

The March 5, 2009 special budget meeting was called to order by Mayor Petillo at 6:34 p.m. in the Municipal Building, 111 River Styx Road, Hopatcong, NJ.

Mayor Petillo announced this meeting is held in accordance with the 1975 Open Public Meetings Act, NJSA 10:4-6 et seq., special notice having been forwarded to the New Jersey Herald/New Jersey Sunday Herald, the Daily Record, The Star Ledger, and posted on the bulletin board maintained in the Municipal Building for public announcements.

ROLL CALL - Councilmembers present: Richard Bunce, Michael Francis, Marie Galate, Madeline McManus, Robert Modick & John Young. Others present: Acting Administrator John Eskilson, CFO Kelleyanne McGann, Auditor Dave Evans, Engineer John Ruschke & Clerk Lorraine Stark.

MOMENT OF SILENT REFLECTION AND PLEDGE OF ALLEGIANCE

Mayor Petillo introduced Auditor Dave Evans, Engineer John Ruschke & CFO Kelleyanne McGann.

- Preliminary 2009 Budget Discussion - Mr. Evans spoke about the three challenges: expenditures, levy CAP and level of services. He noted the relationship between what the taxpayer is being asked to pay and what services would be provided. Mr. Evans revealed that as presented, the expenditure CAP was over expended and that \$217,541 cuts must be made to reduce this amount. In addition, there would be a pension deferral requested in 2009 along with a request for a CAP waiver in the amount of 1.4 million dollars. Even with these changes an additional \$510,000 would have to be removed from the budget. Residents would be looking at a 17% increase in municipal taxes or \$255 for the average home. This increase was projected before knowing the amount of the reduction in State Aid for 2009. Regarding an Extraordinary Aid Application, Mr. Evans reported that the State would not consider an application from municipalities with tax increases of \$300 or less; they deem this to be insignificant. In Mr. Evans' opinion, a CAP waiver would not be granted without the pension deferral. Mr. Eskilson agreed that Extraordinary Aid was not something that should be pursued, not something that would benefit the Borough. He also noted that the total assessment for the Borough was down 8 million dollars in 2009, and that alone adversely affects the tax rate in 2009.
- Mayor Petillo asked Mr. Evans to briefly discuss fund balance. Mr. Evans remarked that there was a shortage in fund balance, and he has amended his thinking, and now recommends holding back \$150,000; the worse case scenario would be that the State requires the Borough to amend the CAP waiver application. Mayor Petillo

commented that because a full year of cuts would not be realized, they could not get down to the same tax increase as last year; \$727,000 in cuts would accomplish this goal. Mr. Eskilson informed those present that 50 to 55% of the budget was due to salaries, and two core services of DPW & Police. Councilwoman McManus said that was the only two services residents received from the Borough. She also commented that she was not going to give her money to a private contractor for garbage collection. Mrs. McManus revealed that the DPW union representatives met with the Mayor & Administrator and offered givebacks around \$225,000; these men are proposing to give up benefits for two years. Mr. Eskilson informed those present that an economic recovery would not solve the Borough's long-term problem; an upturn in the economy will not increase property taxes. Councilperson McManus stated that not providing health benefits to the governing body would result in a savings of \$100,000; she pays for her own dental coverage.

- Shared Services – Mr. Eskilson revealed that they were currently exploring any and all opportunities for shared services; dispatching and health services would most likely be coming in the future. The savings could be in the range of \$100,000 to \$300,000. There are also real opportunities in Court, Recreation & Construction Departments that should be explored beyond 2009. Mr. Eskilson reported that currently 23 municipalities were part of the County Health & Human Services Department, and that real savings could be realized by going this route. Councilman Modick remarked that Hopatcong was with the County Health Department several years ago, and that it did not work out well, so Hopatcong went back on their own. Mr. Eskilson noted that the County Health Department is different now, and is one of the best in the State. In addition, Title 26 requires that the County at their current salary hire all health related employees. Mayor Petillo confirmed that every department was being evaluated for shared services or consolidation. Councilwoman McManus said that she believes that there is an opportunity for additional savings, and was looking at a specific budget.
- Garbage Collection/Recycling – Mr. Ruschke said that he has been collecting numbers from the CFO and DPW Superintendent. He noted that the total cost is 1.6 million dollars a year; breakdown is about 50% labor, 30% tipping fees and 20% maintenance costs. At one time there was revenue generated from recyclables, however this is not the case currently, and they have projected zero for revenue in 2009. Mr. Ruschke remarked that he has made some projections because he does not have historical data. He projected that 7,500 to 8,500 tons of garbage was collected each year, and anticipated a savings of \$100,000 from the removal of commercial

collection. The other numbers he used were the actual costs for benefits. Mr. Ruschke said that he based his cost estimates on 12 employees; unlikely that twelve would be eliminated because of snow plowing. The bids would be opened on March 10th and an analysis performed to see what if any savings could be obtained through privatization. Mr. Ruschke stated that he did not want to lose the ability of the DPW to perform various services in-house by reducing the number of employees. Mr. Eskilson thanked John for the fine work he does.

PUBLIC COMMENT: Meeting open to public for comments. (Comments limited to 5 minutes). Toni Haines said that maybe she is wrong, but she believes that the taxpayers would be willing to pay \$80 to save the DPW employees. She also wanted the governing body to give the residents a referendum; let them decide the garbage issue. She thinks that the taxpayers really want to keep all of the garbage men.

Mayor Petillo reported that when the numbers come in they would be thoroughly reviewed and analyzed. These are extraordinary times, which require extreme measures to meet the challenges presented.

Liz Faatz, an employee working for dispatching explained that they provide an excellent level of service, and that it means a lot for residents to have someone available 24/7 when they come to the door. She does not believe that another entity would give our residents the kind of service they currently receive. In addition, many of the current employees live in the Borough, and if they lose their jobs they would not be able to pay the taxes. Councilmember McManus said that last year they fought to keep the dispatchers here, and to upgrade the facility. Councilperson Francis said that our people are very valuable; we want to keep you but don't know how to pay you.

Alex Martinez said he agreed with Mrs. Haines' comments, and that residents need to understand where their taxes go. He remarked that if services were going to be increasing at a minimum of \$175 per month, and if residents would pay \$7 more a month or \$255 per year to keep the DPW in tact, they would agree to do so.

Carolyn Lynch questioned how much of a savings it would take to privatize garbage collection. Councilman Bunce responded that in his mind they would have to find \$300,000. Mayor Petillo said that if the savings were \$250,000, the proposal would be given serious consideration.

Several other residents did not favor a reduction in the DPW personnel. They also pointed out the excellent service that is currently being offered, and did not believe that a vendor would provide the same level. Another suggestion was to go back collecting commercial garbage for a fee; this would generate revenue to offset expenses. Councilman Francis said that would be looked into to determine the cost, and feasibility. Another point

noted was that with a vendor, there was no control over the type of trucks used or the level of noise generated.

Liz Faatz commented that the Dispatchers were not unionized, but felt that if asked they would be willing to take some reductions to keep their jobs.

Mayor Petillo informed those present that the next budget meeting was scheduled for Monday, 23rd at 6:30 p.m. at Fire House #3.

Councilmember McManus moved to adjourn at 8:46 p.m., seconded by Bunce. The vote was unanimous.

Respectfully submitted: