

SPECIAL MEETING APRIL 9, 2010

Mayor Tedeschi called the meeting to order at 8:01 A.M.

In accordance with the Open Public Meetings Act, annual notice of all meetings of the Borough of Fair Lawn was published in the Record issues of December 18, 2009. Notices were also posted on the bulletin board located on the first floor of the Municipal Building and the Maurice Pine Free Public Library. Copies were mailed to The Community News and posted on the Borough of Fair Lawn Website. The annual notice identified the times and locations of the Council meetings and work sessions.

PRESENT: Mayor Tedeschi, Deputy Mayor Weinstein, Deputy Mayor Swain, and Councilmembers Baratta and Trawinski.

ALSO PRESENT: Acting Manager Kwasniewski, Assistant Municipal Clerk Bojanowski, Department Heads, Representatives of the Department Heads' Association, Supervisors' Association and Blue and White Collar Employees' Association.

NOT PRESENT: Representatives of the PBA and SOA

Welcome by Mayor Tedeschi

Mayor Tedeschi explained that he would make a statement which would be followed by comments from the Councilmembers. After that, the meeting would be open for questions from the Department Heads and Union Representatives. Mayor Tedeschi stated that every employee and taxpayer has the right to know what is going on.

Mayor Tedeschi stated that the State of New Jersey and its municipalities are facing a major fiscal crisis. The new governor has passed a major burden onto local Mayors and Councils through the dramatic decline in State Aid, which will force local agencies to pass the burden along to taxpayers and Borough employees.

The Mayor and Council has requested this meeting with the department heads, and union leadership to explain revenue shortfalls, the cost of running the government and to be part of the solution to these problems and to provide valuable input into these difficult choices. Collectively, everyone must address the services delivered by the government keeping in mind that this cost is substantial. It is hoped that this meeting will open a dialogue between the elected officials of Fair Lawn and its upper management.

Mayor Tedeschi asked for comments from the Council. Councilmember Trawinski stated that there are rumors circulating about layoffs and he said that this is an absolute last resort. They will, however, be asking for help by means of furloughs. He recognized the positive attitude presented by some Borough employees particularly Jimmy Graff who said that he would chose a job over a truck.

Councilmember Trawinski stated that the Borough has lost \$1 million in State Aid, however, what bothers him most are the state mandates they have to fund in the amount of \$484,000. If the State wanted to be fair, they would eliminate this \$484,000 or find a way to fund it.

Mayor Tedeschi reiterated that every Council Member has stressed that the last thing they want to do is lay anyone off.

Deputy Mayor Weinstein said that this is the toughest budget he has been involved with during the past eight years. Bringing everyone together will make it work. He stated that they have the resources to get through this difficult time. The Council is looking to the staff to come up with ideas that the Council hasn't thought of. The goal is to get through this year and make systemic changes so that they are not in this position again next year or the year after.

Councilmember Baratta agreed with Councilmember Trawinski's comments and thanked everyone for attending this meeting. She stated that layoffs are the last resort because it is the people at the bottom who would be affected and those are the individuals who need these jobs the most.

Deputy Mayor Swain stated that this is a team effort and she thanked everyone for coming. She echoed other member's statements that the last thing they want to do is layoffs.

Karen Palermo, the Borough CFO, gave an overview of the Borough's position at this time. CFO Palermo stated that the budget of Fair Lawn is \$46 million. Three years ago, the State mandated a tax CAP levy which means that the taxes that cover 90% of the municipal budget would be limited. Part of the municipal revenue is State Aid which has now been cut from \$6 million to less than \$4 million. Currently, the Borough is \$1.1 million over the limit imposed by the State. Therefore, \$1.1 million must be cut from the budget, which they could accomplish by cutting the budget, finding a new source of revenue other than taxes, using surplus which is the reserve used to operate or by doing a combination of these things.

CFO Palermo said that these changes require long term planning and they need to "bridge" so that they can get through this year. She stressed the importance of resolving the problems long term beyond this single year in order to sustain the future. The State is making this extremely difficult and they will have to work together to resolve these issues.

Acting Manager Kwasniewski said that discussions with all of the Department Heads have stressed the bad economy and the tight budget. She stated that before the loss of State Aid, Health Officer Wagner had suggested doing something small for the volunteers rather than having the normal luncheon, which only saves a couple of hundred dollars but, in the end, every dollar has to be looked at. These suggestions are all appreciated and they must change the way they do business in a more cost effective

manner. Acting Manager Kwasniewski stated that residents must be convinced that the Borough cannot provide all the services they have in the past and they will look at what will impact the residents the least in order to continue to provide major services.

Mayor Tedeschi stated that until the \$1.1 million in State Aid was eliminated they were close to having a balanced budget. In order to balance the budget they had made the following decisions.

1. Any positions that became vacant in 2009 would not be filled in this budget year
2. Reduce the purchase of police cars to two.
3. Walsh pool may be closed.
4. Sewer rodding to be eliminated.
5. Expanded hours at the Recycling Center have been eliminated.
6. Removal of one mini bus.
7. Recreation Center may be closed on weekends in August.
8. Elimination of 4th of July fireworks unless private funding can be secured.
9. Line items have been reduced.
10. Elimination of all raises for 2010 and this also deals with Department Heads that have a contract in place.

There are a list of other possibilities such as reducing hours at the Library, elimination of some crossing guards, third party billing for ambulances, sewer charges for industrial users, outsourcing for payroll, engineering, recycling, Shade Tree, etc. These items all come down to dollars and dollars come down to jobs.

At this point, Mayor Tedeschi asked for suggestions or questions. Library Director Murphy stated that most of the increase in the budget comes from Blue Cross and he asked if there were any updates on that issue. Mayor Tedeschi stated that they are working through a process. He said that the Council has not looked at the Library budget yet.

Julie Welsh asked if there have been any discussions regarding bringing new sources of income into the Borough. Mayor Tedeschi said that the Council is aware of areas of potential savings but they cannot be achieved in the limited amount of time they have to approve this budget. The "bridge" will enable the Borough to get through this immediate problem while they are working to save money in other areas.

Mayor Tedeschi stated that they need to look at how to build up the business areas and how to stop the tax appeals that are hovering in the amount of \$75,000. Successful appeals are being funded from surplus but next year the homeowners will have to pick up the differences. They have to do things to bring businesses into Fair Lawn in order to spread the tax liability around. The Borough will no longer be able to deliver all the services that they did last year or five years ago.

Ms. Welsh stated that in order to survive many churches run bingo and bazaars which bring in money. She suggested that this same type of thing would bring in money and

develop community spirit. Councilmember Trawinski spoke about the offer of incentives for early retirement that Governor Corzine rejected which could have saved quite a lot of money. Governor Christie is looking at this again and Councilmember Trawinski noted that this is a type of "bridge" item referred to by Mayor Tedeschi and CFO Palermo. He wondered if they could use the MAC bonds concept on a municipal basis.

Councilmember Trawinski explained that the elimination of crossing guards referred to by Mayor Tedeschi would only involve the six lunch time crossing guards.

Mayor Tedeschi stated that the person who knows the job best is the person who has the job and they need to get everyone involved. Engineer Garrison referred to State mandates and he suggested that other towns should get together with Fair Lawn to petition the State to address this issue. Mayor Tedeschi recalled that when he and Councilmember Trawinski ran for the Council in 1995 one of their platforms was State Mandate/State Pay but the politicians don't worry about that. Deputy Mayor Weinstein said that this process would take awhile due to all of the State funded mandates, however, he agreed that they should push this point.

Mayor Tedeschi pointed out that \$4 million has been lost by the Board of Education. There are 33 full time and 50 part time positions being eliminated at the schools. The budget process the Council follows is different from the Board of Education. He added that he doesn't disagree with all of the State mandates. Fair Lawn has to find a balance and a way to provide services as effectively and economically as possible.

Councilmember Trawinski stated that the League of Municipalities began an effort to collect input from municipalities regarding the impact of State mandates. Fair Lawn has supplied this information and the Council has briefly discussed whether or not to bring an action requiring the State to pay for these mandates. It is hoped that this will discourage State representatives from adding any new mandates.

Deputy Mayor Weinstein said that they have discussed systemic changes and he asked Department Heads to think about this and send suggestions to the Manager who will pass them along. He has compiled a list of changes, some of which will enable them to get by for this year, and he encouraged Department Heads to take another look and consult with others in the department to determine what could be done to be more efficient in the future so that they don't find themselves in this situation again.

Councilmember Baratta said that State mandates are a pet peeve of this Council. She agreed with the suggestion that they band together with other towns on this issue since there is strength in numbers.

Deputy Mayor Swain said that everyone is having difficulty with this situation because for many years Fair Lawn had a healthy surplus. Some of the ideas that have been offered are wonderful but they can't be implemented until next year and the problem is that major decisions have to be made immediately.

Mayor Tedeschi referred to the shortfalls which include the reserve for uncollected taxes where there is less reserve going forward. He stated that hotel taxes are a good source of revenue but they are short \$43,000. Memorial Pool lost \$26,000 on an operating basis; metered sewers lost \$53,000 in revenue; and, municipal traffic fines are down \$250,000. Revenue is being lost as a result of difficult economic times, tax appeals have increased and the Governor has cut State aid.

Bob Young asked how much the Borough has in surplus. CFO Palermo stated that there is \$6.9 million. However, \$5 million will be used in the 2010 budget, which leaves \$1.9 million. Mr. Young asked about putting money into the stock market and CFO Palermo said that this is against the law under State statute. Money can be put into State approved CDs. Mr. Young asked if the Borough was receiving the best possible deal in interest and Mayor Tedeschi explained that this is bid out.

CFO Palermo explained that she is trying to have the Council look at the long term. She saw the decrease in surplus and she said that the Borough can live off the surplus next year, however, this would put the Borough further into a hole. They could continue with quick fixes in the hopes that the economy will improve but this wouldn't be fiscally sound. Any municipalities that did not plan are in the same situation as Fair Lawn and this includes the City of Hackensack and the Village of Ridgewood. She said that it is necessary to have a three year fiscal plan to have an idea of where Fair Lawn will be in the future. The tax CAPs are there and they aren't going away and the economy isn't going to turn around and provide the Borough with \$2 million in the near future.

Mayor Tedeschi thanked CFO Palermo for the clear and honest information she is giving to the Council.

Julie Welsh asked again about bringing in additional revenue. Mayor Tedeschi said that third party billing for the Ambulance Corps has the potential to bring in an additional \$250,000 to \$300,000 per year. This means that if insurance covers the cost of an ambulance, people will be required to pay for ambulance service. The Ambulance Corps is concerned about whether this will affect the amount they receive in donations. Mayor Tedeschi said that the Borough would make up the difference to the Ambulance Corp and the Borough could still make money.

Councilmember Trawinski stated that the reaction of the leadership of the Ambulance Corp was incredibly positive. This is an example of a systemic change and everyone involved in the Ambulance Corps realizes that this is something that has to be done. He said that the number can't be projected into this year's budget, however, they can look at what it might generate by way of replenishing some of the surplus. Acting Manager Kwasniewski reminded everyone that residents of Fair Lawn will not have to pay for this service if they don't have insurance. She stated that the Council is considering the installation of a cell tower in the rear of the municipal building which would help communications for the Police, Fire and Ambulance as well as additional revenue. A cell tower on the Municipal Building would be some distance away from the nearest residences and a communications tower already exists there.

Mayor Tedeschi said that they are getting revenue from cell towers and he added that what happened in the past isn't always going to work now and perhaps they don't have the same choice they once had regarding cell towers.

Deputy Mayor Weinstein said that it is impossible to control things like the State mandate or the State aid. They are fortunate to have \$5 million to get through this year when other towns don't. Several years ago the Mayor created the Competitization Committee which is made up of many volunteers who have been working together to think outside of the box to develop ideas that will help in the future.

Mayor Tedeschi reported that he spoke with Lou Weiss who is the Chairman of the Competitization Committee. In May, they will be coming in with specific recommendations for systematic changes that will have a material affect that they want to continue working on.

Councilmember Trawinski asked employees to identify where Fair Lawn has excess capacity or an ability that would be attractive to offer to another town for a fee. OEM Coordinator Marks said that he makes an emergency plan for Fair Lawn and he could just as easily continue to make one for Elmwood Park or other neighboring towns. Mayor Tedeschi stated that Glen Rock is another good place to offer services. Deputy Mayor Weinstein suggested that there may be ways that the Library could assist the Board of Education libraries.

Mayor Tedeschi said that they have to identify their assets and decide what to do with them. The Council is committed to not laying anyone off because once a system is dismantled it takes years to build up again.

Recycling Coordinator Lottermann stated that if every resident in Fair Lawn reduced their garbage by one pound a week, they could save \$65,000 per year. He pointed out that the Board of Education has improved in recent years but they are still behind and it is a struggle to get them to do the proper recycling. Mayor Tedeschi stated that it is both the Council's and the Shared Services Committee's responsibility to work together and he added that \$65,000 equates to one job. Deputy Mayor Weinstein said that this issue will be listed on the next Shared Services meeting agenda.

Mayor Tedeschi suggested that budget and summary pages be made available to the employees and Councilmembers agreed. He stated that suggestions from employees should be put in writing and addressed to the Acting Manager and then forwarded to the Council. After more discussion, he suggested that the Acting Manager develop a form for the suggestions which doesn't require the employee to identify his or herself. Councilmembers indicated their agreement.

Councilmember Baratta said that she has to look at this budget the same way she looks at her family budget because Fair Lawn is also her family. Mayor Tedeschi said that there is no Councilmember who doesn't want to solve this problem. They must work together and put politics aside

Adjournment

Upon motion by Deputy Mayor Weinstein, seconded by Councilmember Baratta, the meeting was adjourned at 9:02 A.M.

Respectfully submitted,

Marilyn B. Bojanowski, RMC
Assistant Municipal Clerk

The undersigned have read and approved the foregoing minutes.

Mayor Joseph Tedeschi

Councilmember Jeanne Baratta

Deputy Mayor Lisa Swain

Deputy Mayor Steven Weinstein

Councilmember Ed Trawinski