

**MINUTES OF ADJOURNED MEETING OF THE
MAYOR & COUNCIL
HELD THURSDAY, JANUARY 1, 2009**

The meeting was called to order by Mayor Hipp at 11:10 a.m. with the following Councilmembers present:

- Councilwoman Keyes
- Councilman Genovesi
- Councilwoman Inguanti
- Councilman Sasso

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- Councilman Fecanin – Absent
 - Councilman Sommer – Absent

Mayor Hipp asked those present to join him in a salute to the flag.

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Council President Genovesi read the provision of the Open Public Meetings Law.

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Mayor Hipp stated that a member of the Council would like to introduce a Resolution but they had to check with the Borough Auditor. He asked to suspend the meeting in order to confirm with the Auditor; the break was estimated for five minutes. Mayor Hipp then asked Councilwoman Keyes, Councilwoman Inguanti, the Borough Attorney, the CFO and Borough Administrator to accompany him to the Mayor's Office at 11:14 a.m.

Meeting resumed at 11:20 a.m.

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Mayor Hipp asked the Council to entertain an application to amend the agenda to include a Resolution which was handed to all members that morning resolving that \$221,000 funded capital improvement balances be cancelled to capital surplus and he wanted the Resolution to be placed on the agenda after the Ordinance on 2nd Reading has been resolved. Consent was not given.

Councilwoman Inguanti made a motion to add a Resolution for the \$221,000 of funded Capital Improvement balances be cancelled, seconded by Councilwoman Keyes

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with Councilwoman Keyes, Councilwoman Inguanti, Councilman Sasso voting aye and Councilman Genovesi voting nay.

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For **FINANCE**, Councilwoman Inguanti made a motion for the following payment of bills, seconded by Councilwoman Keyes with all members present voting aye:

RESOLVED: That bills in the amount of \$637,067.28 and \$27,447.85 payable from the Current Account, all as detailed as follows on the attached sheets, be passed for payment, warrants drawn and charge to the proper accounts. A complete list of these bills is on file with the Borough Clerk.

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Councilwoman Inguanti made a motion for the Resolution of transfer of funds, seconded by Councilwoman Keyes.

Councilman Genovesi requested a point of query. Mayor Hipp opened for discussion.

Councilman Genovesi asked where the Resolution for \$221,000 will be under on the agenda. Mayor Hipp said it will be after the Ordinance on 2nd Reading.

Mayor Hipp closed the discussion as no further discussion was requested.

The Clerk read the roll call with all members present voting aye.

WHEREAS, certain 2008 budget accounts will have unexpended balances and other 2008 budget account will have insufficient amounts to cover requirements;

NOW THEREFORE BE IT RESOLVED, that the following amounts be transferred to and from the accounts named:

TO:		FROM:	
Electricity & Gas	\$10,000	Roads – Rocksalt	\$20,000
Water Service	1,000	Roads – Equipment	5,000
Gasoline	5,000	Buildings – Recreation	5,000
Fuel Oil	1,500	Buildings Maint. Mat'l	5,000
Legal Services	5,000	Dumping Fees	<u>27,500</u>
Police Salaries	<u>40,000</u>		
Totals	\$62,500		\$62,500

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Councilwoman Inguanti made a motion to approve the leave of absence for Alexander Cacciatore, seconded by Councilman Genovesi with all members present voting aye.

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ORDINANCE ON 2ND READING

Councilwoman Inguanti reported that the following Ordinance was to amend the Capital Ordinance from \$932,076 to \$644,567; it passed for 1st reading in December and they will be making a Resolution to cancel to capital surplus the amount \$221,000 and there will be approximately \$60,000 left in reserve at the end that can be re-ordined for various projects that the Council will address. Councilwoman Inguanti asked the Clerk to read the Ordinance by title only.

The Clerk read the Ordinance by title only as follows: **CAPITAL ORDINANCE TO AMEND THE PREVIOUS CAPITAL ORDINANCE WHICH TOTALLED \$932,076 AND APPROPRIATE THE SUM OF \$644,567 FOR VARIOUS CAPITAL IMPROVEMENTS IN, BY AND FOR THE BOROUGH OF RUTHERFORD, IN THE COUNTY OF BERGEN, NEW JERSEY AND TO TRANSFER UNEXPENDED BOND ORDINANCE BALANCES AND REAPPROPRIATE SAME TO FINANCE SUCH APPROPRIATION.**

Councilwoman Inguanti moved the Ordinance be passed on second reading and advertised according to law, seconded by Councilwoman Keyes.

Councilwoman Inguanti asked the Mayor to open for public hearing. As no citizens wished to be heard, Mayor Hipp closed the public hearing.

Councilwoman Inguanti asked the Mayor to open for Council discussion.

Councilman Genovesi continued that at the last meeting they discussed the subject as great length and he tried to explain to his colleagues his position on the Ordinance and he remains against it. He said it is not a matter of not wanting to close a gap or deficit, he is not a stupid person he understands that they have a potential for a \$300,000 deficit and this would close that gap as Councilwoman Inguanti reported that there would be \$60,000 left over so he assumed roughly \$80,000. Councilman Genovesi said his opposition to that continues to be that by taking that \$287,000 the difference between the \$932,000 in the Ordinance and the proposed amendment for \$644,000; when they take it out and convert it to surplus, if need be do they have to go back and re-borrow that money as explained to them, they would be incurring anywhere from \$42,000 to \$45,000 worth of interest payments on that money. He said one could look at it and say well they don't know if there is a need to re-borrow but he would like to err on the side of caution, he would like to ask the Mayor and the Council to consider not doing this to keep the \$287,000 where it is, not amend the original Ordinance and to carry it over through the year 2009; using the

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amendment as a blue print. Councilman Genovesi said they have three fail safes in place, Mr. Mayor, which are the Borough Administrator, CFO and also the Purchasing Agent; those individuals will be checking each requisition and they could use the amendment as a blue print to not allow that spending to go over \$644,000. He said they will also be careful when they say spending, he knows that is the best way to describe it, but it isn't new spending as Mr. Mayor knows, it is money that has been there and the auditors are putting pressure on them to clean it up so to speak and to be able to use that money for capital improvement projects which he believes the Mayor and Councilwoman Inguanti had done, the problem is he doesn't understand the logic of taking money out to have to potentially re-borrow it with interest, it doesn't make sense to him and he thinks if someone were to better explain that to him perhaps he would change his mind. He said as it stands he doesn't see the logic it in and he thinks it is a dangerous move that is going to potentially cost taxpayers more in the long run, and he asks they change their minds on it.

Councilwoman Inguanti said to Councilman Genovesi he thinks there is a lot of confusions surrounding the Ordinance and when it was introduced on December 16, actually the Ordinance that was introduced and the Ordinance then it actually cancels, the intent of the Ordinance was to cancel the capital reserve the \$287,000. She said the Resolution that she asked the CFO to prepare for that meeting stresses their intent to take the \$221,000 that actually exists as bond money authorized and issued and put it into capital surplus which will allow the next Governing Body in 2009 to potentially include that surplus in operating. Councilwoman Inguanti said she agrees with him, she is not inclined to use borrowed money for operating as the Mayor's veto stated and as they know they are facing very difficult times; what she has had, not a change of heart but just a more sort of holistic or ecumenical sort of thought process, is that they need to give the flexibility to the new Council that will be seated in a few minutes to do what is best for the Borough in 2009. She said the \$221,000, having the access to that she thinks will give them the options but what she absolutely agrees with him on is that the Council must not just look at the \$221,000 for 2009 but they need to have a very comprehensive approach and she would recommend a meeting with the auditor perhaps in February of next year as they get ready to introduce the budget to really look not just at 2009 but to do some strategic planning through into 2010. Councilwoman Inguanti continued because as is his concern and her concern and the concern of the Council is that if they employ all of the money into 2009 they do not have the opportunity to cancel more projects to capital surplus at the end of the 2009 for use in 2010. She said they would have to find that \$221,000 somewhere else for 2010 and that somewhere else could potentially be an increase to the taxpayers so she thinks they need more time passing the Ordinance and the subsequent Resolution will give the new Council the opportunity to really sink their teeth into it and understand it better as they go to introduce a new budget in 2009. Councilwoman Inguanti hoped that answered Councilman Genovesi's question and she absolutely shares his concerns and she thinks every member of the Governing Body, these are difficult financial times they live in, they are going to call for some very difficult choices and she wants to give all ability to the future Council to do what they think is best and if they decide to leave the money in capital surplus or re-Ordinance it for capital projects they would have that option as well. She said they need to have more discussion in the company of their auditor in the future and would recommend that the Council vote to approve the Ordinance on second reading.

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Mayor Hipp asked the Council to approve the Ordinance with the proviso that it also approve the Resolution; he has heard Councilman Genovesi's concerns as well; they face deficit as of that day of about \$300,000. The Mayor said with the \$221,000 if it is applied to the operational end will reduce that, not completely of course, but it will make it a far more insignificant amount. Mayor Hipp said from where they stood earlier that year to then that is a huge change and they are going into 2009 in a very precarious situation and the reason he vetoed the original Ordinance was because he believed that the \$221,000 needed to be made available to the Governing Body in 2009 for use of deficit reduction. The Mayor said he agrees with the principle that they do not use one time fixes to meet recurring obligations but he does not believe that is the case; he wanted to remind the public that they go there because primarily Encap failed to pay its taxes; he firmly believes that the bankruptcy proceedings which are ongoing will probably resolve no later than June of 2009 and will provide the community with the revenues necessary in order to come across and make up the deficit of \$1.1 million. Mayor Hipp said the revenue will be coming in some time next year, the question is when and not if, so he views that as a one time fix to a one time problem and on that basis he believes it is prudent to use as much money as they possibly can for taxpayer relief. The Mayor said they face dire circumstances and they believe that their first obligation is to the residents and business owners and property owners in the town, so he asked the Council to approve the Ordinance and the Resolution that follows with the greatest respect to the concerns that members of the Council have raised.

The Clerk read the roll call: Councilwoman Keyes, Councilwoman Inguanti, Councilman Sasso voted aye; Councilman Genovesi voted nay.

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Councilwoman Inguanti moved the following Resolution of \$221,000 of funded capital improvements be cancelled to capital surplus in order that the amount be available as revenue in the 2009 budget with the concerns that they have all expressed being due examination of the future Council, seconded by Councilwoman Keyes.

RESOLVED, that \$221,000 of funded capital improvement balances be cancelled to Capital Surplus in order that this amount is available as a revenue in the 2009 Budget.

Mayor Hipp asked if there was any discussion.

Councilman Genovesi said that he would kindly like to advocate against the Resolution as well, and he knows they just passed the Ordinance, it doesn't mean they have to convert that money to surplus, if they were to break down the \$221,000 amongst the households in Rutherford on a half million dollar house it would roughly save the taxpayers about \$38 per year. He said to have to re-borrow that money, he assures them it would cost much more than that and he thinks to his colleagues he cautions a word of advice, he thinks they don't see it then but perhaps down the road it is a dangerous move

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to make. Councilman Genovesi said he understands their concerns and asked they under his.

Mayor Hipp said by way of information to the public the Resolution was added to the budget that morning or to the agenda that morning and his support of course is based upon advice of the auditors, he did have concerns about the appropriateness of the process and on the advice of the auditors that it is proper and in all respects appropriate he asked the Council approve the Resolution.

As no further discussion was requested, the Clerk read the roll call: Councilwoman Keyes, Councilwoman Inguanti, Councilman Sasso voted aye; Councilman Genovesi voted nay.

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COMMITTEE REPORTS

For **FINANCE**, Councilwoman Inguanti reported that the Council has a financial report in their packet for 2008 and as the Mayor had stated they are entering 2009 with a deficit. She said as she was thinking that morning, if Rutherford were a ship, Encap would be their iceberg; it has been a very difficult year and Encap has been given more string to run on than she believes they deserve. Councilwoman Inguanti reminded the Council and members of the public that in March Sen. Sarlo came to the Council and she asked for help on behalf of the taxpayers of Rutherford in regards to Encap a legal defense fund or some sort of relief and she was pleased to report that the NJMC (which she asked the same of them) provided them with \$400,000 in aid in part to help offset the delinquent taxes of Encap. Councilwoman Inguanti said as the numbers bare out, \$400,000 is not the same as \$1.1 million; so it was her sincerest hope that the Encap bankruptcy issues will be resolved as has been promised by the end of January and that the subsequent issues and actions that need to be taken to get the issue resolved, get that tax deficit, that has caused the Borough out of the deficit column and becoming some kind of ratable or that the State truly makes them whole if it is determined that it is not suitable for ratable production. She said that is where they end 2008 in terms of finances and again she commended the CFO and the Borough employees who did a tremendous job in holding the line on spending and thanked them very much for their help.

FINANCIAL REPORT FOR 2008

The Borough of Rutherford completed the calendar year with an estimated deficit of about \$350,000 as of this writing, December 26th 2008. For the most part, the deficit was caused by the ENCAP tax delinquency . If ENCAP had paid their 2008 and 2007 tax obligations, the Borough would have had a surplus of about \$350,000. These estimate

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assume the receipt of \$400,000 from the NJ Meadowlands Commission in 2008 in the event that the ENCAP tax sale is unsuccessful.

An abbreviated summary of the 2008 revenue balances as of December 26th follows:

REVENUES WITH DEFICIT BALANCES:

2007 Taxes	\$454,000
2008 Taxes	437,000
Interest on Delinq. Taxes	135,000
Interest on Investments	160,000
Hotel Tax	33,000
Labor Day Fair	23,000
	1,242,000

REVENUES WITH SURPLUS BALANCES

Court Fines	24,000
Construction Fees	31,000
Joint Insurance Dividends	66,000
Fire Safety Penalty	5,700
2008 Budget Cancelled	121,000
2007 Budget Remainder	136,000
NJ Meadowlands Commission Rev.	400,000
Other Unanticipated revenue	90,000
	873,700
 Deficit Balance 12/31/08	 350,000

A tabulation follows which compares the 2008 deficit with the surplus balances of prior years:

Year	Balance December 31st		
2003	\$1,458,427	Surplus	
2004	1,108,690	Surplus	
2005	690,639	Surplus	
2006	752,360	Surplus	
2007	252,413	Surplus	
2008	350,000	Deficit	(Includes \$400,000 from NJMC)

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In December of 2008, the Governing Body cancelled \$102,497 of funded capital projects to capital surplus and this sum will be used as a revenue in the 2009 Budget. There exists another \$221,000 of funded capital projects. It was the intention of the Mayor to also cancel this to capital surplus and use it for income in the 2009 Budget to offset the deficit from operations from 2008. The amended capital Ordinance for \$664K that passed on first reading on Dec 16th if passed on 2nd reading at the sine die meeting on Jan 1st, would cancel \$221,000 of funded capital projects and allow for this money to be used for funding operating expenses in 2009. If the Governing Body decided not to pass the amended Ordinance on second reading and maintain the \$932K amount passed on November 25th, then the \$221,000 would remain in reserve in the Capital Fund and in 2009 it could be used to fund other capital projects or use it as revenue in the 2010 Budget, or to reduce debt service in years subsequent to 2010.

Tax Collections:

In 2008 the tax collection rate was approximately 97.60%, which is over a full percentage less than usual due to the ENCAP delinquency. The following chart compares the tax collection ratio of 2008 with the ratio of prior years:

Year	Tax Levy	Cash Collected	% of Collection
2002	39,755,607	39,236,604	98.69%
2003	42,395,322	41,863,817	98.75
2004	44,260,728	43,700,971	98.74
2005	46,817,576	46,094,295	98.46
2006	51,006,550	50,314,430	98.64
2007	56,746,158	55,493,633	97.79
2008	58,441,586	57,044,980	97.65 est

DELINQUENT TAXES

The trend is showing that delinquent taxes and municipal held tax title liens is increasing in the Borough. The following comparison shows the total delinquent from 2005 through 2008 and also delineates this total as a percent of the tax levy:

December, Year	Liens Owed to Borough	Delinq Taxes	Total	Total as a % of Levy
2005	103,969	495,003	598,973	1.31%
2006	113,457	645,027	758,484	1.49%
2007	123,929	1,169,946	1,293,876	2.28%
2008	131,796	2,099,000	2,230,796	3.82%

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ASSESSED VALUATIONS

The Borough's assessed valuations continue to decline after the revaluation. The following list compares Rutherford's total assessed value for 2008 with that of the two preceding years following the mandated revaluation:

Year	Total Assessed Value
2006	\$2,879,526,388
2007	2,881,009,587
2008	2,861,354,770

GRANTS AWARDED IN 2008

Recycling Tonnage Grant	15,705
Clean Community Grant	22,379
Alliance Against Drugs	13,500
Body Armor Grant	4,371
NJ Meadowlands Comm Grants	
For Hybrid	20,000
For Municipal Assistance Grant	100,000
Felician College for July 4 th	2,000
County Prosecutor for PD Overtime	2,340
Community Development Block Grants	
Imp to Grand Ave	57,608
NJ DEP for Municipal Stormwater Imp	24,058
NJ Div of Hiway Traffic Safety	3,942
NJ State Police for Emerg Eq.	5,000
County Open Space:	
For Walls Field	44,890
For WW1 Monument	39,711
Cops in Shops	572
Federal Dept of Justice	37,113
Total	393,189

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REVISED: 1/22/09

For **POLICE**, Councilman Genovesi stated that he did not have much in a way of a report aside from his end of the year report but he wanted to wish everyone a Happy New Year and hoped everyone had a joyous holiday season and look forward to continuing to work with his colleagues in 2009 and do everything they can to help the Borough.

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Mayor Hipp stated that Councilman Sommer could not be with them, they wish him all the best.

For **PUBLIC WORKS**, for Councilman Sommer, Councilman Inguanti stated as second for DPW she had some information that will be put on file but the DPW has expressed while the tracks for the bag leaf program for the DPW and their manpower issues and in terms of keeping the town really clean during the course of the Fall, the bag leaf program was very successful. She said with the snow fall of a week prior it was difficult, it became very icy very quickly and anyone who has lived in Rutherford for any length of time knows often those leaf piles aren't fully removed by December. Councilwoman Inguanti said having those gone made what was a very difficult storm to clean and especially when it goes over the weekend, it made it a little bit better so she thinks that while they are still working through the bagging of the leaves in the next year and refining and continuing to try to help the residents with issues that they may have overall she believes it was successful and she very much appreciated Councilman Sommer's help in seeing that through.

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For **FIRE**, Councilwoman Keyes wished everyone a Happy New Year and stated her year-end report for the Fire Department will be on file once it is received in mid-January. She thanked the volunteer Fire Dept. for their continued efforts to serve the community, they are a very dedicated group of men and women who day in and day out show their commitment and their love of the community of Rutherford so she thanked them on behalf of the residents and behalf of the Governing Body.

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Mayor Hipp stated that Councilman Fecanin could also not be with them as of then, but he did hope he would be their for the annual meeting, Mayor Hipp asked Councilman Genovesi to give his report.

For **BUILDINGS AND PUBLIC UTILITIES**, Councilman Genovesi stated that their was nothing in the way of taking action for the Building Dept. He thanked Mr. Uhl and his entire Department for the amount of work they do, he believes they are very proficient in what they do as he had a chance to work with them during his first year on the Council and he thinks the entire Dept. is a very good asset to Borough Hall. The Councilman

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stated the he had a quick report for December, 2008 and then he has the full report later: December 2008 for construction fees collected \$16,022; Construction Dept. revenue \$2,456; total value of construction for December \$173,550; total number of permits issued 95; total number of inspections 418; the report will be on file with the Borough Clerk.

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For **HUMAN RESOURCES**, Councilman Sasso gave a brief recap on the 2008 annual report; the Recreation Dept. is responsible for providing year round recreation and leisure services and events to the residents of Rutherford; the Rec. Dept. works closely with numerous departments but to highlight and specifically thank the following: DPW, Board of Education, Board of Health, Felician College, St. Mary High School, Police and Fire Depts. as well as the Kip Center and most importantly all the volunteers who help to make the programs successful. Councilman Sasso said to highlight, programs that are run for the different four seasons of the year had over 725 children participating in those programs and for adult programs over 200 adults. He said the first big highlight was the hiring of Denise Brennan as Recreation Director, she started in the first week of June and in addition to Denise the Department also had a non-paid intern through one of the local colleges in the area that interned for the summer for just about 1,000 hours as well volunteers who circulated through helping and giving assistance with phone calls and mailings. Councilman Sasso said there was over 40 coaches who became certified through the certification program run by the new Dir. Denise Brennan; there were over 500 participating in trips organized via the Rec. Dept., special events in conjunction with the Rec. Dept. including the holiday egg decorating, the holiday sing-a-long show, Halloween parade, Santa Claus calls, letter to Santa Claus, the Annual Baby parade, Touch-a-truck, Holiday Easter egg hunt had over 850 children participating in those. He said field permits for the year increased from 2007 from 270 to 325 as well as the youth programs the various sports youth programs, basketball, soccer, indoor soccer, fall soccer, track and field, wrestling, girls volleyball, cross country and a host of other had almost 2,000 children participate in those programs as well as over 40 travel teams in those programs; the adult sports saw an increase in men's softball to 42 teams as well as them helping organize women's softball, men's over 40 softball, women's volleyball, co-ed outdoor volleyball, adult basketball at night at the high school gyms. Councilman Sasso said the last item he would like to highlight is also the summer camp saw an increase of over 120 campers for the summer day camps so they can see the tremendous amount of activity from the Recreation Dept. in the services that it offers the residents in town and the activity participation of those offerings from the adults and children and he thanked the Dept. from the bottom of his heart to Denise, Maureen, Barbara and the volunteers, the intern over the summer.

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Mayor Hipp stated that Departmental Reports are on file with the Borough Clerk and asked President of the Council Genovesi to make a motion to adjourn Sine Die.

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Councilman Genovesi moved to adjourn Sine Die, seconded by Councilwoman Inguanti with members present voting aye. The meeting ended at 11:55 a.m.

Borough Clerk