

BOROUGH OF WATCHUNG

COUNCIL MEETING MINUTES

WORKSHOP MEETING OF MAY 6, 2020 – 7:30 PM

(THIS MEETING WAS A VIRTUAL MEETING)

MAYOR'S STATEMENT: Mayor Keith S. Balla called the meeting to order at 7:30 PM and made the following statement: Under the provisions of N.J.S.A.10:4-6 et seq., notice of the time and place of this Special Virtual Meeting was given by way of Special Notice to the Courier News, Echoes Sentinel, and Star Ledger, and posted at Borough Hall.

SALUTE TO THE FLAG and a MOMENT OF SILENCE FOR OUR RESIDENTS WHO HAVE DIED FROM COVID 19 COMPLICATIONS, AND OUR FIRST RESPONDERS, DOCTORS, NURSES AND GROCERY STORE WORKERS SERVING IN THIS PANDEMIC.

ROLL CALL:

Robinson [P] Black [A] Goodloe [P] Eisenberg Knegten [P] Jubin [P] Martino [P]

Also present were Administrator James Damato, Attorney Denis Murphy, Clerk Michelle DeRocco, CFO Bill Hance, and Police Chief Cina.

Borough Auditor Michael McGuire from Samuel Klein and Company and Financial Advisor Anthony Inverso from Phoenix Advisors were also present.

There were 31 members present virtually.

WORKSHOP DISCUSSION:

Finalization of 2020 Municipal Budget

Mayor Balla asked CFO Bill Hance to give a brief description of the general components of our local tax levy and how that's comprised of the various components between the County, the Local School, the Regional School, and what portion of the municipal piece totals, and we will then move into a discussion.

CFO Bill Hance went over some general information such as the total current budget and the assessed value of the town. He said the assessed value of the town went up .77 percent. He said the main components of this budget are salary and wages which make up 34.76 percent of the budget and come out to \$5,613,550. He spoke on the different components of the budget such as the debt service percentage and the capital improvements percentage. He said with the budget as is the average household would pay \$4,625.33 in municipal taxes which is up \$300.36 from last year.

Mayor Balla asked Mr. Hance to touch on all the components in regards to the make-up of resident's tax bill. Mr. Hance said within the total tax bill the Borough portion makes up approximately 30 percent, 30 percent is the local school, 19 percent is the regional school and about 19 percent is the County.

Council President Robinson asked Mr. Hance how much of the increase is contributed to the assessed value of the home. Mr. Hance said if we maintain the same tax rate as last year everyone would see about a .82 percent increase due to the increased assessed value of the average household. He also mentioned this increase equates to about 35 dollars per household. Administrator Damato asked Mr. Hance to explain the appropriation cap and the tax levy cap. Mr. Hance explained the levy cap is the 2 percent limit the State imposes on us that we can increase the tax levy which is the amount we bill out to the residents. He said in regard to the appropriation cap, every year we pass the "Cap Bank" that allows us to go up to a 3.5 percent increase from the prior year.

The Ordinance allows us to bank what we don't spend for future years. Mr. Hance said we are within the levy cap and within the appropriations cap with the budget as is.

Councilman Martino had questions in regard to the budget relating to the Department of Public Works, under salaries and wages. Mr. Hance explained the increase encompassed the payout for the former Public Works Manager, the \$50,000 set aside to hire an Engineer and \$90,000 was also set aside for the replacement of the DPW Manager. Councilman Martino doesn't think it's necessary to budget for the Engineer this year or the full time Public Works Manager. He said taking out those two expenses would decrease that line item by \$110,000.00. Mayor Balla questioned what the total line item cost would be if we just budgeted for the unused sick and vacation time, the former DPW Manager payout, and the step increases. Councilman Martino asked for clarification on the different Public Works account numbers. He also asked if we could eliminate the expense set aside for PARSA. Administrator Damato said he will check on this tomorrow but believes they will forego the cleaning of the sewer line this year. Councilman Jubin said his understanding was they could bypass the cleaning this year but they would be responsible for it in the long run.

Police Chief Cina gave a breakdown of the Police Department budget. Council President Robinson asked Chief Cina to talk about the service life of the Police Department vehicles. Chief Cina said to keep their fleet in tact they budget for two new patrol vehicles per year. Councilman Jubin asked if there are more problems with the older vehicles in the fleet. Chief Cina said the maintenance costs do go up but the older vehicles aren't used for patrol unless there is an absolute need. He said the older vehicles are primarily used just for road jobs.

Mr. Hance said he had preliminary discussions with the Co-Op vendor that leases police vehicles and was quoted about \$8,500 dollars per vehicle to lease. He said this is a way to get three cars for basically the price of one in a year.

Councilman Martino asked for the breakdown of revenue the Borough receives regarding the roadwork from the Police Department verses the salaries and administrative fees. Mr. Hance said we don't anticipate the revenue regarding the administrative fees for the off-duty officers. Mr. Hance said in 2018, the Borough brought in \$63,000 and last year the total brought in was \$91,000. Mr. Hance said the salary portion doesn't go through the budget it goes through a separate trust fund. Councilman Martino said he is trying to look at some of the revenues that come in and how we can re-allocate it back to re-use in the Police Department.

Councilman Martino asked about the photo copy expense for each department and if it is a Borough wide contract. Mr. Hance said each department has their own copy machines that have been leased at different times. He stated each copier has its own lease contract.

Council President Robinson commented on a few items of the budget she felt could be eliminated to save on Borough costs. She mentioned cutting the cost set aside for the Deer Density Survey out of the budget since it isn't possible to be completed this year. Councilman Jubin said he spoke with the Company and they confirmed a fall deer count this year is possible. He recommended it is an important item to leave in the budget. He also said we need to continue taking steps to try and control the deer population. Mr. Hance said they allotted \$10,000.00 in the budget for the three surveys. Councilman Jubin recommends they set aside about \$3,000.00 for the purposes of the deer survey.

Mr. Hance commented last there was a money set aside to pay for the Attorney and Engineer regarding the Brook Hill project. He said if the Council is not moving forward with this project they can cut that expense out of the budget.

Councilman Jubin said as per the Governor, the emergency authorization was extended through June 7th so we wouldn't be able to hold the Community Picnic and holding the Summer Camp program is in question. He is concerned with keeping these expenses in the budget if the Council isn't going to be able to hold these events and programs. Councilwoman Eisenberg Knegten agrees

with Councilman Jubin and said we could have some significant savings this year if we take these expenses out of our budget.

Councilman Martino said he knows the Council discussed putting \$10,000.00 away for the Anniversary date coming up in 2025 for the Borough. He suggested holding off on allocating that money and maybe push for a fundraiser. He also stated he hopes everyone understands the amount of revamping the Council had to do in regards to the budget due to Coronavirus crisis. He said every little bit of savings is going to help them through this as they need to be prepared for the repercussions we could be facing in 2021 and 2022. Councilman Martino also mentioned a \$300,000.00 grant from the DOT for road improvements for this year. He asked if the Council continues forward with this project would the funds come out of our surplus account or would we bond for the \$300,000.00. Mr. Hance said if we went forward with this project we would have to do an Ordinance appropriating the funds but the \$300,000.00 just covers the construction costs. He said there would be other costs associated with this project. Clerk Michelle DeRocco said according to the letter received from the DOT we have until November 21, 2021 to award the contract.

Councilwoman Eisenberg Knegten questioned what was budgeted this year in terms of SDL and the ongoing digitizing process. Mr. Hance said SDL is not budgeted for because at sign up they prepaid for five years of service. He said \$100,000.00 is allotted for digitizing records and it's found in the capital portion of the budget for records retention.

Councilman Jubin inquired about payments on the notes and interest rates. . He asked if we looked into keeping these as notes or converting them over as bonds to see how that may impact the line item of the budget this year. Mr. Hance explained the notes will not impact this year's line item because the interest rate is set. He explained the financing options they will be looking at in the late summer.

Mayor Balla asked our Financial Advisor to provide any additional input with regard to debt, financing, and our credit.

Anthony Inverso from Phoenix Advisors said the markets hit some turbulent times in March due to the onset of the Coronavirus. He said there was a major dislocation in the credit markets, and a lot of difficulty in selling bonds and notes. He said thankfully the Federal Governments assistance has helped the markets calm down significantly. He stated they will look at the various options and see what is most favorable for the Borough given the markets conditions. He also mentioned the Borough has a very strong financial position.

Mayor Balla asked the Borough's Auditor from Samuel Klein and Company to provide some commentary on the budget. Michel McGuire our Borough Auditor said he reviewed the budget and everything is in good shape statutorily.

PUBLIC PORTION

Lynda Goldschein, Sherwood Drive, asked if the Council starts taking certain things out of the budget will it be a problem putting them back into the budget next year, and Mr. Hance responded we will be under the 2 percent cap if we cut the items mentioned out of our budget and we are allowed to bank that amount to use for up to three years.

Resident Bruce Ruck did not have an accessible microphone to ask his question so Councilwoman Eisenberg Knegten spoke on his behalf. He asked if the Council was putting money away for PPE purposes. Councilman Jubin responded there is no money being set aside for PPE at this time. He said they budgeted an extra \$5,000.00 this year for Board of Health matters. He said the Borough is trying to get all PPE through the County and then get reimbursed. Administrator Damato said the County is providing us with all the protective equipment that we need. He said the costs go back to FEMA and will be submitted to FEMA from the County. He said the Borough doesn't expect to get a bill unless FEMA doesn't accept the application from the County.

Councilwoman Eisenberg Knegten said Mr. Ruck's other question was if the Borough had to increase the budget so the staff could have computer equipment to work from home. Mr. Hance said OEM already had money in their budget for computers to purchase. He also said the Borough purchased four inexpensive computers. He said we are paying a monthly service fee which allows our employees login access to their desktops from home. He does not feel we need to add any more money for the computer line items. Administrator Damato agrees with Mr. Hance and said employees have full access to work from home and this process is working out very nicely.

ADJOURNMENT

Mayor Balla thanked everyone for their hard work during this budget process.

There being no further business to come before the Council the meeting was adjourned at 8:55 P.M. to the Call of the Chair. The next Regularly scheduled Meeting of the Mayor and Council is scheduled to be Virtually held Thursday, May 7, 2020 at 7:30 P.M.

Respectfully Submitted,

Regina Angelo, RMC
Deputy Clerk