

The March 23, 2009 special budget meeting was called to order at 6:30 p.m. by Mayor Petillo in Fire House #3, Hopatchung 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: Present –Mayor Petillo, Acting Administrator John Eskilson, CFO Kelleyanne McGann, Auditor Dave Evans. Councilmembers: Richard Bunce, Mike Francis, Marie Galate, Madeline McManus, John Young.
ABSENT – Robert Modick.

MOMENT OF SILENT REFLECTION AND PLEDGE OF ALLEGIANCE

- Resolution – Appoint Laura Burns, Acting Clerk. Motioned by Francis, seconded by Bunce. Roll Call Vote: **YES** – Francis, Bunce, Galate, McManus, Young. **ABSENT** – Modick.
- 2009 Budget Discussion Borough Administrator John Eskilson explained that we are currently behind budget by at least 2 Million dollars, and that we are going to be approaching the State to see if we can possibly get a 4% Cap Waiver to help us with our situation. We need this Waiver because our revenues have decreased; surplus anticipated was not met this year. We need revenue up to \$150,000 to start, which was down \$7,000 from last year. Our revenue relies on Property Taxes each year for 70% of operations. When other sources of revenue start to dry up you could become more and more reliant on the property taxes. So we need to have cuts in order to solve the equation. Mr. Eskilson spoke briefly about liquor licenses saying that they remain constant or increase each year. The Construction Department showed a decrease in permit fees for home repair from the previous year, we only took in \$58,000. Surplus had a double whammy this year with low interest rate on our bank accounts, and a smaller interest on our investments. Energy Tax– money collected on utility poles and electric utility properties; that money is passed through the State and then given back to the towns. We are waiting for State Aid combined net in the amount \$39,000. We would like to use capital surplus but this is not a solution. The goal is to keep the high levels of service and to look for sustainability from a financial standpoint for the long term. There is a need to increase revenues to build up the surplus. Mr. Eskilson explained the adverse affect delinquent taxes have on the taxpayers.
- Chief Financial Officer Kellyanne McGann gave numbers & percentages pertaining to pensions for public employees, the Police Officers deferral plan with rates of 8%, and loan obligations for 1

year, with 1 year of relief with payback starting 2012 for first payment, with 15 years after that.

Resident asked about savings, and School tax. Mr. Eskilson explained that was a school issue, and must be bought up to them. The Borough's problem is that we are 13.4% in the hole, and looking for 1 million 3 dollars. The Hopatcong Municipal budget needs to be 14 million to run sufficiently. Again he said that we lost 8 million in taxable revenue from 2008. Residents will take up the slack for those not paying their taxes, because the County and School Board get 100% of their share. John Eskilson talked about shared services with the County and other municipal savings, \$390,000 savings with this. Dan Haines asked about still being in the hole. Mr. Eskilson said he would discuss this following the end of the public comment period. Showed downside of expenses and what the Borough is incurring. Then also spoke about upsides, including garbage issue, Buildings and Grounds, Planning Board, Highlands, Environmental Commission, level of activity for the next 5 years. Line items are all by 5-Year Plans, trends, and the economy. Councilwoman McManus asked for individual facts, and John Eskilson said that the bottom line was the answer. John Eskilson spoke about police vehicles, their ages, and if they were needed to be replaced due to repairs, mileage and usage in hours. Councilperson McManus inquired about mileage and age on cars. Chief John Swanson responded along with John Eskilson on vehicle usage. Residents asked about auctions and cars. There was a discussion pertaining to the savings with the DPW reduction of personnel and snow removal. Discussed prices of grit (3 to 1) and salt removal, labor, etc. Dan Haines expressed a concern about getting residents out of their homes safely with these changes. Mayor Petillo explained that the Council went by the CFO's numbers, which were provided to them. A resident bought up about clothing allowances, Ms. McGann said that this line item was decreased due to the reduction in work force. It was noted that the recycling revenue going into surplus would be at zero in 2009. Another resident inquired about Recreation, and the trust that was set up. Ms. McGann answered about that, and office supplies that were being ordered and said that it is central ordering in bulk and monitored by the Department Heads. However, some departments do order their own specialty items. Operating budgets for Open Space and Drug Abuse funding is from the County. John Eskilson was asked for proposed expenses for 2009, and said he would get the figures. He did say that most of these numbers are either estimated or projected numbers, and that he would get better numbers. It was again asked about the numbers being off. He said that we are projecting budgets at this time. Talked about fuel prices for Borough vehicles. A resident asked if gas was for

business or pleasure, Mr. Eskilson's response was strictly business use. Council talked about group insurance. Elide Young asked if Borough employees pay for their Health Insurance. Answer was that there is co-pay and maximum out of pocket expenses built into the policy at point of service. Mrs. Young explained that she works for a company, which provides 100% health benefits but only after an extended period of time as an employee. Otherwise, the employees pay 10 to 20 percent of the Health Insurance cost. Mr. Eskilson said that the collective bargaining units have to agree to any change in Health Insurance benefits.

PUBLIC COMMENT: Meeting open to public for comments. (Comments limited to 5 minutes).

Barbara Loring of 80 Ithanell Road inquired if there will be lower taxes and more revenue to the Borough when the School Superintendent leaves. This matter was referred to the Board of Education.

Police Chief John Swanson and Councilwoman McManus discussed Police vehicles. Chief Swanson answered that both vehicles in question came from Warnock Chevrolet. Councilwoman McManus questioned about two Crown Victoria's and if one was enough to do the job. Chief Swanson supplied information on the wear and tear on these vehicles and the Chief responded that said vehicles required tires on them once a year.

Councilwoman McManus said that she does not wish to be generous on any more vehicles. Councilman Francis said that they should remove the weakest vehicle if possible.

Toni Haines asked how much was added for salt and grit for the year 2009.

Barbara Loring inquired about clothing and uniforms for the Police Department.

Resident Judith Burger asked about money for Recycling for 2009.

Toni Haines asked about Recreation fees. Councilwoman McManus said that she thought that they received \$5,000.00. Chief Financial Officer said that the Recreation Fee goes through a Trust account.

Resident Mike Dinapoli asked if gas was used for personnel or Borough business. Talked about fuel prices for Borough vehicles. John Eskilson explained strictly business.

Councilwoman McManus would like to see at least \$10,000.00 off of the Health Insurance.

Councilperson McManus asked about new lighting for Borough hall and Councilperson Francis replied "not this year".

Elide Young of Rapalyea Road inquired if Borough employees pay for their own Health Insurance. Employees have a co-payment requirement.

Barbara Loring asked about Workers' Compensation, tipping fees and dump fees. Mr. Eskilson explained that tipping fees are down \$500, based on the 3 can limit as per Mr. Jobeless.

Toni Haines of Elmira Trail would like some details about the savings in which the town would have by letting go of DPW employees. Wanted to know about savings to the town to go with Oxford or Lafayette and also wanted details about Suburban. John Eskilson explained about Lafayette and the savings if all solid waste was to go there; fees could not be negotiated with individual municipalities. He explained about a 2 million dollar gap and the Supreme Court overturning a debt that SCMUA had incurred. Mrs. Haines reported she favored the \$69.00 fee proposal, which would keep the DPW workers.

Greg Mason of Bergen Trail asked about the \$500,000 based on 3 can limit for garbage. He went to the recycling center and said that it was a mess. He said that he would be at the next meeting. Mr. Mason said that there was no way to justify the numbers.

Judith Burger of Adelphi Trail asked about State Aid to the Borough and if it is in the Budget. The State Aid and Energy Tax revenues are included in the Budget. She also asked about the employees and Council group insurance and if it was full time, which is reflected in, line 63. Council and employees are separate. In response to that question she was told by the Council that the job of the Council is 24/7, and that they are available at any time; not just part-time employees. Councilmember McManus asked about the Health Benefits pay out plan for Councilmembers. Ms. McGann reported that there is an Opt-Out plan available to all employees. Greg Mason agreed with the Council; they are available 24/7.

Colette Ioffredo of 234 Chincoppee Avenue asked about Dental for the Council. Mayor Petillo explained the current policy as per Borough Code. John Eskilson commented on Capital improvements in 2009, and the reduction in this line from 2008; several grants were being applied for to off set the cost for these projects; noted that monies were coming for road improvements. He revealed that the 5% down payment for Bonding was shown in the Budget. In addition, Mr. Eskilson pointed out that the taxpayers are paying for the cost for the Revaluation; it was a five-year pay out.

Councilwoman McManus inquired about 2005 and 2006 SCUMA bills not being handed in or paid. Mr. Eskilson informed those present that there was a change in the way the bill was processed; the account was not reconciled. Therefore, there was an outstanding balance that was not discovered in a timely manner. John Eskilson explained about 2 Police Officers resigning, and what was being proposed to address the cost of School Resource Officer. Chief Swanson spoke about a program called COPS; grant money provided for Police Officers. This program increase your department staff with community service (Outreach School Program), rehire people you have laid off because of the financial crisis or retain people who have been on a layoff plan in which John said we would

fit into the third solution with a grant. It would pay salaries for 3-years. Savings would be roughly \$239,000 and change.

Toni Haines asked about entry-level pay for Officers. Chief Swanson said under the grant it would for \$46,000 dollars. Chief Swanson explained that grant required that the Police have the same amount of officers on staff, which is currently 28 officers. The new officers would be hired for lower pay. Councilwoman McManus inquired about stimulus monies. Chief Swanson spoke about packet on Grant application and about (2) school officers making arrangement with the school and it will be coming out of the School budget and not ours for those officers. If they don't want to participate the Borough would have to pay to keep the same level of service, but does not see a change. Motion for Chief Swanson to proceed with the Stimulus Grant for the Police (4) officers was moved by Bunce and seconded by Galate, vote was unanimous.

Greg Mason asked about Cap payments, and about getting loans for Alfred Way Project. Mayor Petillo explained that we would look for available grants in all areas, and that this is a very difficult budget. Everyone is in a financial crisis, not just Hopatcong. Mayor Petillo reported that the garbage issue would be discussed in detail on Thursday not tonight, this is just about the budget. A resident said that he would email Mayor Petillo a list of his concerns.

Toni Haines inquired about having protective netting at Jefferson and Vets Fields and how much would it cost. Councilmember McManus responded that that would be taken out of the Open Space Trust Fund. Susan Jones of the Open Space Committee also responded that yes, the Open Space Trust would donate to the above netting project. Vince Esposito of Huron Lane asked if we are eligible for a State Grant for the boiler at the Firehouse and about the Bragg Program. Barbara Loring talked about Corzine and the reduction on Property Taxes. Bob McLaughlin of 22 Lebanon Trail had questions about the DPW and the garbage along with Mike Chamer of 10 Seton Trail. Louise Bagby of Stevens Trail thanked John Eskilson for accepting the Administrator's position. Mrs. Bagby asked that the Borough rethink everything that they are doing, about the Highlands. Mayor Petillo spoke about resources and grant monies that were being applied for in 2009. She talked about a grant for water to do a filtering system in Elba Point.

Toni Haines asked about closed sessions, and if Council is making decisions on the DPW employees. She also wanted to know who would be doing the pick up of leaves this year. Mayor Petillo responded the remaining DPW workers. Mayor Petillo asked Mrs. Haines to email her questions to her. Mrs. Haines went on to ask about the numbers and work hours of the DPW workers (the 12 men who were getting laid off) John Eskilson explained to her about how Civil Service works, and how this matter was being handled. Toni made a list of concerns; time DPW workers work either on garbage or anything else that they do. She did not believe numbers, and went over leaves and trees numbers. Mayor Petillo

talked again about savings by privatizing garbage. Mrs. Haines wants DPW to stay intact; in her opinion, the people of this town did not want this. Councilwoman McManus stated that they (the residents) see the numbers and ask questions. She said that the Mayor does not vote unless there is a tie.

A resident tried to explain to Mrs. Haines that the bottom line is that no one here like's what going on, and no one here wants to let people go. But the Governing Body has a responsibility to the town and the taxpayers; Council must look to get the correct numbers and then decide. Mayor Petillo answered that the numbers came from the CFO, Borough Engineer, DPW Superintendent, and our Accountant. She said that this was insulting and that these are the true numbers, and that she would talk about it at the next meeting, which would be on Thursday. Mrs. Haines expressed that in her opinion, the numbers were not correct because she spoke with Mr. Jobeless, and other people have looked at the numbers from John Ruschke. She has questions, which she would like answers to regarding the numbers. Mayor Petillo asked that Mrs. Haines send her, her legitimate questions for the Thursday meeting.

Resolution for Closed Session, motioned by Council President Galate at 9:00 p.m., seconded by Bunce. Those present voted affirmative. Absent – Modick.

Mayor Petillo announced matters to be discussed pertained to contacts and personnel.

Council President Galate moved to adjourn at 11:00 p.m., seconded by Francis. The vote was unanimous. Absent – Modick.

Respectfully submitted: