaining the responsibilities
of the new Administrative Specialist.
President Kuser asked if the Captain would remain in the contract. The Chief replied that he would, as would the three Lieutenants. He added that neither the Captain, nor the Lieutenants are permitted to do any outside work that would result in a cost to the Township, except for emergencies, such as a hurricane. In response to a question from Councilman Gabel, the Chief explained the administrative and efficiency benefits that will be realized by this reorganization.
Councilman Fitzpatrick had no further comments except to agree with the plan.
Councilwoman Smith stated that she also has no additional comments. She said that she has to give it more thought and asked permission of the Administrator and Mayor to contact the Chief with any further questions. Permission was granted.
Councilwoman Lyden also stated that she would like to give it more thought.
Councilman Golinski commented that it is a great plan. He added that after going out on patrol with Officer Tucker he learned a lot and thinks the Department does a great job.
Councilman Scollans advised that he spent time on the road as well and was impressed with all of the officers that he came in contact with. He said that the $137,000 saving is fantastic, but added that the Council will have to answer to their constituents and be able to explain the reorganization. Mr. Scollans noted that it would be helpful if the Council were to have a copy of the information provided by the Chief. Chief Wagner replied that he will give a copy of the Power Point presentation to the Council. He asked that everyone encourage the public to come and see him with their questions.
Mr. Scollans applauded the Chief for his open-door policy on this, but added that, as representatives, the Council will be expected to have good, solid answers for their constituents.
Mayor Andes commented that this has been a cooperative effort and added that it reduces the size of government and saves $136,000.00 besides.
President Kuser stated that he thinks the current structure is harder to explain. He said that the reorganization is fantastic and sounds like a no-brainer to him structure-wise.
Councilman Gabel asked, with regard to the radio system, if the licensing will stand in the way of getting that system.
The Chief replied that he is going ahead to secure the license since it will only cost $100 or $200.
President Kuser asked if anyone is opposed to the radios.
Councilwoman Lyden asked, if the radios cost $900 each, how the Chief arrived at $165,000.00. The Chief explained all of the extraneous expenses that are above and beyond that $900 for the radio.
Mrs. Lyden asked for a breakdown of the $162,000.00, which the Chief provided. Administrator Ward noted that a copy is included in the Power Point presentation.
President Kuser said that he believes that the Council is in favor of the Chief moving forward with the license.
Mr. Fitzpatrick commented that he does not see himself wavering on the radios but
asked that everyone keep in mind that, when the Council sees the full budget, they will have to make decisions on all capital items. 
Mr. Scollans stated that he feels that the radios are more of a must because of the fact that the current system doesn’t work in our schools.

MOTION TO ADJOURN: MOVED BY MEMBER GOLINSKI, SECONDED BY MEMBER FITZPATRICK
AYES: UNANIMOUS

Meeting adjourned at 1:24 p.m.

Respectfully submitted,

Kathleen A. Costello
Deputy Township Clerk