The Meeting was called to order at 7:00 p.m. by President Kuser. The Salute to the Flag was recited, followed by the reading of the Open Public Meetings Act Statement by Township Clerk Donna Costello.

ROLL CALL: GABEL, FITZPATRICK, GOLINSKI, SCOLLANS, SMITH, KUSER
ABSENT AT ROLL CALL: LYDEN
ALSO IN ATTENDANCE: MAYOR ANDES, ADMINISTRATOR WARD, CMFO GUARINO

OPEN PUBLIC PORTION: No one wished to be heard.
CLOSE PUBLIC PORTION.

President Kuser noted that this meeting will focus on a discussion of the 2012 Denville Municipal Budget.

Administrator Ward began by giving a brief re-cap of the budget meetings and noted that the State Aid figures came in flat from last year to the present. He advised that the State has revised the introduction and adoption schedule for municipal budgets. Mr. Ward explained that our budget must be introduced no later than March 20th and adopted no later than the 3rd meeting in April.

Mr. Ward noted that there are two separate portions that he would like to discuss this evening. He said that one would be the operating budget and the second, the Capital portion of the budget. Mr. Ward stated that the Capital portion does not have a negligible affect on this year’s budget. He added that some refinements are being done on the Valley View Firehouse and the Police radios but, even if those items were eliminated, there would be virtually a zero impact on the budget. Mr. Ward said that the one area that Administration and the Mayor would not recommend reducing is the fuel budget, although they had previously suggested a cut in that budget. He commented that current economic conditions have caused them to change their thoughts on that cut.

Councilwoman Lyden arrived at 7:06 p.m. Administrator Ward advised that the recruit that the Township anticipated sending to the Academy did not pan out during the interview process and background check. He added that we have now missed the enrollment period for the Academy for this Spring, so the next time that we can send a non-certified officer would be June 1st.

Mr. Ward explained the impact on next year’s budget for the Police Officer and the Road Dept. apprentice being hired for a portion of this year. The Administrator commented that Administration is very comfortable with the amount of surplus that is being anticipated. He said that there is some minimal room for adjustment based on what we can reasonably anticipate regenerating.

The Administrator explained, for the benefit of the new Council members that, with
regard to the Capital budget, the budget is adopted and, at the next regularly scheduled meeting, an ordinance is introduced to go forward with the actual Capital items. With regard to the Police radio system that is being investigated, it has been determined that the Township has 20 radios and the supporting infrastructure mechanism that is compatible with the County. Mr. Ward explained that the County will not let the Township use the equipment unless it joins the County dispatch system. He added that similar equipment, at a lower cost, is being investigated. Mr. Ward explained further that the Capital budget will have an affect on the long-term debt service, rather than this year’s budget. He also noted that the Township will likely have to do a separate bond ordinance for the Valley View Firehouse.

Mayor Andes thanked the Council for passing Ordinance #2-12 which restructures the Police Dept. and saves the Township approximately $136,000 a year. The Mayor commented that, although he is not happy about the increase in the tax levy, the reasons for the increase were out of our control. He said that those items include salaries and benefits but our spending has decreased. Mayor Andes noted that this budget is smaller than last year but the storms, the increase in debt service and a less than anticipated regeneration of the surplus have caused the increase in the tax levy. The Mayor asked the Council to exercise caution with whatever cuts they propose because what we do with the 2012 budget will affect 2013.

CMFO Guarino agreed with the Mayor and Administrator that everything is in place for a minimal amount of cuts, if the Council deems them to be necessary. He reminded the Council that, if they make cuts to reduce this year’s tax levy, the items will have to be put back in next year. Mr. Guarino noted that, with regard to the Capital budget, everything can be facilitated within this budget but, down the road, the debt service comes into play. It was noted that the debt service has been consistently at about $1.6 million for the past six years or so. There was a brief discussion regarding the debt service and bonds and an effort to lock in a long term interest rate. Mr. Ward noted that $1.7 million in borrowed funds will keep our debt service equal for the coming years. He added that anything more than that has a negative impact on our debt service and anything less has a beneficial impact. Councilman Fitzpatrick asked if Administration has reached any further conclusions on budget cuts that they would recommend. Councilwoman Smith commented that she supports the recommendation to refrain from cutting the fuel budget and asked if there is enough in that budget line. She said that we need to have some place to take funds from so we can move it to the fuel line item. Mr. Ward spoke of various situations that occurred through the year and stated that Administration feels that it is a good number in that line item. President Kuser asked Mr. Ward to discuss the specifics with regard to cuts that may be made to the current budget.

Township Council
Mr. Ward spoke about the hiring of a new police officer and noted that there is a saving of $5,600 per month for each month that the hiring is delayed. He did add that the full amount would have to be budgeted for next year. Mr. Ward advised that there are a couple of officers who are eligible for retirement, but they have not indicated that they are ready to retire. He explained that, with a nine-month officer, we would save $16,800 this year but, with the 12 month salary, plus a 2.25% increase, plus the steps for a full-time officer, it would have a negative impact on the 2013 budget.

Councilman Fitzpatrick spoke ardently in favor of cutting a new hire in order to save in this year’s budget.

There was a discussion regarding the impact on next year’s budget by the cuts made in this year’s budget, as well as the impact on the revenue side by the loss of taxes due to FEMA buyouts. It was also noted that of the $78.55 tax increase for 2012, $35.08 is a direct result of Hurricane Irene, leaving an operating increase of $43.47.

Mayor Andes cautioned the Council that the item under discussion could be considered but the Council should be very careful when dealing with the surplus. He added that a new employee for the DPW could also be cut.

Councilman Fitzpatrick suggested taking another $25,000.00 from surplus.

Mayor Andes reminded him that the surplus was not regenerated in the amount that was anticipated last year.

Reimbursement from FEMA was discussed and it was explained that, if such reimbursement is forthcoming, it would not be received until next year, which would not help this budget. It was also noted that the School, County and Library taxes would still have to be paid, even if the buyouts are no longer paying taxes.

There was a discussion concerning the $35.00 portion of the tax increase that is a result of the hurricane. It was noted that next year that $35.00 will not come into play in the budget. Comments were made about cutting more from this budget and facing the consequences in next year’s budget.

Councilwoman Smith commented that expenditures have increased and revenue decreased for individuals, not just the municipality. She noted that there was a flat budget twice in the past four years and that did not prepare us for a year like this one.

Mrs. Smith noted that a couple of dollars may be able to shaved off this budget but questioned whether that is the responsible thing to do. She said that she feels that this is a responsible budget and she supports it - as is.

Mr. Fitzpatrick stated that he wants to keep cutting.

Mr. Scollans noted that he is for responsible government, meaning that we do not spend money that we don’t have.

President Kuser said that people are talking about shaving pennies but it will just affect us down the road. He stated that, if the Council really wants cost-savings, they will have to cut the number of people who work here. Mr. Kuser noted that restructuring departments, not hiring new employees, and cutting staff is where the long term savings are. He added that we also have to be sure that the services are not cut along with the employees. Mr. Kuser recalled that when there were layoffs in the Road Dept., the
roads didn’t get fixed.
Mr. Golinski agreed that this is a responsible budget and stated that we should stop the cuts with the police officer and DPW employee. He said that he will rescind his comments about taking more surplus and settle for the cuts that we know will save us money. Mr. Golinski asked what Councilman Gabel and Councilwoman Lyden think about cutting the police officer and DPW employee.
Councilwoman Lyden said that the school taxes will increase the tax burden and she hates to see services cut to save a couple of dollars but thinks we should look at this. Councilman Gabel commented that he also feels that this is a very responsible budget and realizes that a lot of factors go into putting it together. He said that no one likes to see a tax increase but expenses have been rising and the Administration has taken a very close look at all aspects to try and keep the increase to a minimum. Mr. Gabel stated that he would like to spend some more time tonight looking for ways to shave off a few more dollars.
Mr. Ward advised that cutting 25% of the year from the salary of a certified Police officer and a DPW Apprentice would take $3.50 off the tax increase.
Mr. Fitzpatrick suggested taking another $25,000.00 from the surplus.
Mrs. Smith recounted the situation many years ago when the Council spent all of the surplus and the tax rate increased by 10 points the following year. She said that her concern is the revenue and whether or not it will regenerate the surplus. Mrs. Smith noted that she is adamant in her opposition to cutting the surplus.
Councilman Scollans commented that he is in favor of keeping the budget as it is. He said that it is a sound, well thought out document and we should take care of the items that we have discussed now, rather than later.
Mr. Golinski stated that he will support Mr. Fitzpatrick’s suggestion regarding the use of the fund balance, up to $27,000.00.
Councilman Gabel said he could support taking the additional $25,000.00 from the fund balance.
Councilwoman Lyden added that she will also support that.
Mayor Andes stated that he feels that the Council is pushing the limit. He reminded them that parking permit revenues are down, parking meter revenue is non-existent and we will have tax appeals coming in. He noted that $3 million in tax appeals was lost in Rockaway Township today. Mr. Andes commented that the additional $25,000.00 has pushed the limit.
There was a discussion concerning the decrease in revenues last year and the anticipated decrease this year. The Hotel Occupancy Tax was also discussed.

President Kuser asked for a consensus on taking the first quarter out of the hiring of a new person in DPW and the Police Dept. There were five members in favor and two members opposed. President Kuser than asked for a consensus on taking $25,000.00 more out of the surplus.
The vote was four (4) members yes and three (3) no.

The next consensus involved accepting the budget as presented less $25,000.00 from surplus and the first quarter removed from the new Police hire and DPW apprentice hire.

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Mr. Ward noted that this gives Administration some direction in order to prepare the budget for introduction. He suggested that the Council discuss a couple of the Capital items.

Councilwoman Lyden asked if there is a cost involved in converting the Police Department to the County radio system.

Mr. Ward replied that there is and it is not in our tax base. He explained that it is a separate bill that the County presents to municipalities to join and have County dispatching services.

There was a discussion concerning the value of having an in-house dispatcher as opposed to joining the County. It was also noted that the County system has major problems with the Fire and First Aid portion of dispatching.

Mr. Ward explained the situation with the County and advised that the Chief is looking into a more cost-effective system than the one he presented to the Council with Motorola.

President Kuser stated that he believes that the Council agrees that a radio update is essential.

Mr. Ward explained that the 5% down payment for Capital items is being split between this year’s budget and the Capital Fund Balance. There was additional discussion concerning bonding, down payments and up-front funding.

ROAD PAVING LIST.

Administrator Ward noted that the Council has been presented with a road list from the Engineer and asked if there were any questions.

Mrs. Smith said that she is confused by the rating evaluation that was presented.

Mr. Ward explained that Engineer Ruschke was asked to go out and evaluate the road list that had been compiled. He noted that five of the roads that had been recommended fell within the top ten on Mr. Ruschke’s list. Mr. Ward added that, keeping within the approximately $240,000 +/- budget, the first nine roads on Mr. Ruschke’s list and one-third of Hillcrest Dr. would be the recommendation of Administration. He advised that it comes to about $255,000 so it is about $15,000 more than was budgeted originally. Mrs. Smith responded that they cannot not do Casterline/Openaki, by the bridge. She said that it is a safety issue and a high traffic
road that is in very bad shape. Mr. Golinski asked if the entire Zeek Road is being paved. Mr. Ward replied that it is the lower section, which is the worst part of the road.

There was a discussion about the efficiency of doing roads in sections and having to go back to complete them. It was noted that it would be prohibitive to do certain roads in one trip because the residents would not be able to get to and from their homes. Mrs. Smith commented that she does not agree with Mr. Ruschke’s list and stated that there are certain high-traffic roads that must be done.

Mr. Andes said that perhaps some roads will be able to be added if the cost of the Firehouse comes in at a lower cost.

The discussion continued, noting which roads have been considered before but were delayed and pointing out the poor condition of some high traffic roads. President Kuser noted that the Council had asked for a scientific opinion as to what roads need to be done and he thinks that the Council needs to stick with that determination. Mrs. Smith stated that she questions the rating system.

Suggestions were made about adding to the method of rating the roads in the future. Mr. Kuser suggested that Mr. Ruschke be asked to look at the roads one more time. Mr. Ward advised that there are some very bad sections of certain roads that Mr. Ruschke has noted need attention this year. Mr. Ward said that there are some funds from last year that can be used for those roads.

Councilman Scollans suggested that Mr. Ruschke prioritize the roads and added that he would assume that roads such as Zeek and Casterline would have a high priority.

Mr. Kuser asked Mr. Ward to speak with Mr. Ruschke and advise him that the Council had some questions about the ratings of various roads.

After additional discussion, Mr. Kuser recommended that Mr. Ruschke re-examine the roads on the list and prioritize them, including some by section, and come in to discuss that evaluation with the Council.

Mayor Andes suggested leaving the list as is, adding another $60,000 to the road paving budget and then, prior to the bond ordinance, pare the list down.

Administrator Ward advised that one proposal for a Flood Mitigation Study came in at $20,000.00 and we had estimated $25,000.00. He said that one additional proposal will be sought and then they will be presented to the Council for a Professional Services Agreement. Mr. Ward added that they want to keep some funds available to hire a professional to do some street-scape and parking design.

Mr. Ward noted that Administration has no additional adjustments to what was discussed at past meetings.

The full Council was in agreement that the budget meeting scheduled for Monday, March 12th will not be necessary and should be canceled.
MOTION TO ADJOURN: MOVED BY MEMBER SMITH, SECONDED BY MEMBER GOLINSKI
AYES: UNANIMOUS

Meeting adjourned at 8:53 p.m.

Respectfully submitted by:

Kathleen A. Costello
Deputy Township Clerk