

## **BUDGET MEETING OF JANUARY 27, 2007**

Mayor Weinstein called the meeting to order at 9:00 a.m. Municipal Clerk Kwasniewski read the following statement of compliance:

In accordance with the Open Public Meetings Act, notice of this special meeting of the Borough of Fair Lawn was published in the Record issues of January 24, 2007. 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 notice identified the time and location of the special meeting.

**PRESENT:** Mayor Weinstein, Deputy Mayor Etlar and Deputy Mayor Tedeschi (late), Councilmembers Baratta and Trawinski.

**ALSO PRESENT:** Manager Metzler, Municipal Clerk Kwasniewski and Chief Financial Officer Eccelston.

Manager Metzler reminded the Council that last year they developed a three-year plan to stabilize taxes to between five and seven points. He urged them last year that they allow the professional staff to make the cuts instead of doing a line by line review and they had done that. He had asked CFO Eccelston for benchmarks to show that they were reaching their goals. They want to see a steady increase in surplus. They want to be in the range of 45 to 55 percent going back into the operating budget. They thought surplus of about 15 to 19 percent would be a reasonable goal. The anticipated revenue generated through the courts totaled almost \$800,000 which assisted them with the budget.

The Manager reviewed the various charts he had previously distributed. He pointed out that in 2006 the average home was assessed for \$182,000. It is now \$404,447. CFO Eccelston cautioned them that those numbers are still estimates because the reval is not finished. Manager Metzler stated that the proposed budget represents an increase of \$106.58. CFO Eccelston estimated that the County is two points and nine points for the School but he does not have real numbers. Manager Metzler pointed out that due to the reval there is a shift from commercial to residential. The value of the shift is \$598,916. The impact was absorbed because of the unanticipated revenue received in 2006.

CFO Eccelston stated in they received \$835,000 from the 501(c)3 to pay for the debt services on the Community Center. Next year they will have to make up that amount which is two tax points.

Manager Metzler stated that surplus is \$7,459,798. They have used 53.23 percent in this budget.

The trend in the past has been to use much more of the surplus to keep taxes low. CFO Eccelston stated he is paying off more debt than increasing the capital budget.

He explained the bond process and its impact on the budget.

Manager Metzler stated that they have seen a consistent trend in reduction of State aid and grants. Municipal Court fines have increased dramatically due to the development of the traffic bureau since more tickets have been issued. The Prosecutor is also aggressively going after the maximum fines. Chief Rose has said that statistically the numbers will drop because people are driving safer because they know there is enhanced enforcement. They have used 70 percent of the revenue generated in 2006 to anticipate the amount for 2007. There was no traffic related

fatalities in 2006 but there has been an increase in traffic accidents. People are driving slower but they still are driving carelessly.

Deputy Mayor Tedeschi arrived at 9:45 a.m.

Councilmember Trawinski raised the question of attorneys in the State pension system. CFO Eccelston stated that the pension regulations state that if the municipality pays an individual they must be in the pension system. If they are paying a firm, then the attorney does not have to be in the pension. Deputy Mayor Tedeschi stated that the Council should take the position that the attorney is not an employee and that the firm will be billed. Councilmember Trawinski stated that if an attorney is in the pension system then the compensation should be reduced by that amount. CFO Eccelston stated that the Council should hire the firm and they should have the right to pick the representative of the firm. He will provide the Council with the list of the professionals on the payroll.

Departmental budgets have increased slightly but included in that increase is \$60,000 for the EDC and BIC. Mayor Weinstein stated that the Council agreed to appropriate \$30,000 each year for three years for the EDC. So far they have received \$45,000. They have asked for \$45,000 this year. Manager Metzler said that he had to reduce that request to \$30,000. If the \$20,000 for the pandemic flu planning and the additional equipment needed for the Community Center was not required, the departmental budgets would have decreased. CFO Eccelston stated that he is holding the payments to the EDC and the BIC until the Borough Attorney renders his opinion on whether or not the pay to play laws apply to them. Manager Metzler stated that this is the last payment to the BIC and in 2008 there will be \$15,000 included in the 2008 budget for the EDC. Deputy Mayor Etlar suggested that the Council should see the EDC's budget. The Mayor and Council concurred.

Manager Metzler stated that the Worker's Compensation account is healthy again. The funds being appropriated are going into the liability fund.

Deputy Mayor Etlar wondered why the Mental Health Center receives \$32,000. He would reduce it by \$5,000. He wanted to know how many people from Fair Lawn use it and their operating budget. Councilmember Trawinski wondered how many municipal employees use it. Municipal Clerk Kwasniewski stated that Council's in the past have had representatives of the Mental Health Center attend a meeting. Deputy Mayor Tedeschi thought they should come in and explain what they are doing, why it is good for the Borough, what the benefits are and whom they are helping. CFO Eccelston suggested asking them what other municipalities contribute and what their usage is. Deputy Mayor Etlar wanted to see their budget.

The consensus was for the Manager to get the information.

CFO Eccelston advised that one of the problems they had was meeting the cap. He has used a dedication by rider for the sales of recyclables to offset salaries, but next year he will have to put that money back into the budget. He expects that they will have a cap problem each year. Manager Metzler added that the cap problem has an impact on the programs they hoped to do; i.e., replacement of vehicles with energy efficient cars had to wait.

Manager Metzler advised that they generated \$25,425 from the rental of the Community Center. Salaries were approximately \$337,086. Deputy Mayor Etler wanted to know how much revenue will be generated next year. He also wanted to know how many of the non residents have paid. Manager Metzler stated that \$2,200 had been received from the Table Tennis Club. The Clubs have been billed.

Councilmember Baratta asked if the salaries will go down. CFO Eccelston stated that wages will be coming down in 2007 since that represents the part time employees. Superintendent Fry had recommended a reduction in the number of staff for security which would be a reduction of \$93,000. Manager Metzler stated that the building will be open in August. However, the recommendation was to allow families to come in to minimize the amount of supervision the Borough had to provide. As they were doing the planning, they realized that they while it would be nice for the Borough to sponsor some concerts, the concert series concept was not going to work.

They have one promoter that will bring 12 concerts where they do all the work. There is a second group that has expressed an interest. Over a 12-month period they hope to have 48 shows through two different promoters where all the Borough would do is collect the rent. He has budgeted funds for a director to coordinate the efforts.

Deputy Mayor Tedeschi stated that he objects to the way the various classes are paid for at the Community Center. The participants pay the teachers and instructors directly. They are allowing people to run a business at no cost and the Borough has all the expenses and is not receiving any revenue. He explained how it works at the Community School. Manager Metzler stated that he thought the Art Association is a Club of the Recreation Department. The members themselves pay dues to belong to the Association and the dues pay for the instructor. Mayor Weinstein stated that is not the way it works for the other classes. The participant pays the instructor directly. CFO Eccelston explained that the Recreation Department never had the staff to run, manage, collect and keep the books for new programs so rather than not run the programs they had the instructors do all the work. They have to work to change the way things were done. Deputy Mayor Tedeschi thought this was the perfect opportunity because it is a new facility.

Deputy Mayor Tedeschi felt they needed to establish the goals of the Community Center. It is not going to be a revenue maker. Councilmember Baratta questioned the policy of not allowing non residents to join the Clubs. Manager Metzler stated that in the next six to eight weeks they will have a new Recreation Director so there are many issues that will need to be explored during the interview process. They are actively working at the non resident fee. The funds are coming in. Mayor Weinstein suggested that they reach out to the Clubs and explain why they have done what they did. Manager Metzler stated table tennis has paid, the fishing and hunt club has left and the radio club is getting the funds together.

Water Utility - Manager Metzler reported that there was a 6 percent drop in water usage which resulted in a deficit in revenue and there is no surplus in the water utility. They are proposing an increase of 5.8 increase. Manager Metzler stated that the Tax Collector has suggested imposing a \$5.00 late fee each quarter for delinquent water bills. He recommended that they follow that suggestion.

Deputy Mayor Tedeschi wanted to know what the increase will mean to the average home owner in dollars and cents. CFO Eccelston will provide the answer.

Manager Metzler suggested that they introduce the budget on February 27 and adopt it on March 27. He continued that he has eliminated the fat in the individual departments. He urged them not to do the individual review. If they are concerned about the total package, he asked them to let him make cuts. The Departmental budgets represent only 5.8 percent of the total budget. Mayor Weinstein felt they should consider the things that have been discussed and review the documents they have and if they have questions they can ask them. He did not feel they needed to meet next Saturday. He suggested using a portion of a work session. Deputy Mayor Tedeschi stated that every Councilmember has an obligation to due his or her due diligence. He will ask his own questions. Councilmember Trawinski stated that they do not need to collectively go through each line but can ask questions of the Manager. Mayor Weinstein felt they should schedule time at the next work session. CFO Eccelston suggested having a meeting on February 20. During that time they can ask questions and at that work session they could do a budget wrap up.

Deputy Mayor Tedeschi stated that there are a number of projects that will be coming from this budget. They should identify things that need to continue to be looked at and ask additional questions. It does not have to slow down the budget process but they do need to be discussed.

Councilmember Trawinski wondered if they adopt the budget in substantially the form it is in, what will it mean for the next three years. He wanted to know what it will mean if they take another point from surplus. One of the major policy calls is whether or not the Council should use more surplus. Manager Metzler stated they believe the picture is better than a year ago because of a little luck, sound planning and the commitment to give the plan a chance. He believes that the five to seven points is possible. If they were to take an additional half of a point from surplus, it would destabilize the plan. The \$800,000 debt payment will be the responsibility of the Borough. They do not know what the State mandated pension increases will be in the future. If they believe in the program provided by the Chief Financial Officer, they should continue to maintain the surplus at 15 to 19 percent. The difference from prior years is the Mayor and Council is conveying to the public that the use of surplus is not a gimmick because the public knew the plan in advance. The plan would not totally collapse but he urged them not to do it.

Deputy Mayor Tedeschi stated the Council embarked on the plan, but one half a point will not change this budget now or in the future. It is playing out the way they wanted, so they should question why they should change that. Mayor Weinstein stated they gave the Chief Financial Officer the surplus to keep the Borough running and to give the Council the basis to protect the future. Deputy Mayor Tedeschi stated that they do not need spikes so having a surplus prevents those spikes. Councilmember Trawinski stated that he thought stability and a reasonable rate of tax increase is important for Fair Lawn. Spikes or artificial zeros should be avoided. They did that last year. He was not sure that he bought into it last year, but he has seen the proof.

CFO Eccelston advised that for next year there will be a new State cap which they do not know whether it will be good or bad. They have to be aware that they are a fully developed community.

They do not have any new source of revenue. The industrial park is ageing. They need to encourage the companies to stay and remodel. He is comfortable with the financial picture. He emphasized that the surplus should be at least what they have this year. They have to look at the fees every year so that they remain competitive with other municipalities. He urged them to be consistent. He maintains his conservative approach to the reserve for uncollected taxes.

Deputy Mayor Tedeschi stated this is only a point in time. The plan is only as good as it was conceived and followed. There are issues, i.e., shared services, out sourcing, health benefits they still have to keep looking at. Mayor Weinstein stated that they have to keep looking at other ideas, i.e., motor pool, hybrid cars, shared services.

Manager Metzler stated that in the next three weeks they should be going out for the first shared services bid for road paving. The budget shows two new police officers. The salary of half of an experienced officer is being paid by the Board Education.

**ADJOURNMENT:**

Upon motion by Councilmember Trawinski and second by Councilmember Baratta, the meeting was adjourned to Work Session at 11:55 p.m.

Respectfully submitted,

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Joanne M. Kwasniewski, RMC/CMC/MMC  
Municipal Clerk

The undersigned have read and approve the foregoing minutes.

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Mayor Steven Weinstein

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Councilmember Jeanne Baratta

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Deputy Mayor Martin Etler

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Deputy Mayor Joseph Tedeschi

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Councilmember Edward Trawinski