

**MINUTES OF A SPECIAL MEETING OF THE
MAYOR & COUNCIL
HELD THURSDAY, FEBRUARY 5, 2009**

The meeting was called to order by Mayor Hipp at 7:04 p.m. with the following Councilmembers present:

Councilwoman Keyes
Councilman Genovesi
Councilwoman Inguanti
Councilman Sasso
Councilwoman Birdsall
Councilman DeSalvo

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

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The Borough Clerk read the provisions of the Open Public Meetings Law and confirmed that proper notice of the Special Meeting was posted.

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Mayor Hipp noted that the Special Meeting's main purpose was to have a presentation by CFO Ed Cortright over the budget process but they did have a couple of routine matters that they wanted to dispose primarily left over from the last meeting. The Mayor said before they do that he wanted to let everyone know that the items on the agenda are basically a resolution from the DPW Contract Memorandum of Understanding which was discussed at the last regular meeting as well as the Musco Lighting, they were matters that were before the public and the Council in January.

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Mayor Hipp opened the meeting to the hearing of citizens; as no one wished to speak the hearing of citizens was closed.

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COMMITTEES:

Mayor Hipp asked Councilman DeSalvo he was ready to move the Resolution for the DPW Contract Memorandum of Understanding.

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Councilman DeSalvo responded yes, and as they discuss at the previous meeting and the changes were made and typed. Councilman DeSalvo made a motion to accept the amendment, seconded by Councilwoman Birdsall and unanimously approved on roll call.

WHEREAS, the Borough of Rutherford ("the Borough") and Local 108 RWDSU ("the Union") have negotiated in good faith for an addendum to the Collective Bargaining Agreement; and

WHEREAS, Borough and Union representatives have agreed to a Memorandum of Understanding in that regard; and

WHEREAS, the Union membership has ratified the Memorandum of Understanding.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Rutherford that the attached Memorandum of Understanding for an addendum to the Collective Bargaining Agreement between the Borough of Rutherford and the Local 108 RWDSU is hereby affirmed.

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Mayor Hipp asked Councilman Sasso if he was prepared to move the Resolution for the Contract with Musco Lighting.

Councilman Sasso responded yes, the contract is for maintenance on the lights at Tryon Field as they don't have the equipment to get up that high for the lights so it is cost beneficial to have an outside company. The Councilman said the original contract was based on length of service not on length of years, it was actually based on usage. Councilman Sasso said the amount is for \$4,800; there is still a change in the dollar amount he didn't know when it was changed but it was not reflected there it was only initialed, by he was assuming Lane and the Contractor's signature from a ten year maintenance agreement to a three year maintenance agreement. The Borough Administrator said it was his initials. Councilman Sasso stated that he was asking for consent for the maintenance agreement on Musco Lighting. Mayor Hipp stated it wouldn't be consent but to bring everyone up to date, the question that he recalled from the last meeting was that there was a difference between the original contract of \$4,800 and he believes the answer was that it was always \$4,800. The Borough Administrator confirmed that was correct. Mayor Hipp said there was no increase in the price, it was the same price that it was for the ten year warranty and the only difference is that the ten years had been crossed out and initialed by the Borough Administrator.

Councilman DeSalvo noted that there were still a couple of spots that said ten years on the document that was not crossed out; page 2 and 6, he said it was the same issue with the cross outs and he didn't know if it was official if they crossed things out.

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Councilwoman Birdsall said she questioned that when they find there was a ten year agreement and now when the Borough is signing it is three year agreement so she would think if it was a ten year, she doesn't want to be signing for less or more money. She said they were going to get ten years at \$4,800 and it looks like they are saying three years for \$4,800 so she thinks there needs to be some clarification.

Councilman Genovesi said he had a couple things that he took note of and to answer Councilwoman Birdsall because it is based on hours no longer on years, so that is the answer. He said the hours of usage, 3,000 hours of usage, he was wondering how the Administrator took into account how many events that were actually going to take place. Councilman Genovesi said does those 3,000 hours actually cover the amount of usage of the lights, was there anyway he would be able to study that? The Administrator responded he, Denise and Chris took the last three years, actually it was under three years; 3,000 hours came out to he believed 2,600 so they both agreed that was more than sufficient to cover the three year contract. Councilman Genovesi said that was one question, the second was in the terms it says net 30 days from date of invoice, was that each service invoice every time they go out for service or is it a one lump sum in the beginning, how are they going to invoice them. He said they are pretty vague on the invoicing, is it as they service; most companies as they service they'll invoice, if they send a copy of an invoice is it that the Borough has 30 days, he would assume a total of 30 days after the date, is that like they were going to supply them with one invoice up front and they have to pay \$4,800 all within 30 days. The Administrator responded it was up front. Councilman Genovesi said he believes that would be a lot cleaner, because every time they send an invoice they would have the CFO running around trying to track down what they did. The Administrator said he thinks it is up front.

Mayor Hipp asked the Administrator if he responded to Councilwoman Birdsall concerns about the ten year. The Administrator said the ten year contract was the only agreement that they took two proposals and the other one was three times as high and they called Musco and asked if they would take a three year agreement and he said they would take a three year agreement but they won't change the form. He continued that they negotiated the hours and the hours came out to 2,600 and he didn't remember the exact number but Lane had the conversation with them and that was his note on the front. Mayor Hipp said did the Administrator not also have a conversation with the purchasing agent and please put that on for the record. The Administrator said he did explain, Robyn Esposito called the Borough Administrator in Wanaque who is also one of the Administrator's who Rutgers uses as a Purchasing Teacher and she ran it by him and he had no problem with it and after that they had Lane call Musco to ask him if he had a problem with it and to the best of his knowledge everybody pretty much signed off on it. He said they can't enter into a ten by law, they can't get into a ten year contract, the most they could do is a three year contract and when they did the hours and the hours came out to under 3,000 hours, they believe it was probably the best deal they could get. Councilwoman Birdsall asked if that should be reflected somewhere in writing. The Administrator responded the explanation that he just gave can be, he wasn't sure if Robyn had done it that way. Councilwoman Birdsall said if someone walked in and picked it up it would be very confusing as to what the agreement was. Councilman Sasso stated that the original contract was either ten years or 3,000 hours of service, because he

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assumed it was just ten years but there was actually an email chain, which the Mayor was copied on that talk about the length of time versus usage. The Councilman said Denise did provide how many hours the lights are on down the field and based on how much they used them the usage amount came to 3,000 in less than the three year time based on the average use. Councilwoman Birdsall asked if it will go to 3,000 hours in less than three years. Councilman Sasso responded most likely less than three years. Councilwoman Birdsall said so making it a three year contract in theory, does that extend them to three years or say they hit 3,000 in two years, they are out, they're done? Councilman Sasso said it is either or, it's like a car either ten years or 100,000 miles which ever one is hit first. Councilwoman Birdsall said she didn't understand why they would change the three years though because they would hit 3,000 before the ten. Mayor Hipp said the Local Public Contracts Law states it would be a violation. Councilwoman Birdsall said if there was a document that says Local Public Contracts Law prohibits them from going through and they envision on hitting 3,000 at approximately 2.5 years that would straighten things out and make it cleaner.

Councilman DeSalvo stated that Musco Lighting does do one for less than ten years. Mayor Hipp said it is Musco's form contract. Councilwoman Birdsall said yes, but wouldn't the Borough Attorney change it. Mayor Hipp said and that is what they have done. Councilwoman Birdsall asked who changed it, the Borough changed it. She would like an addendum, she didn't mean for them to change their form just a letter that outlines and that is signed and everybody gets it and there is a paper trail. Councilman DeSalvo said with the corrections on all the years, from ten years to three years. Councilwoman Birdsall said she thinks it is great they negotiated a great deal, it is great for the Borough but she thinks when they look at paper-wise it's just clean. The Administrator said he would put something on it.

Mayor Hipp asked if there were any other comments or questions. Discussion between the Governing Body took place. The Borough Clerk asked if they wanted it put on for the next meeting or is there a timeframe issue? Councilman Sasso said he was sure it would be more comfortable for everyone to get a final piece of paper before they do anything. All agreed.

Councilman DeSalvo made a motion to table the resolution for Musco Lighting, seconded by Councilwoman Keyes and unanimously approved on roll call.

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Councilwoman Birdsall asked if she could add something to the agenda and she didn't know if it was appropriate to do it after the presentation from Finance? Mayor Hipp responded no, it's a Special Meeting. Councilwoman Birdsall asked if two-thirds of the Council can't vote on a Special Meeting. Mayor Hipp said no. Councilwoman Birdsall said she would look that up while they continued. Mayor Hipp said it was a Special Meeting with the adequate notice provision requires them to put what is on the agenda for a Special Meeting as part of the advanced notice and so all items that were on the agenda would have advanced notice and they would be violating statute if they had added anything because the public would not have advanced notice of what the discussion was.

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Councilman Sasso said what about something that was on the agenda last time they meet and was never brought up, they adjourned relatively quickly and there was an item that was specifically asked to be put on the agenda which was completely by-passed and he wanted to know why. Mayor Hipp asked what he was referring too? Councilman Sasso said he was referring to the discussion regarding Tim Stafford. Councilwoman Keyes said that was a closed session. Mayor Hipp said that was a closed session line item. Councilwoman Birdsall said it was on the agenda. Councilman Sasso said he would like to know, it was something that never gets addressed because it was something that had come up for 14 months? Mayor Hipp said then they will carry it over to the February meeting.

Councilman DeSalvo said he had a question on that also, he wanted to add something to the agenda on Monday and asked if he could and he was told he couldn't because it was too late but in their regular meetings they have to add their items by Friday which would give Monday and Tuesday; two days notice for the meeting. He said if he had added the item on Monday they would have had three days notice for this meeting and he was still told it was too late. Mayor Hipp said no, he was told; first of all those questions were outside the agenda; he allowed the discussion but that was not the agenda that they were following but the Councilman was told it wasn't too late, he was told it was a Special Meeting and the main purpose of that Meeting was to discuss the budget that was the priority. The Mayor said they were getting the agenda out, they had just finished having a meeting of setting the agenda and finalizing it and it had just gone out to the Clerk. Mayor Hipp continued that the Councilman came in pretty much in late afternoon. Mayor Hipp said with a request to add something substantial to it, which would take a fair amount of time to discuss and which would probably interfere with the main purpose and in fact it should have been the sole purpose of that meeting that night which was a presentation by the Borough Administrator who was there and little bit later along with other employees of the Town which in his judgment and he will stand by it, it is an imposition but it's for the purpose of talking about the budget process that is why they were there that night. Councilman DeSalvo said he understood that. Mayor Hipp said the ruling of the Chair is that the other matters will take place at the Regular Meetings of that Borough and Council. Councilman DeSalvo said he was told it was too late, that is what he was told, there were two people in the room and he was told it was too late and he just wanted to know was it too late or wasn't it too late? Mayor Hipp said he was told it was too late because they had set the agenda and they had the meeting on it in that connection and it was late in the afternoon and adding that to the agenda at that time would have been a very difficult thing. The Mayor said the Councilman was also told, and please tell him that it didn't happen, he was also told that the main purpose of the meeting in fact virtually the sole purpose of the meeting was to discuss the agenda, the budget. Councilman DeSalvo said he was told. Mayor Hipp said that was the main reason. Councilman DeSalvo said for the record what he was talking about was he wanted to bring up a discussion how they were going to go about getting the new Borough Attorney, just for discussion. The Councilman continued he was also told that would only take 15 minutes to discuss that so when the Mayor says it would take too long that night to do that, it was only going to take 15 minutes so he was going to ask for consent by the Council. Mayor Hipp said he can't do it. Councilman DeSalvo said but he

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was being told he couldn't do it. Councilwoman Birdsall said it states in the by-laws that they can, it's an emergency which she thinks that would fall under or if it's by two-thirds the members of the Council present it could be voted to be added to the agenda. Mayor Hipp said the ruling of the Chair is that it is a Special Meeting and that their articles deal with Regular Meetings. Councilwoman Birdsall said the by-laws say nothing about that. Mayor Hipp said they were not going to discuss that, they were going to move onto the discussion concerning the formulation of the 2009 Municipal Budget because that is on the agenda and he won't let anybody else out of order at that time.

Councilwoman Keyes said she had a question, and she thinks other Councilmembers have had the opportunity; she had a question on why Councilman Genovesi acted as the President of the Council last year, the Mayor never had a problem with it and when she was elected Council President all of a sudden the rules changed and asked was it because she was a woman or a democrat, that was what she was asking him. Mayor Hipp said that is also out of order and he asked if the Council was going to move forward with the purpose of the meeting or not, that was his question, because that is why they were there and they were there to discuss the budget. Councilwoman Keyes stated that she guesses that she was not going to get an answer. Councilwoman Birdsall said she still goes back to the fact that it's an emergency and she feels that the Council also has authority, not only the Mayor in that situation and they are in an emergency situation, yes financially, she fully agrees with that, that they need to get moving on the budget and not just presentation, they need to start talking about the budget and talking about what they were going to do, what their plan was. Councilwoman Birdsall said their country is in a situation that they have never been in before and that discussion hasn't even occurred there yet so she agreed that was something that needed to be discussed but so did the fact that they need to take action on the Borough Attorney and were they forming a committee in order to do that. She said that also was her item that she would have liked to add to the agenda. Mayor Hipp said that would be on the agenda for the work-session in two weeks. Councilwoman Birdsall responded that she didn't believe they could wait two weeks, she thinks they need to start that discussion, form a committee. Mayor Hipp said the Council did not have the authority to change the agenda of a Special Meeting. Councilwoman Birdsall said it didn't mention that in their by-laws.

Mayor Hipp said they were moving on with the next item on the agenda.

Councilwoman Keyes made a motion to discuss the hiring of a new Borough Attorney, seconded by Councilman DeSalvo; Councilwoman Keyes asked the Borough Clerk to read roll call. The Borough Clerk read Councilmember.

Mayor Hipp said the motion was out of order that was the ruling of the Chair and stated to the Clerk to not take the call, they could appeal it to the courts if they wanted. Councilwoman Birdsall said under what? Mayor Hipp said that was up to them. Councilwoman Birdsall said is there a statute that limits that the Council discuss. Mayor Hipp said she was out of order. Councilwoman Birdsall said she could say the same. Mayor Hipp said since the Chair runs the meeting and the Chair runs it in accordance of Robert's Rules, the Chair had ruled her out of order, they can not appeal it under Robert's Rules of order. Councilwoman Birdsall said it sounds like there's discrepancy over who

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the Chair is for that meeting as well as based on their by-laws and based on prior precedence so she would say that negates the issue and that the Council had a motion on the table. Mayor Hipp said to Councilwoman Birdsall that she was looking at him and shaking her head. Councilwoman Birdsall responded that he was looking at her. Mayor Hipp said it was the ruling of the Chair that the motion was out of order. Councilwoman Birdsall said she thinks it should be very clear to the public exactly what occurred there that evening. Mayor Hipp said the public was there and it will all be on the record and to move forward with the item on the agenda.

Councilman Sasso said that because it was supposed to be just about the budget why is there under "Mayor Hipp-Municipal Court Appointments", he just wanted clarification. Councilman DeSalvo said that was also added after he had asked his question to be put on the agenda. Mayor Hipp said that was not true. Councilman DeSalvo said yes it was. Councilman Sasso suggested they bring a Bible to the meetings. Mayor Hipp said that was a possibility and for them to move on; otherwise goes on with the purpose of the meeting, please.

Councilwoman Birdsall said she would be happy to hear about the budget and she thinks it is of critical importance but she also thinks that their other items are of critical importance.

Mayor Hipp asked Mr. Cortright to please proceed.

The CFO said the topics as indicated in the agenda are just areas regarding the general formulation of the 2009 Budget. He said they were not going to get into the nitty-gritty then of the various expenditure increases and revenue decreases for 2009; he was pretty sure that was going to be discussed at one of the very next meetings; the purpose of this meeting was just to discuss how the budget is formulated generally and to introduce the new Council people to the worksheets that they use to handle revenue, expenditures and to familiarize themselves so that when they go into the next budget workshop they hit the ground running because they will be already familiar with the worksheets they will be using. The CFO said the way he wanted to begin it is with an analysis of the 2008 municipal tax levy and in the pie chart he wanted to show the new Council people that the largest piece of the 2008 pie is the school and the school occupies something on the order of 57.5 cents on every tax dollar that is raised. He said the County and the County Open Space together is another 9.5% and the amount to be raised by the Borough for us purposes is 33%; it's that 33% that they were going to be looking at then and in future budget workshops. The CFO said the total of the municipal tax levy last year was \$19,231,000 the school was \$33,633.00. He said in order to work on the general formulation of the budget he worked with a budget document that is something on the order of 75-80 pages; that budget document hasn't changed in format. The CFO said what prior Borough Administrator's and he had done was distill the budgets to two pages; one page strictly devoted to revenues, the second page strictly devoted to major sources of expenditures and on those worksheets they compare, in their case, 2009 with 2008, they show how much it has increases and by what percentage its increased. He said it enables the Mayor and Council to hone in on where those increases are fast and to ask the questions and to engage in the necessary task that is going to be required to

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get the expenditures down or to get the revenues up. The CFO said looking on one of the pages he gave on the first one it says 2009 preliminary budget expenditures.

The CFO said they have the expenditure document and the revenue document and for the benefit of the new Council people in the State of New Jersey they must have a balanced budget and by that they mean that the total of the expenditures which last year was \$25,867,000 must equal the total of the revenues and their goal in 2009 is to make sure that in 2009 the total of the revenues must equal the total of the expenditures. The CFO said balancing the budget to him is a very easy thing, all he has to do is add up the expenditures, add up the revenues and where it doesn't match it is just put into taxes and that makes up the slack; it is easy for him, it's not hard for the Council; that is why it's necessary that they go into and they will go into every single line item and every single revenue in the budget. He said the way to begin is just to take a look at the revenues for 2008 on the left hand side of the worksheet. He said if they take a look at the upper left on the worksheet they have a 2008 anticipated State and County revenues and the subtotal is State and County revenues last year equals \$1,985,000 that includes \$200,000 for extraordinary aide in 2009 they will not be able to put that \$200,000 into the preliminary budget so right off the bat the Mayor and Council are in a hole to the tune of \$200,000 they can't put the extraordinary aid in until it is awarded and they can't put it into the introduced budget. The CFO said as far as the actual numbers as to what they are going to be for the energy receipts tax, for consolidated tax relief, it is anyone's guess now but hoping that the Governor holds the numbers the same, last year he cut them some \$200,000 and it just so happens that the extraordinary aid they got which amounted to \$200,000 brought them even. He said if they look at the next sub-section of revenues they go to the grants; last year they were awarded \$393,189 worth of grants which grants are a good thing to have but they don't necessarily cut the taxes if they get a DOT grant that is for Woodward Avenue or Montross Avenue they must use the grant for that purpose they can't use it to reduce taxes, they are good to have but most of them don't reduce taxes but there are a couple that do. The CFO said they get in around \$20,000 for the Clean Community Grant and they use it for the Public Works salaries for that; they will get in another \$20,000 or \$25,000 for recycling revenues for a grant and they will use that for recycling salaries so they are a good type of grant because what they do is they reduce the operating expenses or they will reduce salaries and wages so last year they got \$393,000 and this year to date they have been awarded \$329,000. The CFO said usually in the formulation process grants are something that come in bits and pieces throughout the course of the year; so that \$329,000 that they will see preliminarily in 2009 is probably going to increase.

The CFO said in the next section of revenues, he wanted to briefly go over the other municipal generated revenues and these are good to have because for every dollar they can raise in those revenues that is a dollar less in municipal taxes that goes into the tax levy. He said the first item is FEMA, and they anticipated \$75,000 and they were awarded \$75,000 and as a heads up in 2009 they are not going to get any FEMA money it was a one-time thing; the New Jersey Div. of Fire Safety fees and permits, they anticipated \$21,000 Paul actually brought in \$27,000 and when they meet at the next public workshop what Mayor and Council will be doing is they are going to be filling in the columns that were left blank for 2009 preliminary and by that time they would have

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known a better idea of where they are going on State and County revenue and where the Council wants to go on some of the other revenues because there is some discretion on some. He said for the most part what they will probably be doing is looking to see what they actually receive in 2008 and use that as a basis for what they will be anticipating in 2009.

Councilman Sasso asked if the CFO knew what they are anticipating dropping and increasing, did he know what is going to be less than last year? The CFO said yes the numbers which were in his worksheets now that were all set and ready to go, they were waiting for Mayor and Council to look at the Dept. Head operating expenses which was coming that in the formulation of the budget process is that the Mayor and Council would be sitting down with the budget liaison people, their Dept. Heads and the Borough Administrator and going over each line item of the Dept. Head Operating Expense Budget. He said for the most part that wasn't going to be salaries it was going to be the equipment, parts and supplies budget.

Councilman Sasso said when they are going through the process would it be helpful if there was some kind of 100,000 foot view of what they think 2009 is going to look like in keeping with Councilwoman Birdsall question, know sooner rather than later date what the marching order if from the Chairperson at the table. The CFO said as he understands it and the Mayor can help with that question, is the sole purpose for this meeting was to discuss the 2009 budget formulation in general terms rather than to get into the nitty-gritty and specifics. Councilman Sasso said he was just asking a holistic question there, wouldn't it be important to have that information first to coincide with that? The CFO asked the Mayor to help with that question.

Mayor Hipp said he wasn't sure he understood the question. Councilman Sasso said he thinks before they get into the explanations which are very much appreciated and helpful he thinks they should kick off the New Year just like they would any kind of fiscal year. He asked what the objective goal view of the 2009 budget is. Mayor Hipp said he will tell him that generally the purpose of that meeting was to give the Council an understanding of the process, to the extent that it deals with the 2009 budget, where he could tell them that their goal was to provide a budget which is in compliant with CAP limitations and which is also compliant with the goals and needs of the town for 2009. The Mayor said as he said publicly they face a very difficult situation in 2009 and he hopes they talk about what kind of aid can be anticipated and how that effects the budget process and he hopes that and he did mention extraordinary aid but he hoped that he would explain what that means and how that effects the timing of the budget submission. Mayor Hipp said those are things that he thinks are important for the Council to understand that evening and as they go through that process they will have time tables, they will have an understanding of where they have to be because that budget has to be introduced by March 17 in Trenton. The CFO said they could introduce it on the 17th and if they get it there on the 18th it will be alright as long as it is done on the 17th. Mayor Hipp said okay so they are five weeks into it, roughly six weeks left till March 17th.

Councilman Sasso asked if he could restate his question again, it seems like they were at the half-way point; what is the goal, what is the objective. He said how much

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more are they going to let run out to when they are going to state getting a clear goal and direction. The CFO said he would like to answer that question in this respect, in so far as the goal is concerned, they have to have a goal with a budget that is legal, a budget that is going to pass muster down in Trenton and the way they do that is the State of New Jersey has mandated two CAPs on their budget; their goal is to get the 2009 budget into compliance with two CAPs, one CAP is on expenditures it's 2 ½%, the State of New Jersey has mandated that they CAP expenditures, the total of CAP expenditures can not increase over last years by more than 2 ½%. He said if the Council so decides they can have an ordinance and in that ordinance they could increase their CAP expenditures from 2 ½ to 3 ½% and for the benefit of the new Council people when he said CAP expenditures what he is referring to is almost all of the Borough's expenditures with the exception of debt service, reserve for uncollected taxes, capital improvements, grants and the library. The CFO said why the library because they have a lobby down there so with the exception of those the rest of the budgets expenditures is capped at 2 ½% unless Mayor and Council decide and they probably will have to decide to have an ordinance allowing them to increase the CAP expenditures from last year from 2 ½% to 3 ½%. The CFO said one of the goals is to be CAP compliant, they have to get the expenditure budget in to within 3 ½% of what it was last year; the second goal is more onerous than that it is a relatively recent CAP, the CAP is on the tax levy and it is a hard CAP as the Mayor would call it. He said it is a CAP that is equal to 4% of last year's tax levy, they can not increase their tax levy by more than 4% than what it was last year; there are a few exceptions the reserved for uncollected taxes exception if that service is going down and it is, it is actually working against them believe it or not. The CFO said that is going to be tough just to get their budget into compliance with those two CAPs is going to automatically mean that they are going to bring down any large increase in the tax levy which he could project down to very reasonable proportions. He said the problem is they may have to do that with reductions in staff, they may have to have furloughs, they may have to take a week without pay and those are all items that will be on the table. The CFO said one of the things the Mayor has asked him to look into, and he will report on that in the next meeting, is the possibility of going to once a week garbage collection to get them into CAP compliance. He said it is not just a matter of keeping their citizens happy, it is even more than that, they have to get the budget into legal compliance and fortunately for the benefit of the Mayor and Council in order to do that they are automatically be forced to reduce that tax levy to mammoth proportions. He said they had a hell of a group right there, there is a lot of brain power at the table and they are going to put all of it to use and they are going to get the budget and they have to get the budget into CAP compliance. The CFO said when he asks what their goal is, that is the twin goal, that is what they want to do because by doing that they are automatically having a tax rate that is within the realm of reason but remember his pie chart they have no control over County, no control over the school.

Councilman Sasso said those are the two goals that he has to achieve based on the CFO. The CFO responded correct. Councilman Sasso said he thinks it is equally important that there are also goals from the Chairperson as well because he thinks one of the things the CFO said possibly once a week garbage that he had conversations with the Mayor about, he thinks that if that is an objective than people have to know so that it is

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not like they are marching down the road and somebody else is going the opposite direction. The CFO said he understood.

Councilman Genovesi said off the circumstantial and onto the factual, the Departmental operating budget is he going to be asking the departments for ascertain percentage and the CFO said yes, the percentage he is going to be looking for and this is a mandate that came down from the Mayor, from Rose and the Administrator is to cut the department operating expenses not their salaries and wages the other expenses, their equipment has got to be cut by 5% from what it was last year. Councilman Genovesi asked if it was 10% last year and the CFO said he believes last year it may have been more. Councilwoman Keyes said it was 20 the year before so she thinks they kept it at 20 last year. The CFO said he thinks they kept everything in 2008 the same as it was in 2007 which was already reduced considerably from prior years; this year they are making sure that the expense budget does not increase at all, it is going to go down 5%. He said some budgets might go up a little bit but overall because some he has no choice for example take Fire Dept. budget, they have an item in their budget called fire hydrant service; they have no control over United Water, or how much United Water charges for each and every individual fire hydrant in town. The CFO said they do get a substantial charge for that and that is hundreds of thousands of dollars which goes into their budget and they have no control over so if that goes up 5% they are shot. Councilman Genovesi said so using that budget 5% is an average and take all the departments the departmental operating budget they are looking for 5% cut across the board average? The CFO said the grand total has got to be the department operating expenses has to be reduced 5% from what it was in 2008. The Councilman asked is every department able to do that because every year they cut to the bone but if they are giving 20% here and 20% there they are obviously not cutting to the bone and he said why don't they just cut it. The CFO said if they hadn't cut 20% in the prior year, and after having kept with the same last year and after asking them to cut it an additional 5% in 2009, it is not likely they are starting to hit rock bottom there and they are probably not going to be able to continue to do that as they go into 2010 and 2011. The CFO said when a particular department can't meet this mandate that is the purpose with their liaison and the Administrator which is going to take place during the month of February. He said each department head with their liaison is going to be sitting down with the Mayor probably, with the finance committee certainly with the Administrator and they are going to scrutinize every line item and where a particular department is over 5% they have a lot of answering to do. Councilman Genovesi said for example, the DPW, rock salt are they going to advise them to buy or Councilman DeSalvo to buy in bulk where they can get it cheaper. He said how are they going to achieve 5%? The CFO said as strange as it may seem, rock salt is one of the items in the budget that he hates to say is sacrosanct the streets have got to be as clean as possible. Councilman Genovesi said what he was trying to say was, what was the plan to ensure that they could make cuts and still have the necessary equipment or supplies on hand to allow the departments to function? Councilwoman Keyes said it is the Department Heads responsibility to do that. Councilman Genovesi said he disagrees with them because the request was coming from the budgetary process so they are going to have to the ability to explain to the Dept. Heads what they expect. He said they are setting policy for them to follow so he was trying to understand what the policy that they are going to set as far as these cuts in the

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operating budgets, he doesn't think it is fair to go to the Dept. Head and say cut 5% figure it out. Councilman Genovesi said they are going to look at them and say okay, he thinks if they set a policy they want more supplies bought in bulk, they could save money that way, things that they've been doing all along. He was trying to say going into 2009 following Councilman Sasso, what is the objective; not that he was following Councilman Sasso he was following his train of thought; what is the objective, what as far as the operating budget what is he laying out from his office which in turn to their departments. Councilman Genovesi said if they are saying 5% they need to explain to them what that 5% they are looking for. The CFO said that is correct but the Councilman's question is what are they laying out; the most important thing they could lay out is their historical data. He said they are going to be able to see the trend of what exactly they spent in 2008 not what was budgeted. Councilman Genovesi said how they have been trending as far as the supplies, for example the police department what the rate of ammunition they have been using each year, what their fuel consumption is, whatever, how many tires they have to change per year on the vehicles, how many oil changes; those are the things the CFO is going to be asking each Dept. Head. The CFO said they have already started that process as a matter of fact and in the area of the garbage collection they just sat down and figured out how many miles a garbage truck drives during the course of a route, how many garbage trucks they have, how many miles per gallon of diesel fuel they get and what would happen if they cut it by 50%. He said they are getting ahead of themselves because they are going to get into that in detail, to that they have to weight the fact that. Councilman Genovesi said he thinks he is properly explaining the process in which he is going to formulate the request for 5%. The CFO said some budgets are going to be tighter than others and this year is going to be a tight one too. Councilman Genovesi said his last question would be fuel consumption; the price went down and the prices are starting to go back up does he A. anticipate on using more fuel this year and B. does he have any recommendations as far as perhaps purchasing more fuel now and acquiring a second off-site storage facility so they would be purchasing fuel at a lower price, storing it anticipating it is going to go up. He said he thinks when he talks to Dept. Heads and he says how is it going, it is always fuel; Fire Dept. runs on a ton of fuel, Police Dept. consumes an enormous amount of fuel the vehicles are running 24-hours a day they are parked outside, DPW consumes a lot of fuel and its not a fault its more an outcome of their function to the Borough, they have vehicles the vehicles run on fuel. Councilman Genovesi said is there an ability to have a secondary off-site location to store more fuel at a cheaper price, putting out the expenditure upfront to purchase the extra fuel, but they have it on hand at a lower rate so instead of whatever the discount rate through the coop is purchase more fuel at that price knowing that they are definitely going to use it anyway rather than allow it to play the market game when it goes up a little and they know they have to reorder fuel for the Borough vehicles. He said is that an option? The CFO said he didn't think it was even though he thought it was an excellent idea, the reason is because he thinks they are limited as to how much storage capacity they have, there is only one tank underground. Councilman Genovesi said right that is why he said a secondary off-site facility, is there the ability to perhaps build another tank or share if East Rutherford happened to have extra facility or extra room or Lyndhurst share services amongst a fuel depot. He said looking at it logically he knows at his company in all their budgets they always say they have to cut this and cut that and he is always like well explain what they want cut and then they could figure it out. Councilman

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Genovesi said what he was trying to come up with, what are they going to be asking from the operating budgets, exactly what are the target things that they are looking for them to cut are they talking about staples and paper clips and paper. The CFO said everything is going to be on the table, the whole works.

Mayor Hipp said that is the point, everything is on the table but the Council needs by March 17th is a series of options so that when it goes on the budget it understands it's legal obligation and understand that choices have to be made and it can vote with full information before it. The Mayor said there may be some very difficult choices that the Council will have to make when it introduces the budget and again it is an introduced budget, one of the things the Council has to discuss and decide whether to apply for extraordinary aid, if it chooses not to do so than the final budget has to be adopted at the end of April, if the application is made then final adoption of the budget awaits the receipt of the determination by the Local Finance Board as to the request for extraordinary aid. Mayor Hipp said they are under that timeframe, opportunities to amend the budget and add things, take things out and amend the budget. The Mayor said the main idea there and he wanted to get them back on target there to discuss not so much the specifics of 2009 but to talk about process so that the Council has a foundational understanding of what they are looking at as an entire process. Mayor Hipp said Ed talked about meetings with liaisons and Dept. Heads to discuss their own budgets, he doesn't know if he mentioned it but he believes that all the departments have submitted their budget requests now. The CFO said all with the exception of the Fire Dept., they are working on. Mayor Hipp said once that was received all of the budget proposals by the departments will be available for review and the process of sitting down and talking with them and going over it line by line will begin and they will have a better idea.

Councilwoman Keyes said for clarity all the Dept. Heads have had the directive about the 5%, so they have all known that for a while and they are working on it. The Borough Administrator said yes, and they were told it doesn't have to be across the board that it can be on a line item.

Councilwoman Birdsall said if there is proactive approach and they are able to bring in new programs or new ways to generate revenue for the Borough that all goes under the municipal revenue area and that directly impacts the tax levy. She said so for every dollar that they are able to generate, because she thinks that is the second half of the coin, and they are in a new world in 2009 so it is great to have a guideline from 2008 for the Dept. Heads but everything has to be on the table and 5% is wonderful but they also need to try to determine what are some other types of programs, what are ways that they could make a few pennies within the Borough. Councilwoman Birdsall asked if that is at the next session, that they talk about that. The CFO said at the next session they were going to be looking at the revenues and they are going to be seeing how much they budgeted for last year and what they are tentatively putting into the 2009 introduced budget this year and by looking at the increases and decreases he thinks then and there why can't that number be increased and they put their collective heads together and see what can be done to increase a particular line item. Councilwoman Birdsall said things like shared services are a potential but she wonders how long they wait before they start discussing and moving into plan of action for different types of programs that may be

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everybody around the table has to try to generate revenue. She said from a stand point of a citizen in Rutherford of course she doesn't want taxes to go up, they are going to get hit from the Federal Government, State Government and she thinks it is the duty of the municipal representatives to shelter the citizens as much as they can. Councilwoman Birdsall said they need to take an approach that is proactive and that is maybe a little outside of the box in the budget process this year and she wondered when that fits in there. She said she didn't want to wait five weeks and then miss an opportunity.

The CFO said they already do share services with other municipalities, they share services with the Board of Education, one of the things they stress in their extraordinary aid application and they will be reviewing that in detail because they have to get that out by March 20, is they make a big deal of all the shared services that they do now with neighboring communities and with the County. He said there is always room for improvement in that area.

Councilwoman Keyes said maybe for the next meeting it would be good to give a list of the shared services and she knows that he had done that. The CFO said it is all in the extraordinary aid application and absolutely they will have that. Councilwoman Keyes said there are so many that they do share, people don't realize that.

Councilwoman Birdsall said she had a list of ideas, they need to be able to communicate effectively and sit around the table and throw things out there to say would that work, that wouldn't and maybe they could try that and prioritize where they may want to go as far as grants because she was sure there was going to be a lot of opportunities and she knows they are attached to projects but they need to be proactive this year as opposed to any other. She said they need to try to keep things in and every penny counts so she doesn't want to wait five weeks and then have to do that; is it appropriate to put on the agenda for the next work-session for the Council for brain storming. The Council responded yes.

Councilwoman Birdsall made a motion to add that to the agenda for the work-session. Mayor Hipp said the motion is not required, but it will be under Finance's agenda.

Councilman Genovesi asked if he could finish his line of questioning?

The CFO said yes but he just wanted to answer something that Councilwoman Birdsall had said; as regards to grants they are at the next budget work-session he thinks he asked Mary Kriston to schedule at around 7:15 a grants man. He was contacted by a man by the name of Ed Farmer, he has quite a following in municipalities and he was going to address the Mayor and Council; he told him that it was a work-session so he believes the man will be brief, 10-15 minutes to explain what it is he does, the grants that he has gotten for neighboring municipalities, how much he charges, so on and so forth. The CFO said it is definitely upcoming.

Councilman Genovesi said regarding handicap grants does he perceive having Mr. Shenkler go to apply, considering what Councilwoman Inguanti is doing with the building

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and the Police Dept. is trying, it's the ADA compliance -were they going to be searching for those types of grants in the upcoming year. The CFO said that was a sore spot for him. The Councilman said it needed to be brought up because they were trying to come into compliance so shouldn't they also have the ability to get the grants. The CFO said ADA compliance grant he sees red because it was awarded several years ago in the amount \$100,000 and they haven't spent it yet and they take a lot of flack from the Dept. of Community Services. He said he made a promise that the work would be done by Spring of 2009 and they threaten to take it away if they don't use it so when they say they should go after more ADA grants they have to spend the one they have already. The Borough Clerk stated that they awarded that contract and it is ready to go. The CFO said it was issued through the State.

The CFO discussed the extraordinary aid grant that they applied which is not awarded to every municipality because it is one they have to go out and apply for and it is very time consuming and they want to see where the Borough shares services. He said when filling out the application they make a great case about all of the shared services the Borough uses. The CFO said they also made a case out of the ongoing problems they had with Encap and they could again go into Encap for 2009. He stated that he didn't know if the Borough was going to get any extraordinary aid or even if that aid was going to be available because at that time it wasn't on the website of Local Government Services. The CFO said the time table for that aid was that they would have to introduce and approve their budget by no later than March 17th and approved by the full membership of the governing body and there will probably be a hearing on the budget on or around April 29th and final adoption will probably take place in September. He said the budget on introduction bares no resemblance to the budget on final adoption because they cut and find many different places to get revenues. The CFO said the reason they use the March 17th as a deadline is because in order to apply for extraordinary aid they have to have the budget done by the 17th; that is the carrot that the State holds-out and the State has scheduled March 20 as the deadline for the aid.

The CFO said on the revenue side, the last item is the parochial school nurses aid, that is money they receive as reimbursement from the State for the fact of having several nurses in the parochial school. He said in 2009 they may budget for one less nurse because one retired in 2008 and hasn't been replaced and they will ask Brian O'Keefe if he can do without that one nurse.

The CFO said the next item is capital surplus and last year they anticipated \$9,200, insurance fund dividend last year anticipated \$2,700 but they actually got \$6,900 because during the course of the year in December they had an opportunity to receive a \$6,700 check which is what they opted for or they could have used it to reduce the bill in 2009; so what they decided to view of the Borough's deficit was to use that money as revenue in 2008 rather than reduce budgetary expenditures in 2009. Councilwoman Birdsall asked what the bill is for 2009 and the CFO replied the joint insurance fund bills for three things; liability insurance, workers comp and group health insurance and in order for it to make sense they need to talk about them comparative purposes. He said the bill in 2008 \$3,362,000 with an increase in that of about \$317,000 which is a firm number that PIA gives; liability insurance is another area they are going to have a problem with in 2008 it

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was \$425,000 with an increase to \$480,000; group health insurance in 2008 it was \$3,362,000 in 2009 it was estimated to go up \$318,000 to \$3,680,000. The CFO said the Joint Insurance Fund is the way to go as PIA had told them many times, if they went another route it would cost millions of dollars more over the years than if they had gone through a Joint Insurance Fund.

The CFO said back in revenues, the Hotel Tax has been reduced, the anticipated \$361,000 they actually got \$332,000. Councilwoman Inguanti asked if that problem with that had been worked out. The CFO said yes, in prior years they noticed they were being cut and not receiving money in three or four months and when they contacted them they said they had given the Borough too much and they confused us with another municipality. The CFO said so they held us flat four months but it is now taken care of.

The CFO said the recycling revenues was a money maker as they anticipated \$225,000 which was much greater than what was anticipated in 2007 and thanks to efforts of Sharon DelVecchio that number catapulted to \$272,000 but in 2009 that number is likely to go down because the market for recyclables has gone down. He said the liquor license remains the same \$12,700 other licenses \$4,000 remains the same; the Building Inspector came in at \$454,000 came in with \$481,000 which was higher than anticipated and they will use that as anticipated source. Councilwoman Birdsall asked if he anticipated that to go down. Mayor Hipp said that actually Councilwoman Birdsall will be sitting down with John as liaison. Councilwoman Birdsall acknowledged and stated she was just asking the CFO's assessment based on the economy and experience. The CFO responded that would have to come from John because he has a unique feel on what the fees are going to be in 2009; other fees and permits will stay about what it was in prior years. He said the Municipal Court brought in more money from \$446,000 to \$469,000 and they will be able use that higher number in 2009; interest on taxes went down from \$244,000 anticipated to a \$110,000 because they felt the Encap lien would be sold and they owed over \$100,000 interest on their delinquent taxes since they declared bankruptcy then they got permission to put it into the tax sale and then the bottom fell out of the market and people couldn't get financing to buy the liens; parking meters was the same \$171,000 anticipated, \$170,000 budgeted and at least one individual namely Frank Wilson came to see Ed and mentioned that he might be wrong in anticipating another \$170,000 because if business drops on the Avenue then they won't get the parking meter fees that they had been getting so that number may have to go down. The CFO said what they are looking for is a trend in January and February where they stand in 2009 versus 2008. Councilwoman Birdsall asked if the meters were computerized? The CFO said no. The Councilwoman asked then they are not easily altered? The CFO said not to the best of his knowledge. Councilwoman Birdsall said the main thing to her that in 2009 one could park for an hour for a quarter, there is nowhere else in New Jersey; she thinks if they had a dime option, ten minutes for a dime that .60 for an hour as opposed to .25 and she didn't know if it was easily accomplished to change that she thinks it would be a convenience for people but she also thinks it would significantly increase their revenue. Mayor Hipp said that is an option the Council will take in looking at it. The CFO said he doesn't think it is a big deal to change the meters, because they did it before.

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The CFO said the next item was interest on investments; there was a time when they would make about \$400,000 on investment income just on the Borough's idol funds in doing something with the money even over weekends, in 2007 approximately \$300,000 in 2008 they anticipated \$300,000 and it plummeted from \$295,000 to \$135,000. He said where they were getting 5% - 6% on CDs. The CFO said that is a number in all probability that will have to go down in 2009.

The CFO said parking lot permits is the same every year, approximately \$91,000. He said lease on Borough property will go up a little from \$108,000 and will go up about 3% more because they have a 3% clause in each of the people who lease the cell towers. The CFO said cable television fee last year they received \$59,000 and he was please to report that they got a cable fee not only from Comcast but Verizon and that will bring the number up from \$59,000 to \$125,949 when they look into 2009 and they already got the money for that. The Borough Clerk asked that doesn't the percentage increased on the new franchise for Comcast? The CFO said no it is always 2% of gross subscriber revenues. The Borough Clerk said she thinks it is higher with the new franchise and she will look into that.

The CFO said the Uniform Fire Safety Act, Paul Dansbach's fee and permits traditionally bring in \$86,000 a year from that source of revenue; Rutherford Senior Housing is based on 15% of total rental incomes that the Senior Housing takes in amounting to about \$23,000 in 2009 versus \$21,000 in 2008. He said with the New Jersey Meadowlands they anticipated \$400,000 and last year they didn't receive anything from them instead they actually had to pay; he said they may not see that on their copies because he just added it but it will be there on their next visit. The CFO said the reason they are receiving the \$400,000 is assistance in regards to problems they are having with Encap.

The CFO said the Felician College Sponsorship fund is \$91,000 in 2008 which is probably going to be less than that in 2009 because in 2008 they hadn't paid 2007 so that is a number that will go down. Councilwoman Inguanti said it was \$46,000. The CFO said yes it was \$46,000 for 2008. Councilman Sasso asked since they increased their student population isn't there more of an impact on services such as police, firemen is that something they could negotiate with the College? The CFO said he assumes yes because the agreement calls for a 5-6 year agreement and the time table called for them to received x number of dollars in each of those years; and it comes to an end either this year or next year. He said so yes after then it will probably have to be negotiated. Mayor Hipp said it is actually a payment in lieu of tax. Councilwoman Inguanti asked if and maybe Councilwoman Keyes if they could chart false alarms by the Fire Dept. because that might be helpful in negotiating. Councilwoman Keyes agreed.

The CFO said the next item is the premium on tax sale explained if a lien is sold at a tax sale and someone wants that bad enough they will actually pay a premium for it and the premium comes to the Borough and after 5-6 years that lien is not redeemed the premium goes to the Borough so in 2008 they actually had a premium of \$7,600 and the took it as a revenue and for 2009 they have no such premiums but for 2010 they will probably have one to put in. The CFO said the Labor Day Street Fair last year they

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anticipated \$50,000 and actually got \$26,000 and when he spoke to the Mayor about that some time ago he was toying with the idea of possibly turning it over in 2009 to the Rutherford Downtown Partnership and letting them handle it which is a decision for the Governing Body so when they talk about the revenues at the next session they will be talking about that. Councilwoman Birdsall asked if it was profit. The CFO said no actually it was the gross revenue, it was on the expenditure side on the other side he thinks the Borough made about \$10,000 on it. Mayor Hipp said he thinks they need to understand that there is a difference between a budget item and revenue and an actual and they were budgeted items. He said in fact the Borough had never made \$50,000 in profit from the Fair and in fact if they allocated all the costs associated including overtime in prior years they probably lost money. Mayor Hipp said it was never accounted for that way so regardless of how it happens one of the things he was going to recommend is that they account for it differently so that they could actually see what anticipated revenue would be based on a historical amount and anticipated expenses because that was never in the budget. Councilman Sasso said in speaking with the Recreation Dept. over the last 13-14 months that when a lot of events are held by the RDP which as was said is not part of the Borough, resources, employees from the Rec Dept. are used at those events and they are not paid through the RDP, they are given comp time. He said which is really an expense to the Borough so he just wanted to make sure everyone knew that fact. The Administrator said if someone wanted to volunteer to man a recreation booth or whichever function they volunteer for would be strictly volunteer, they would do it on their own time, they don't get compensated for it.

The CFO said moving down they come to area where they are going to have considerable problems and that area is in the delinquent taxes and it will spill over into 2009 and it will definitely effect the formulation. He said in 2008 they anticipated \$1,060,000 and actually received \$613,000 and the reason for the shortage is Encap; the problem they are going to have in 2009 with delinquent taxes is assuming the Encap pays the delinquent taxes to the tune of \$1 million they can't put that in as a revenue because they are limited by a formula which is like the percentage of collection of taxes. The CFO said they could only use no more than what they received last year as the percentage of collection of taxes that is as high as they can go. Councilman Genovesi asked if he could clarify, he is going to claim the Borough received 97% but if he collects over that he is actually running into a surplus situation. The CFO said yes that is a major source of surplus. Councilwoman Birdsall said if they collect the million, at the 46% rate where does the additional go? The CFO said in the delinquent taxes all they will be able to anticipate when they go into 2009 is \$883,000 if they get a million say Encap pays it will go into surplus. Councilwoman Birdsall asked what surplus can be utilized for. The CFO said the surplus can be utilized for next year's budget, the 2010. Mayor Hipp said that is why getting the tax lien sold by the end of December would have helped.

Councilwoman Inguanti said she wanted to share one of her frustrations which was that they carry the full burden of delinquent taxes when only about 33% of it is the Borough's money. The CFO said that is correct the Borough takes the full brunt of it. Mayor Hipp said it is not distributed in accordance with the ratio.

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The CFO said asked if the Council would like him to go into the 2009 budgeted expenditures and some projections for 2008 versus 2009. Mayor Hipp said it was really just a Council education session, so whatever they wanted to ask and all he could say is don't speculate, don't guess at things, get the information. The Mayor asked if everyone was satisfied so far with the process that they are going to be engaged in or was there any questions about.

Councilwoman Inguanti asked to go over the expenditures. Councilman Sasso said they mentioned earlier that there was going to be a 5% reduction in operating expenses, are they also looking to reduce some of the other budgetary expenses, utilities, professional and host a of other things, are they going to have 5% also? The CFO said that was a good question, one example the audit is pretty much set at around \$27,000 so they might go back to them and say they have to cut it 5% as they are doing with everyone else. He said Les Shenkler to his credit said let's get ADP to the table and what happened was last year Bank of America serviced charged the bank account \$30,000 and they didn't want to go on a RFP so they bought Bank of America saying it was unacceptable go back and give them another crack at the \$30,000 as it won't work in 2009. The CFO said their response was don't go on a RFP and they came back a few weeks later saying the Borough pay for the payroll which approximately \$20,000 of the \$30,000 and they will waive all fees which will be saving the Borough \$10,000 by having the Borough pay for ADP. He said then Les suggested getting ADP down and they got the figure down from \$20,000 to \$13,000 with the same services received previously. The CFO said they do have extras associated with like check signing they could save money by having them signed in house but they save a lot of money in terms of time by having the computer sign them; also by sorting and putting them into envelopes. He said again that is at a cost and are paying for that. The CFO said there are approximately 240 employees; full and part time and believe it or not the part time cost more than the full time because their salaries are constantly changing; hourly rates cost more for processing.

The CFO said in the first look they were going to have on the budget workshop he aimed high, the numbers are quite high, the legal fees were increased, the engineering fees will remain the same, auditing fees were kept the same but there is no reason why they couldn't be asked to reduce those fees 5%. Councilman Sasso said another item on the expenditures would be like mailings which cost quite a bit but they did creative things in the Rec Dept. having brochures to reduce the expense. The CFO said it is very easy to track that expense, the whole postage is in Mary Kriston's one line item in the Borough Clerk account and they will see that when they go through it. Councilwoman Keyes confirmed that it is not by department. The CFO said correct. Councilman Sasso asked about the copiers, is that done similarly. The CFO said usually the copiers are leased which is in equipment, parts, and supplies but that is a number that each department head will have that number available. Councilman Sasso said the reason he brought that up was because department heads can't negotiate lease agreements. Councilman Genovesi said that the copiers are through the State Coop pricing. The CFO said yes. Councilwoman Birdsall said so there is no negotiation there? Councilman Genovesi said when they purchase through the State that is the lowest possible price. The Administrator said by purchasing through the State they have already taken bids.

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Councilwoman Birdsall asked if there are different maintenance agreements. The Administrator said it depends on the age of the equipment, depends on the lease that was signed, different companies have different pricing and he hasn't looked at the coping contract at all. Councilwoman Birdsall said the lease would be specific to the Borough not through the State just the purchase is through the State. The Administrator said they purchase off their contract, but it's their lease and contract. Councilwoman Birdsall said she understands the process but it sounds like there might be some wiggle room that if their negotiating some sort of lease at some level it is probably for maintenance or toner.

The CFO said he would like for the purpose of that meeting to leave out salaries and wages; it will be a major source of increase and because they have two unions that are in the process of negotiating he has to think how they are going to handle it before he reveals how much it is going to go up because that is kind of tipping their hand for how much they are budgeting for. The Administrator said they may not have those numbers by the time they have to fix budget.

The CFO said taking a look at Dept. Head expenses in 2008, the total of that expenses is \$1,431,000 and what they were going to do for the 2009 budget is to have it reduced by 5%, that would be \$70,000 which is a drop in the ocean but they are going in the right direction. The CFO said FICA is a number which is going to be increasing from \$600,000 to \$630,000; then they have the Medicare tax which some police pay into and the rest of them who pay into social security at 7.65%. He said they total everything up, taking into consideration that the police don't pay into social security and some medi-care tax and that is how they come up with that number; what they were looking at now was a \$30,000 increase. The CFO said group health insurance was \$3,362,000 in 2008 and that will increase to \$3,680,000 in 2009. He said public employees retirement pension is a hard number going from \$390,000 to \$480,000; the police pension they budgeted \$845,000 the bill is going to be \$959,000. The CFO said what the Governor is trying to have passed at the State is to cut that bill down and reduce it in half, if he does that half of that bill will be cast out to some Councilmember two years out. He said the problem is that is not coming cheap as it comes at an interest rate of 8% and if that isn't bad enough what the Mayor and Council can do if they want to is reserve that money and budget for the full brunt of it and reserve it so it is available two years from now so they don't get a gigantic hit. Mayor Hipp said the bill has been amended to allow for the Governing Body to top out and just pay the full amount. Councilwoman Keyes said that happened a few years ago, they went a few years without having to and then they got hit with it. The CFO said an issue is say the Borough proves the budget for the whole \$959,000 for the police pension what they have to look into is the State going to hold that against them if they apply for extraordinary aid, because they might say they had an opportunity to reduce police pension. Councilman Sasso asked if the CFO heard anything from the surrounding towns who are in the same boat? The CFO said he will be finding that out and talking to the auditor about it. The Mayor said the League recommends supporting the bill that doesn't mean that it recommends that the municipalities take advantage of it but with the provision that was amended allowing the towns to opt out, hopefully without any adverse actions for those communities looking for extraordinary aid but tie in is contrary issue which he would like him to talk about it at some point. Mayor Hipp continued so that the Council could get an understanding of what that means and what

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has been happening with that aid over the last few years. The CFO said it was a good time then to talk about it; to give them an idea of how much they were talking about in 2008 they budgeted \$533,000 and they actually received that which was shown on the upper left of the revenues. He said it is not the consolidated tax relief that they may be talking about it is the energy receipts tax portion of the State aid. Mayor Hipp said it was both, they reduced the contra as well. The CFO said what actually happens is that one goes up for the cost of living, but what they do is reduce the other one accordingly to bring it either to zero or below zero but the point the Mayor was trying to make is that money comes from utilities that they pay. He said if they look at the bill they will see included in the bill is x number of dollars that's payable for social programs at the State level, that is the money that is coming back to the Borough and that is not the money is coming back to the Boroughs the State is holding up on it that is what is being cut as the Mayor is furious because that money should be coming to the Borough. Councilwoman Birdsall asked what was the projection for that to go down by? The CFO said he doesn't know yet, but hopefully by the next session but at this time last year they cut \$200,000 from State aid. Mayor Hipp said actually they didn't announce that until they submitted their introduced budget, so they didn't do it this time last year they waited till March. The CFO said at this time last year they gave at least some inkling of at least what to budget and they haven't received that.

The CFO said to continue the public employees pension is going up \$90,000, the police pension \$113,200, the firemen's widow pension is \$2,000 or \$24,000 a year that is going to be steady in 2009; liability insurance would be increase \$54,339, joint insurance fund for workers comp would be increasing about \$89,000. He said taking a look at the utilities the first one being telephone and he plans to hold that steady in 2009 they had just made a switch from Verizon to Extel as of March 1, 2009; the Board of Ed have made the switch to Extel as they are less than what Verizon was charging. The Administrator said they were going to go through another one of those line audits as they believe there may have been lines that were disconnected or modems that are no longer in use and not taken off, there may be extensions that are not longer in use and they have been paying they believe .33 for a long distance minute when it should be .7 per call. He said he will share that when he receives the proposal sometime in the upcoming week as they are in the process for the new telephone system, there is no cost to that and if the DPW could do some of the wiring that will save as well. The CFO said they had a telephone audit done in early 2007 and they had to give them a piece of the action about 20% of the savings. The Administrator said it is part of the furnish and install project as there is no cost associated with, so they may even pay Extel even less money than anticipated; they did a complete survey of seven locations which includes everything but the library because they are on their own system. Councilman Sasso said this conversation came up last year with the vendor for the computer contract they noticed certain addresses weren't even there anymore and they were getting billed for. The CFO said that was addressed and they since have been reimbursed for that. Councilman Sasso asked if it would also be worthwhile besides the telephone side maybe on the utilities side like public service. He said over time things get turned off and they are just paying the bills. The Administrator said they are in the 3rd and final leg of getting quotes for energy audit and there are five vendors approved by the State that they could take quotes from without having to go out for bid. He said they could award to anyone of those five and as part of

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that energy audit he is sure that kind of information will be out as it not only to see the a/c, heating, etc. they are also doing all seven buildings on that as well. The Administrator said as a matter of fact they didn't have any heat in the building that day until 11:00 and it was pretty cold, the boiler is about 30 years old and is sure that will be mentioned in the audit because something that is 30 years old in the HVAC area has been upgraded to the extent to where it was 75-80% efficient 30 years ago it probably 92-93% efficient now. He said the utility bills will hopefully go down but of course that will be in conjunction with everything else such as the windows, installation, lighting, etc. Councilwoman Birdsall asked if that energy audit is through the grant application that was made and then do they go through all the previous bills. Councilwoman Birdsall asked how that works, do they just call there and say they want an audit. The Administrator said there is an application applied for and BCUA also has an application but public service has offered that to the Borough. Councilman Sasso said they may also be able to offer recommendations like lighting and what not. The Administrator explained they have a device that reduces the light in the room if the light outside is able to carry the light inside like his office gets a lot of afternoon sun. He said they are also looking to get something for the parking garage downtown, they expect in another week or two to have flood lamps that are totally LED which will not only reduce the cost but the maintenance as well which will actually save some dollars. The Administrator said they are looking at things so simple like changing the light bulbs; there were a whole generation of things they were going to take a look at when they do the energy audit. He said one of the things that he hasn't been mentioned was that the grant, they could get a savings of \$100,000, they will give \$75,000 when the audit is complete if they do implement all their recommendations they will give the whole \$100,000. The Administrator said the \$75,000 is not exclusive from the 4% CAP however, he asked the Mayor to see if he could talk to the people at the Meadowlands Authority, they've offered to do some energy conservation with the Borough and maybe they could pick up that \$75,000 bill so that it won't be counted within the CAP. He said the Mayor has agreed to that. The CFO said with the Administrator mentioning the CAP, they will remember when he talked to them about in formulation of the budgetary process, one of their goals was to be CAP compliant and he talked about the 2 1/2% CAP, their CAP expenditures couldn't be increased by more than 2 1/2% unless they had an ordinance to allow themselves to increase to 3 1/2%. He said if it is necessary to increase beyond the 3 1/2% they would be allowed to do so and for the benefit of the new Councilmembers there is a reason why because last year they brought the budget under CAP and what the State does is if they bring the budget under CAP in 2008 they could bring in the budget over CAP in 2009 to the degree that they were under. The CFO said the cost of the audit if the Mayor and Council want to go with it can easily be absorbed because they have quite a large CAP bank. The CFO said he thinks they have to do it for two reasons; even if they don't utilize it, it is there but the other reason is that they want to have the CAP bank because they could only have a CAP bank if they have that ordinance in place and that is why he would like to have the insurance there just in case some year they find themselves over.

The CFO said there was one additional thing he would like to ask the Mayor and Council; rather than to continue and do each line item what he would like to have the Council do is set more budget dates and at that time he would give them a computerized printout showing all the numbers in 2009 that they just discussed as well as the

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percentage as Rose Inguanti had asked for a percentage in addition to the raw dollars. The CFO said so he would ask that they set some more dates and he asked if the Administrator write a letter to Dept. Heads asking them to hold the line on overtime especially in Borough Hall as they could save \$20,000 just by eliminating overtime among clerical people. The CFO said in the letter he would like it to say somewhere the overtime they take in comp time is going to save someone's salary so they won't be so quick to say it is in their contract. Mayor Hipp said they implemented that last year and it worked very well and the way it works is that they sit with the Dept. Heads, the liaison is also in attendance and they go over their budgets including any overtime and they get a preliminary understanding of where they are at with respect to all of them. The Mayor said then they could all go back and meet again and since all departments with the exception of the Fire Dept which will be in by Monday, they could start scheduling those meetings right away.

Councilman Sasso said in regards to overtime, is there a policy for before someone takes the overtime, do they have to get approval from the Dept. Head. The CFO said yes. Councilman Sasso said but maybe until all the figures they could issue an email asking them to hold the overtime. The CFO said in regards to police overtime in 2008 the total police overtime that was budgeted was \$226,000 they spent \$503,264 in overtime but they were reimbursed \$388,000 so the net figure was a mere \$115,000 that was the lowest it has been in many years.

Councilwoman Birdsall asked if they participate in the police department in a County program where they will come and take those who have been arrested and take them up to the County, she believed Sheriff McGuire started the program and it wasn't utilized by many communities but she thinks it is still in place and if they were one of the communities that utilize that. Councilman Genovesi said one of the options they were looking at was to cut out prisoner transport which would save time and money. Mayor Hipp said prisoner transport to a municipality for arraignment is one thing, but he understood Councilwoman Birdsall's concern is that the County will transport prisoners in the County Jail to do work. Councilwoman Birdsall said that is a program but there is another program where they will come and pick up the prisoner and transport them to the County as opposed to the Borough officer's doing that and get time and half; there are many programs such as video arraignments. The Administrator said in speaking with Sean Walker a few days ago and he is from the Sheriff's Office and he said their budgets have been cut so dramatically that they can barely get a crew together. Councilwoman Birdsall said she was just talking with the Sheriff as they were at a meeting and he mentioned the program that it was still operating and he wants people to start utilizing it and she wasn't sure about the numbers but it could be a cost savings. She asked what would be the appropriate channels to look into it. Mayor Hipp said the Borough Administrator.

Councilwoman Inguanti asked to go back to the expenditure sheet, the utilities need to be discussed so far as street lighting. CFO said the street lighting, the budgeted figure and the expenditure figure was \$275,000 and he was looking to put tentatively another \$10,000 increase bringing it \$285,000. He said they get 12 separate bills for street lighting and the Board of Public Utilities is forever giving them increases and

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looking at the bills they receive the last couple of months October-December it is trending upward again. The CFO said the Mayor and Council will go over the logic behind it and see if that is not a number that could be tampered with and reduced; gasoline is \$205,000. Councilwoman Inguanti asked how does the sharing with the school board factor in? The CFO said they are fueling at the DPW depot, the Borough pays for all the gasoline and what he does he receives a report from the DPW detailing how many gallons of diesel fuel, gasoline and he then presents that to the Board of Ed and they reimburse the Borough. He said there is a savings to the taxpayer but it appears on the Board of Ed books but that was the right thing to do.

Councilman Sasso said one of the things that came up in the school budget was the possibility of eliminating the gyms on Sundays by the Board of Ed; if the gyms needed to be used by the rec. dept. how could they pay for the custodian to open the gym on Sunday; there seemed to be no mechanism in place to invoice the opposite way. The CFO said that could be easily done. Councilman Sasso said the only other way was they would have to hire people to open up the gym on Sunday. Mayor Hipp said they don't need to go that far, all they need is to get an agreement with the Board. Councilman Sasso said it would certainly make things easier if they could work it out that way. The CFO said he would sit down with Denise and Bob Brown to work that out.

Councilwoman Birdsall asked if they were anticipating gas to go up. The CFO said at the present time they were looking at a budget for 2008 \$205,000 and preliminarily an increase to \$250,000 which was in keeping pretty much with what they spent in 2008. He believed that gasoline is going upward but that might be a number that could go down by virtue of the fact that if Council considers once a week garbage collection and half as many miles being driven that number could be reduced. The Borough Administrator said they were looking at purchasing a hybrid vehicle for the police patrol and assuming they get out of the winter season and he could get Chris freed up from snow watch, they were going to make an effort to get up to Westwood with him and find out how they have been able to manage to get all their garbage trucks on bio-diesel. He said that bio-diesel has been very successful up there and they picked up used vegetable oil from the restaurants and they strain it and mix it 50-50 with regular diesel. The CFO said there may be summer time provision maybe made for twice a week pick up but the Council has to look into it. He said one of the things they have to remember with once a week pickup is that the total being picked up is the same so what is going to happen is the men are going to be lifting twice as much and they might be looking more workmen's compensation cases because they are literally lifting twice as much but all that has to be weighed.

The CFO said one of the last items he wanted to discuss was the reserve for uncollected taxes which appears on the bottom of the page; in 2008 they budgeted \$874,000 the reserve for uncollected taxes is that last computation to be made. He said that is based upon when they know everything, total cash requirements, they divide that by what they estimate they are going to have their tax collection be. The CFO said making a rough stab at what that might be in 2009, they could be looking at an increase from \$874,000 to \$1,511,000 an increase of \$636,000 and most of that is Encap. He said that is the last item to be prepared, they have an idea of where the County stands, preliminary estimate from the school, how much their total budget is less the anticipated

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revenues and when they know those three sections of the equation they divide that by percentage of collection and that is what produces the reserve for uncollected taxes. Councilwoman Birdsall asked what percentage of collection do they use, is it from the previous year? The CFO said no what he was asking Mayor and Council to do in 2009 is what they did in 2008 and what they are allowed to do; they could use the percentage of collection as it was in 2008 97.6% or the State would allow if they thought they were in a position where it was not going to happen to many times, they always have a 98.6% but due to a temporary glitch, they allow them to take the last three years and average it. The CFO said in that they had one terrific year 98.8% and then they had two miserable years where it dropped a full 1%; so if they average the last three years that amount they will be putting into reserve for uncollected taxes will be less than the \$1,511,000. He said that is what the Governing Body was going to look at, is it a wise thing to do depend on what is going to happen to Encap in 2009 because that will effect 2010. Councilwoman Birdsall said the increase takes Encap into account but not necessarily the economic of where people just can't pay their taxes. The CFO said in taking a look at the 2008 delinquency and subtract out Encap and make believe Encap didn't happen, the delinquency isn't that much higher than what it was in 2007; they will get advice from their auditors.

Councilwoman Inguanti said April 1st is the deadline for tax appeals and last year they got in 136. The CFO said about 150 something like that; and for budget purposes the tax appeals, tax refunds they are not raising in the 2009 budget what they do is accumulate them and go before the Local Finance Board and ask for permission to bond it and pay it off over five years which is much easier on the taxpayers; but they could look at it both ways.

Councilman Genovesi said he skipped over debt service which is really the most important one. The CFO said with regards to debt service it actually went down. Councilman Genovesi said he knows. The CFO said looking at last year it was \$2,072,000 it will probably be \$1,952,000 which is a reduction in debt services of \$120,000. Councilman Genovesi said do they just keep paying that down. The CFO said what was going to happen in 2009 they have \$8,000,000 worth of notes coming due May 1st so between now and then they would have to decide what they want to do with those notes do they want to roll them over and pay them off in 2010 or do they want to sell the serial bonds in 2009 and that constitutes permanent financing. He said by doing that they start paying off the debt, if they roll it over it is like a mortgage in which you never pay the principle just the interest and they could only do that maybe two or three more years. In his opinion he thinks they should sell the serial bonds because the interest rates are low and bond counsel could help with that because that is what they do. Councilman Genovesi asked if there was a limitation to what the State allows them to use towards paying down debt service. The CFO said when they take in surplus, wherever it may come from they put it in as a revenue and it is not cutting debt service down it's just reducing the whole amount, it is put as a revenue the more you have on one side the lower the tax levy becomes on the other so it is not earmarked it is to reduce the tax levy.

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The CFO said he had one last item and he wasn't sure if he was allowed to bring it up at that time but he had been contacted by Capt. Farrell and he asked him on behalf of the former Chief Nienstedt, where he stands in regards to the terminal leave payments and that hinges on what he budgeted. Councilwoman Keyes said he was supposed to be paid that month. Councilman Genovesi said it should be in closed session if there is a disagreement over it. Mayor Hipp said he didn't know what they were talking about. Councilman DeSalvo said it was monies getting paid that they agreed to. The Borough Clerk said over five years. Councilwoman Keyes agreed over five years, it wasn't a closed item. The CFO said that is correct but his question was and again they may want to go into closed on that but he had to know how they define five years; he was assuming they define five years as being 2007, 2008, 2009, 2010, 2011, and 2012. Mayor Hipp said it goes through 2011 not 2012. The CFO said he was correct it was going through 2011 and that was how he had the number calculated. The Borough Clerk said he was just confirming it for the budget. Mayor Hipp said the CFO just wanted to know what the years were. The CFO said he wanted to know what the years were and if his calculation was in agreement with the way the Mayor and Council understand the agreement. Mayor Hipp said then Councilman Genovesi may be right then, that may require closed session so before he goes any further, why don't they meet the following day and if they need a closed session. The Mayor asked if it had to happen that month? The CFO said he had heard it as February, Lane had said that, it was when the cash flow is such. The Borough Clerk said it was in a resolution that it be paid over five years and it was from 2007. Councilwoman Keyes said she thought it was specific in the resolution. The Borough Clerk said she didn't know if the years were in the resolution but it was definitely over five years. Councilwoman Keyes said right because they said after they received in tax payments but she understands that they were told they weren't getting paid, was that correct? The CFO said what had happened was that when he spoke with Lane Biviano about it, Lane asked that the CFO bring it up to the Council which is why he did. Mayor Hipp said he understands that but what he didn't know is what was it that the CFO was bringing up to the Council in terms of the annual payout started in 2007 and it goes through 2011? The Mayor said in terms of when in each year was that the next question? The CFO said the question was when in each year, presumably in February and he was assuming that they get when he says over five years, 1/5 of what was owed to them. Mayor Hipp said of what was left, because they received a large amount of money in 2007. The CFO said just to share as an example, in the case of Steve it was the total that was owed to him was \$311,000 in 2007 they gave him \$186,000; what he did was in terms of budgeting he took the balance that was owed and simply divided by four more years. Mayor Hipp said that makes sense. The CFO said then maybe there wasn't even an issue there. Mayor Hipp said he doubts that there was. Councilman Sasso said he didn't understand his question. The CFO said the reason for questioning is that when he double checked with Counsel, he wanted him to double check with the Mayor and Council. Mayor Hipp said that it was the understanding of the Council. The CFO said which it is, it is a non-issue and he will take care of it in the next pay; they don't need a further resolution or anything? Mayor Hipp said no because they resolved it and it would simply be a review of the record but to the extent that he wanted reaffirmation from the Council for the purposes of the 2009 budget, he is done. The CFO said then it is done.

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The CFO said then the next step is to schedule more meetings. Mayor Hipp said they have to sit down and work with the departments and then schedule another special meeting.

Mayor Hipp asked if there were any other questions for the CFO, seeing none he thanked him.

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Mayor Hipp said the last item on the agenda is the Municipal Court appointments and he gave the Council the name of Rosario Presti who was the alternate prosecutor and because they needed to find out who would be interested in serving as the alternate prosecutor if they the Council confirms his appointment of Mr. Presti as the Prosecutor. The Mayor said since he found out that Kenneth Davies can serve in the capacity so he would like to make the nominations and ask for advice concerning the Prosecutor and Alt. Prosecutor, and Public Defender and Alt. Public Defender. Mayor Hipp nominated the Rosario Presti as Prosecutor to take over for Diane Lorenzo.

Councilman Genovesi moved confirmation for Rosario Presti as Prosecutor, no one seconded; nomination failed.

Councilwoman Birdsall asked since she hadn't done the process before, is there a discussion on the interview process. Mayor Hipp stated if they wanted discussion that was fine. Councilwoman Birdsall seconded. Mayor Hipp opened it for discussion.

Councilwoman Birdsall said the Mayor had mentioned a second person's name and she was trying to find the resume for the alternate. Mayor Hipp said they did not receive a resume for Kenneth Davies, he is the Borough's Special Counsel in connection with the Police and again the Council did not have to make that decision then he was announcing his nomination so if the Council wishes to defer that decision then it didn't have to be made then. Mayor Hipp said Mr. Presti is a Prosecutor in several towns in Bergen County and he has served as the alternate in the Borough and he is very qualified. The Mayor said part of the problem is finding qualified attorneys who will serve as municipal prosecutors because under the Supreme Court decision they are not allowed to represent criminal defendants in any town in the County which they serve as municipal prosecutor; so Mr. Presti and in the case of Mr. Davies they both do that and they are competent and available but the Council did not have to make decision then.

Councilwoman Birdsall asked to confirm that Mr. Presti was the alternate in Rutherford at some point because it wasn't reflected on his resume, maybe because it was alternate, it wasn't mentioned. Mayor Hipp said that was correct. The Borough Clerk said he was probably alternate in a lot of the towns.

Mayor Hipp asked if the Council wished to take action on that. Councilwoman Birdsall asked if normally they don't meet the people. Mayor Hipp said the process of

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practice has been the nomination is made and the Council either votes it up or down. The Mayor said his own view of the process has been that the Mayor makes the nomination at a public meeting and the Council can choose to act that night or as part of its requirement to advise and consent basically has 30 days to confirm or turn down the appointment so he would actually prefer that the Council engage more actively in that role on probably most of the appointments so that the nominations are made and if the Council wishes to take the time to look at those nominations and satisfy themselves he thinks that is a very appropriate thing to do. Councilwoman Birdsall said she had reviewed the resume and asked if she was able to call and discuss qualifications with the applicant or is it appropriate procedure that the applicant goes to a work-session and introduces himself to the Council. Mayor Hipp said that was up to the Council if they wanted to do that. Councilwoman Birdsall said she was looking for direction as to what was done previously. Mayor Hipp said that he will name all of them, some of them are repeat in fact with the exception of Mr. Presti and Mr. Davies they are all currently serving in that capacity and they will continue to serve until their appointments or successors have been made so why doesn't he just tell the Council who he wants to nominate then and then the Council could look at it and if they wanted to invite them to a work-session they could have Mary do that. Mayor Hipp said his nomination would be the following:

Rosario Presti - Prosecutor
Kenneth Davies - Alternate Prosecutor
John Bruno - Public Defender
Marlena Huesmann - Alternate Public Defender

The Borough Clerk said she would invite them to the next work-session at 6:30 p.m.

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Councilwoman Inguanti asked if they wanted to schedule additional budget workshops. The CFO said he and the Administrator will start setting up appointments with them and they will have the Council liaisons. The Administrator said he thought they would sit with them first and after they go through the budget with them, then they would bring the liaisons in, but it is up to the Council as it would save some time for them so they wouldn't have to spend another night out. Councilwoman Inguanti asked if they would be ready to do some of those liaison meetings the following week? They responded yes. The Borough Clerk said she would put out a group email and get some feedback. Mayor Hipp said the Finance Committee really is running the show there with respect to the meetings, working with the Administrator and the CFO so why don't they let the Finance Committee basically take a shot at scheduling those meetings and then Mary will get word out to the rest of the Council but the Administrator and CFO could sit down with the Dept. Heads prior to that. Councilwoman Inguanti asked when would they reconvene as a full Council? Mayor Hipp said that they would decide after they go through the initial rounds of meetings they will find out when the appropriate time is that they could meet. Councilman Sasso said to keep in mind that the clock is ticking and the next scheduled Council meeting is the 17th.

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Councilman DeSalvo said they also need to discuss how they were going to get a Borough Attorney. Mayor Hipp said the Borough Attorney will be on that work-session, a status update on finance certainly is available for that agenda but the Finance Committee is going to run that in terms of how that works. The Mayor said in respects to Council Meetings and Special Council Meetings under the law the meetings are called by the Mayor so once he has an understanding of where they are at he will schedule a Special Meeting so that they could all meet as they did that night and further discuss the progress but they needed to get some homework done first in the committees. Councilwoman Birdsall said then on the agenda is the Borough Attorney. Mayor Hipp said yes the Borough Attorney will be on the work-session agenda. Councilwoman Birdsall said would it be appropriate to have a committee to review the applicants that were received so they could have a discussion on that at the meeting. Mayor Hipp said that will be discussed at that meeting. Councilwoman Birdsall said she knows they talked about it before the budget and she appreciates the budget but she thinks they should be discussing that night as far as the formulation of the committee and the agenda was opened up to discuss an issue that wasn't on the agenda. Mayor Hipp asked such as what? Councilwoman Birdsall said such as the payment of the police. Mayor Hipp said well that was only because it was brought up by Mr. Cortright and the understanding was it was part of the budget discussion and he would never have allowed that to happen. Councilwoman Birdsall said she thinks that might be a little bit of a stretch and she thinks that the by-laws are such that if there is an emergency or by 2/3% of the Council that they could add an item to the agenda. The Councilwoman said she wasn't asking to discuss the entire process she was asking to open it up so they could perhaps vote on having formulation of a committee to review the applications that they received so that they could have some sort information and they weren't sitting and waiting another few weeks before the next work-session. Mayor Hipp said here is the problem, under the law that type of a meeting the public needs adequate notice in order to understand what's going on, so they have a right to be heard since that wasn't given to them any detailed discussion as to what they want to do including and its only discussion, the violation of that law. Councilwoman Birdsall asked then where do the by-laws fit in? Mayor Hipp said the by-laws don't actually contradict that because if it is an emergency there are provisions under the open public meeting act for that, they have to read that Act provisions and what constitutes an emergency and if they do he thinks they'll agree that the discussion does not fall in under that because it is not what would be considered an emergency under the Act. Councilman DeSalvo said it doesn't only say emergency. Mayor Hipp said no, the Open Public Meetings Act says emergency. Councilman DeSalvo said the by-laws. Councilwoman Birdsall said how does it define emergency? Mayor Hipp said there were differences, in fact the by-laws contain provisions which may not, if they were interpreted improperly may violate the law is an issue that they were going to have to discuss with the by-laws as they go forward. The Mayor said for that night's purposes the idea of whether they form a committee or not is a matter of discussion and deliberation and that meeting was not called for that purpose, therefore it would go on the agenda of the meetings that have already been publicized according to law and that would be basically be in two weeks. Mayor Hipp said if the only purpose of that night was to decide if they wanted to form a committee to look at the resumes that showed up how's a difference of two weeks going to make a difference. Councilwoman Birdsall said she thinks the Mayor was negating what their by-laws say. Councilwoman Keyes asked if they wanted her to read about the

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emergency meeting. Councilwoman Birdsall responded yes. Councilwoman Keyes read "emergency meetings which do not require notice, require a $\frac{3}{4}$ vote, they made be held only if substantial harm to the public interest would result in a delay and a need for the meeting could not have reasonably foreseen. Whenever possible the Body must provide at least 48 hours notice whenever possible. Discussion must be limited to the matter that prompted the emergency meeting." So she thinks it is an emergency that they speak about the Borough Attorney and it was her thought that they would be able to do that. Councilman DeSalvo said he did try to get that on the agenda before 48 hours of the meeting. Councilwoman Birdsall said then do they make a motion to add that to the agenda for discussion.

Councilwoman Keyes made a motion to add to the agenda for that night a discussion on the Borough Attorney, seconded by Councilman DeSalvo. The Clerk asked if she could take the roll.

Mayor Hipp said he considered the interpretation by Councilwoman Keyes about the Open Public Meetings Act as well as any other member of the Council to be incorrect. Councilwoman Keyes asked if he would like to read it. Mayor Hipp said he didn't and he also had cases that deal with that issue and she had not and so. Councilwoman Keyes asked that he knows that she had not? Mayor Hipp responded yes he did, he knows she hadn't; so the interpretation is incorrect but he was going to give five minutes and that was it. The Mayor said in presentation solely on the question as whether the Council wishes to form a committee to review and make a recommendation on the applicants and that is the only motion that was to be entertained.

Councilman Sasso asked in the absences of the Borough Attorney, obviously they seem to be getting legal advice from an official at the table. Councilwoman Keyes stated that she hoped he wasn't referring to her. Councilman Sasso said from an elected official at the table and it has been stated over the past 13-14 months that there is a separation of power between elected official, regardless if they are a Council or Mayor and the job of an attorney, he was asking for clarity. The Councilman said in the absence of a Borough Attorney is he or anybody at the table getting legal advice from the Mayor he thinks it is a fair question to ask based on the two minute conversation that was just had. Councilwoman Keyes asked who the Councilman was asking. Councilman Sasso said he asked that of the Mayor. Mayor Hipp said the answer is they are getting the ruling of the Mayor as the Head of the Government whose responsibility specifically is to see to it that the laws of the State of New Jersey are faithfully executed. The Mayor said he is also an attorney with experience in those matters and in fact it helps and he still has the obligation to rule regardless of what the views of the Council may be, that's his answer.

Mayor Hipp said he will limit it to five minutes simply on the question on whether or not a committee should be formed and nothing else; they don't need a motion for that.

Council agreed a committee should be formed with two people; Councilwoman Birdsall and Councilman Sasso.

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Mayor Hipp said there was a motion to form a committee of Councilman Sasso and Councilwoman Birdsall and he asked for second.

Councilman DeSalvo made a motion to form a committee of Councilman Sasso and Councilwoman Birdsall, seconded by Councilwoman Inguanti. The Borough Clerk read the roll call with Councilwoman Keyes, Councilwoman Inguanti, Councilman Sasso, Councilwoman Birdsall, Councilman DeSalvo voting aye and Councilman Genovesi abstaining.

Councilwoman Keyes stated she was curious why Councilman Genovesi abstained. Mayor Hipp said that was out of order.

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Councilwoman Keyes made a motion to adjourn the meeting at 9:45 pm, seconded by Councilman DeSalvo and unanimously approved on roll call.

Borough Clerk