

**MINUTES OF A SPECIAL MEETING OF THE
MAYOR & COUNCIL
HELD TUESDAY, MARCH 4, 2008**

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

Councilman Fecanin
Councilman Sommer
Councilwoman Keyes
Councilman Genovesi
Councilwoman Inguanti
Councilman Sasso

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

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

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Mayor Hipp opened the hearing of citizens.

Mildred Dyson – 55 Wilson Avenue asked if the gasoline line item is for all Borough vehicles. Mayor Hipp responded that was correct. Ms. Dyson asked how far is the Fire Chief allowed to drive the vehicle and who is allowed to drive in the vehicle with him?

As no further citizens wished to speak, Mayor Hipp closed the hearing.

Mayor Hipp said in response to Ms. Dyson's question, there is no specific mileage limit, the Borough Officials are entitled to use Borough vehicles for official business and as far as they know unless they hear to the contrary that is what they are told. The Mayor asked the Council for comments.

Councilwoman Keyes said she agreed that vehicles are to be used for official business.

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ORDINANCES – 1st READING

For **Ordinance on First Reading**, Councilwoman Inguanti asked the Clerk to read by title only the ordinance.

The Clerk read the ordinance by title only as follows: **CALENDAR YEAR 2008 – AN ORDINANCE TO EXCEED THE MUNICIPAL BUDGET APPROPRIATION LIMITS AND TO ESTABLISH A CAP BANK, N.J.S.A.40A:4-5.14**

CFO Ed Cortright explained that the ordinance does not increase spending by one dime. He said all the ordinance is doing is allow the Borough, if they need, to increase tax expenditures in 2009 and 2010. The CFO said because in 2008 they were under the CAP expenditures by almost \$600,000 same will happen if in 2009 or 2010 they find themselves above the CAP expenditures they will still be able to go forward and introduce and adopt a budget in 2009, 2010. He said if they are above the CAP expenditures because they were under CAP in 2008 and the amount they were under CAP will allow them to be over CAP in 2009 or 2010. The CFO said that is the sole purpose of the ordinance, it does not increase expenditures.

Councilman Genovesi wanted to clarify to the public that this was just a mechanism should they need it and it is not necessarily something they are going to use but it provides a cushion for revenue should they find themselves in that position.

Mayor Hipp opened the ordinance for discussion, as no one wished to speak the discussion was closed.

Councilwoman Inguanti moved this ordinance be passed on first reading and advertised according to law, seconded by Councilman Genovesi and unanimously approved on roll call

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For **FINANCE**, Councilwoman Inguanti asked CFO Ed Cortright to explain the resolution for providing increase in reserve for uncollected tax percentages. The CFO said the resolution before them was to reduce expenditures, reducing the amount placed in the reserve uncollected taxes in the 2008 budget. He said in 2007 a major taxpayer was delinquent and that taxpayer is Encap almost \$500,000 and when they were delinquent it messed up the tax collection ratio which will otherwise mean they would have to put a larger amount in the reserve for uncollected taxes. The CFO explained that the State says that when a major taxpayer does not pay their taxes, as was the case in 2007, the Borough is allowed to base the 2008 line item on the last three's collection. He said what this resolution is doing is by basing on the last three year's worth of collections, it reduces the amount of what otherwise would have to go into that line of reserve for uncollected taxes. The CFO said basically they are reducing the amount that has to be put otherwise in the 2008 line item for the reserve uncollected taxes.

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Councilwoman Keyes confirmed that the CFO said he was reducing the reserve for uncollected taxes. The CFO agreed and said by increasing the tax collection percentage. Councilwoman Keyes asked if the tax collection percentage is 98.2% and CFO confirmed.

Councilman Genovesi said that he and the CFO met previously and had a discussion about the \$500,000 in back taxes are factored into the calculations. He asked if they could delve into the point about the delinquent taxes. The CFO said there is a line item in the 2008 budget called delinquent tax revenue and that item has to increase by over \$500,000 over and above what that line item was in 2007 and that is taking into consideration that the \$500,000 that was due from Encap in 2007 will come in as a delinquent revenue in 2008. He said in addition to which they will also get the 2008 tax monies that are due them. Councilman Genovesi said that is what he wanted to touch upon and he didn't hear that talked about so not only will they be receiving the \$500,000 but what happens if they continue to refuse to pay the money. The CFO said what would happen in that case, probably in May, the Tax Collector will have a tax sale and that parcel of property will be sold and he guarantees that property will be grabbed by somebody. Councilman Genovesi asked the CFO to confirm that the Trump Organization has not paid for that land as of yet. The CFO said not to his knowledge. Mayor Hipp responded that question may be out of the CFO's expertise he's dealing with the budget but the Mayor said he could respond to that question. Councilman Genovesi said the Trump Organization has not yet purchased it. Mayor Hipp said the land was purchased by Encap Golf Holdings LLC and that is the owner of the property by transfer back in 2003 when it was finalized. The Mayor said Encap Golf Holdings is the title owner of the property, it is the entity responsible for paying the land taxes, there is, pending a petition for appeal before the tax board on the assessed value of the land that has been ongoing for the last three years. Mayor Hipp said every year they file a new petition for the new tax year, one of the things they asked the Attorney is to file a motion to dismiss the tax appeal because one of the requirements of a tax appeal is maintaining the currency on the property tax bill. The Mayor said as of then that motion was to be filed March 5, which is one of the things they are going to get Encap to pay the money the other thing is as the CFO said, the tax sale. Mayor Hipp said that they decided to have the tax sale in May and in one way or another, they will be receiving money from Encap Golf Holdings on back taxes.

Councilwoman Keyes asked if the Mayor has met with Mr. Trump. Mayor Hipp responded that he hasn't met with Mr. Trump, he had to cancel the meeting that was scheduled for earlier that day and he will reschedule it.

Councilman Genovesi said his line of question was not specific in regards to Mr. Trump but rather to clarify the situation, this is the direction of negligence on the part of Encap to pay the Borough the taxes. He said he just wanted to have everyone understand how they go to that point.

Councilman Sasso asked if the land comes up for a tax sale does the town have an option to buy that land back, would it be in the best interest of the town to buy it back? Mayor Hipp said the town can hold the certificate under the law. Councilman Sommer asked can the town buy it? Mayor Hipp responded the way the town would buy it back is basically purchase the tax sale certificate and not put it up for the public to purchase.

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Councilman Sasso said the second question is would it be in the town's best interest to think about acquiring it back. Mayor Hipp said the difficult answer to that is that he doesn't think it would be useful to the Borough simply because there are other issues with the property and it would not be able to convert it to public use and in addition to that they would have to come up with basically \$500,000 out of the operational budget. The Mayor said it is something they should explore if it becomes an alternative.

Councilwoman Inguanti moved the following Resolution be approved, seconded by Councilman Genovesi and unanimously approved on roll call:

WHEREAS, the Borough of Rutherford collected only 97.61% of the 2007 taxes due to a major taxpayer being delinquent in their tax payment for 2007, and

WHEREAS, the Borough of Rutherford's average collection percentage for the prior 3 years is 98.61%, as calculated below, and

	Collection Percentage
2006	98.64
2005	98.45
2004	<u>98.74</u>
TOTAL	<u>295.83</u>
<u>3 – Year Average</u>	<u>98.61</u>

WHEREAS, the lower percentage collected in 2007 has an effect on the "Reserve for Uncollected Taxes" in 2008, and

WHEREAS, the Governing Body desires to anticipate 98.2% collection for 2008, to help reduce the "Reserve for Uncollected Taxes", with prior written consent of the Director of Local Government Services,

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Borough of Rutherford, County of Bergen, State of New Jersey, that the prior written consent of the Director of Local Government Services be requested to anticipate % collection of taxes in figuring the "Reserve for Uncollected Taxes".

BE IT FURTHER RESOLVED that three certified copies of this resolution be forwarded to the Office of the Director of Local Government Services.

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Resident asks for the meeting to be moved to the Council Chambers due to lack of seating for the citizens. Mayor Hipp asks if the Council wishes to move and they confirmed.

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Mayor Hipp opened the meeting in the Council Chambers.

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Councilwoman Inguanti requested to add to the agenda a resolution for the appointment of Risk Management Consultant and the Producer Consultant. As there was no consent, the issue was tabled to the March 18 work session.

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Councilwoman Inguanti introduced the 2008 Municipal Budget for the Borough of Rutherford and wanted to remind everyone that this was the Municipal portion of the budget and has nothing to do with the County or the School Budget.

Councilwoman Inguanti announced the Municipal Budget Notice for the Borough of Rutherford, County of Bergen, Fiscal Year 2008 (January-December) and moved the following resolution:

BE IT FURTHER RESOLVED, that the following statements of revenues and appropriations shall constitute the Municipal Budget for the year 2008;

BE IT FURTHER RESOLVED, that said Budget be published in the News Leader in the issue of March 13, 2008;

Notice is hereby given that that Budget and Tax Resolution was approved by the Governing Body of the Borough of Rutherford, County of Bergen, on March 4, 2008.

A hearing on the Budget and Tax Resolution will be held at the Municipal Building Council Chambers on April 29, 2008 at 8:00 o'clock p.m. at which time and place objections to said Budget and Tax Resolution for the year 2008 may be presented by taxpayers or other interested person.

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Councilwoman Inguanti's statement:

"The preliminary budget that is being introduced tonight reflects a total increase of \$486,795 or a 1.9% increase over that of 2007. The amount to be raised by taxes to support this spending plan is increasing by 6.9% over 2007. This translates into the following municipal purpose tax at the assessment levels indicated.

What you will see on the first page of the handout is the assessed value for a property, 2008 tax rate applied versus the 2007 rate and approximate increase. We have done this to help aid our taxpayers. It is important to remember that this is the

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preliminary budget, just the introduction this 6.9 number will come down, it has to come down and it will come down. This is just the tax rate which we are introducing the budget.

Assessed Value	2008 (rate .686)	2007 (rate .642)	Increase
700,000	\$4,802	\$4,494	\$308
650,000	4,459	4,173	286
600,000	4,116	3,852	264
550,000	3,773	3,531	242
500,000	3,430	3,210	220
450,000	3,087	2,889	198

Considerable time and effort were expended to bring the Introduced Budget to these levels. The Governing Body had to contend with the fact that Extraordinary State Aid in the amount of \$500,000 (which was received in 2007) could not be anticipated in 2008. Also, total ratables have actually **declined** due to property assessment settlements, (these are tax appeals that have been settled in favor of the taxpayer) to a total of \$2,861,354,000 verses \$2,881,009,000 in 2007. This is a reduction in assessments of almost \$20 million.

To translate it, if you take the \$20 million and multiply that by 2008 tax rate, it is about approximately \$137,200 in revenue that did not come into the Borough.

In addition, the Governing Body had to grapple with large increases over which no constraint could be exercised. Some of these are tabulated below:

These are much the same things as many of you as homeowners or business owners probably experience increases in utilities and just things you have to pay to live in a house. The Borough has the same issues, many of the same expenses. That comes to \$780,080.

Increase in pension costs mandated by state	\$523,800
Increase in utilities:	
Electric & Gas	18,000
Fuel Oil	1,000
Telephone	20,000
Gasoline	5,000
Water	5,000
Garbage Dumping	95,000
Increase in Sewage Treatment:	
Bergen County Utility Authority	92,000
Passaic Valley Sewer	21,000
Total	780,080

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In fact, if just the uncontrollable increases enumerated above could be factored out of the 2008 Budget and if total ratables for 2008 had remained the same as that of 2007, the total 2008 Budget would actually be less than that of the final 2007 budget by \$293,000 and the Municipal Purpose Tax would be About 1% LESS:

2007 Municipal Tax Rate (Per \$100 of Assesses Value)	.6420
2008 Rate Assuming Uncontrollable Increases Could Be Subtracted and Total Ratables Kept Equal	.6363
Reduction in Rate Per \$100 of Assessed Value	.0057 (1% less than 2007)

I am very impressed and gratified by our Borough Department Heads, they really heeded a call that our CFO handed out at the beginning of this year to keep a very hard line on operation expenses. Many of the operating expenses are exactly the same level as last year and it truly, almost all of the increases to the operating expenses are things that were mandated. The Borough Clerk had a \$20,000 increase because of changes in election law and requirements and that's what represents actually the largest single increase in the operating expense. They really worked very hard and appreciate the situation the Borough and the County and State are in.

As regards the Capital spending plan, major improvements total around \$1,000,000 *tentatively* scheduled for completion in 2008. As my son came home from his scholastic book fair today with his wish list of the books and things he wanted to buy just like this is a wish list for the Capital Improvements of the Borough. What they have tentatively scheduled for completion and as we are introducing tonight there will be much further discussion on what capital improvements to go further with.

These projects will not be paid for through the issuance of debt. Instead they will be funded by canceling the unexpended balances of prior year projects. A list of these items is included in the Capital Section of the Introduced Budget.

New in 2008 is a law that limits increases in the amount to be raised by taxes. The core of this formula limits municipalities to a 4 % increase in the tax, which is then subject to various modifications. The formula as it applies to Rutherford is as follows:

4 % CAP FORMULA ON MUNICIPAL TAX INCREASE:

2007 Municipal Purpose Tax	\$18,349,278
4 % Increase Allowed	733,971
Adjusted levy	19,083,249

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Exclusions:

Increase in Debt Service	9,709
Allowable Pension Increase	524,590
Allowable increase in Reserve for Uncoll Taxes	78,576
New Ratables X 2007 Municipal Tax Rate: \$10,855,100 X .642	69,690
2008 Allowable Municipal Purpose Tax	19,765,814
2008 Tax in Introduced Budget	19,614,192
Amount Under Allowable Increase	151,622

The total amount of Grant Funding is still unknown at this time, but the following reflects the Grants that have been awarded to date:

Recycling Tonnage Grant	\$15,705
Clean Community Act	2,821
Police Body Armor Grant	4,371
New Jersey Meadowlands Comm.	100,000
County Prosecutor for police O/T	2,340
NJ State Police for Emergency Eq	5,000
County Open Space Grant for:	
Walls Field Improvement	44,890
Imp. To WW1 Monument	39,711
Cops In Shops	572
Total	\$215,410

The Final 2008 Municipal Budget is a long way from completion. Even so, this spending plan reflects a tax increase that is less than 1/3rd that of the 2007 Introduced Budget. Every line item of revenue and sub line item of expenditure will continue to be scrutinized with an eye toward maximizing service and containing the municipal Purpose Tax.

That concludes her presentation and Councilwoman Inguanti stated that she has received met with Councilmembers as well as Department Heads to go through all expenses, capital expenditures which will continue over the next several weeks. The Councilwoman said Ed Cortright has mentored her with regards to municipal financing and that she couldn't have gotten this far without the help of everyone."

Councilman Sommer said he would like to bring everyone's attention to something that was done last year and a few years prior to that, the incredible work that Councilmember Keyes put into the Budget so has Councilmember Inguanti. He said ever since they started receiving packages, he emailed Councilwoman Inguanti with questions regarding where the numbers were coming from and she very cooperative in trying to answer the questions. Councilman Sommer said some of the questions still go unanswered that is just a matter of the game; on page 1 of the budget statement – it

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states that with the Extraordinary State Aid that was received last year it couldn't be anticipated in 2008, why are they making that statement.

Councilwoman Inguanti said they are not allowed to assume that in terms of the budget that they send down to Trenton on March 11, they would have to make a decision of the Council to apply for the Extraordinary Aid which they could do after March 11. She said that would delay adoption, typically at the end of April but if they decide to apply for the Aide they would apply after adoption and they would probably not hear back from that until the end of June and that might necessitate the decision to send out estimated tax bills.

Councilman Sommer apologized for the confusion but his question had to do with can they put the money in the budget, they're not suggesting or speculating that if and when and at the deadline time or before, they are certainly going to apply for Extraordinary Aid, he's assuming that but he read that it can't be anticipated that what they got for 2007 they might get in 2008 when they apply. He said maybe they will get more, maybe the same that is where he was going not the other direction. Councilman Sommer said another point and he understands this process was being worked right up to the meeting, over the weekend he had a different package to work with, the increase came out to 10.2% and it has dropped, the average is now a 9%. He said he understands they will get it down, but a 9 or 10 would take them to 30 and they put in a 24% budget so it wasn't three times. Councilwoman Inguanti said she believes it to be 6.9. Councilman Sommer said he has a 6.9 and a 1.9 underneath. Mayor Hipp said there are two aspects the overall budget increase, the total amount of the budget is increasing 1.9% as introduced in addition to that there is a tax levy and that is the portion of the budget that is to be raised by taxes that is 6.9 as opposed to last year which was 23.7. The Mayor said those are not added together they are two different items. Councilman Sommer said that helps, the 6.9 is what they are still striving to get down to below the cap. He said the other items since they are closed sessions items, he can't ask whether those expenses are in, he doesn't see them so he will assume they will be taken care of.

Councilwoman Keyes said a couple of items she wanted to bring to their attention; in the narrative section she believes they are not being realistic when they look at a fuel oil increase of a \$1,000; gasoline \$5,000. She said maybe she is reading it wrong. Councilwoman Inguanti said she will ask Ed because he is more familiar with those numbers. The CFO said the increase reflected in various utilities takes into consideration what was physically spent in 2007 so in the case of gasoline, they had over budgeted a little bit in 2007 giving some leeway in 2008, they can utilize the lesser increase because too much had been in the budget for 2007. Councilwoman Keyes said for gasoline they budgeted in 2007 \$200,000 and it is now \$205,000. The CFO said probably because in gasoline they only needed \$180,000 and it was the same with fuel oil. Councilwoman Keyes said with oil prices going up she just questions it. The CFO said they are realistic numbers, it was 2007 in which they over estimated a little bit.

Councilwoman Keyes said the cell phone for \$400,000, could they elaborate on such. Councilwoman Inguanti said this is on the revenues page and asked the Mayor if he wanted to elaborate. Councilwoman Keyes asked if it were a new item or something they

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knew about already. Councilwoman Inguanti said at this point they are anticipating a certain number of revenues that are going to come into the Borough and one of them may be the sale of the monopolies, one, two or three of them so they are putting that number in as a way of providing an option for the future and to offset the fact that there are certain voids in the budget simply because there are revenues they haven't received yet, grants, recycling revenue and things of that nature. She said that is part of the reason that was put in. Mayor Hipp said simply they have been approached to sell the leases which he believes there are about three and he may contemplate that as a possibility. The Mayor said they want to keep that option open as they go forward to reduce the tax levy which is at 6.9 and they may want to take that down. Councilwoman Keyes said they are not at the 4% cap now. Mayor Hipp responded they are at 6.9. Councilwoman Keyes said they would consider the \$400,000 revenue on the sale lease to be more quantifiable rather than part of the wish list. Mayor Hipp responded correct.

Councilman Sasso said for clarification under miscellaneous, tax refunds; last year it was budgeted \$60,000 in 2008 the preliminary budget is zero; is that for tax refunds or tax appeals? Councilwoman Inguanti said that is money that they have refunded as a result of tax appeals so at this point it is zero now because the appeals process hasn't played out. Mayor Hipp said what they are going to do if the Finance Board approves this, they are going to bundle certain expenses and pay them out over a multi year period, a five year period. The Mayor said that includes tax appeal refunds instead of doing it in this year's budget and paying it out of cash from the operational budget they are going to seek permission from the Finance Board to allow them to pay it over time being able to save money in this year and next year's budget paying it over five years. Mayor Hipp said they have been working with the Borough Auditor who has recommended this as an option so that permits them to do a zero budget for tax appeals this year. Councilwoman Keyes asked if the Local Finance Board approved that. Mayor Hipp said no they wouldn't approve it until they introduce it; the process is that they have to introduce the budget this week so they can send it to Trenton by March 11 as required by statute with the extension they have been permitted, it is a work in progress. The Mayor said one of the things they have been discussing with the auditors is the potential of bundling certain expenses over time allowing them to lower the overall increase to 1.9%. Mayor Hipp said they believe they will be successful in achieving the permission and approval from the Finance Board, it is a fairly routine item. Councilwoman Keyes asked they wouldn't be reducing the number, they would be spreading it out over time like consolidating debt. Mayor Hipp said that is correct. Councilwoman Inguanti said part of the reason for that they are anticipating a fairly busy appeal season.

Councilman Sasso said on page 3 salary increases; because it is on paper is that what it is going to be because some person doesn't have an increase does that mean it's not going to be. Councilwoman Inguanti said the salary increases shown on the document are from previously negotiated contracts and they are in the process of arbitration with the PBA and will also be in negotiation with the white collar union this year so those increases are not reflected in the salary guide. Councilwoman Keyes said so in the number there is no anticipated increase to those union contracts for salaries. Mayor Hipp said yes the salary line remains flat, they do not know what the eventual result will be for example with the police they are in arbitration which they received on January 2. The Mayor said

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so what will happen in that even if the final settlement resolution will be reflected in the final budget and what they will be able to do once more items go into play is to come up with a much better picture. Mayor Hipp said but what he can assure everyone is that they are not going to see an increase in the overall size of the budget so 1.9, it won't be greater than that. The Mayor said with respect to the Municipal Tax Levy Cap they will be able to still with whatever increases are in play be able to keep the tax increases down to about 4% and one of the things they are going to discuss is whether they do make an application for extraordinary aid. Mayor Hipp said he hasn't had the opportunity to talk informally about it but it is something that the accountants are recommending, it is something he believes is appropriate even though they may not receive \$500,000, they cannot anticipate receiving anything at this point but it is something they will pursue aggressively so after the budget is adopted, they are going down to Trenton to start working with the Finance Board. Mayor Hipp said he will be working with the accountants and will be down in Trenton on a regular basis to make sure their position is heard and they believe they have a good post, they lost 20 million on the tax base this year which they did not have last year and they were able to introduce the budget with that significant loss. Mayor Hipp said there were other things they were hit with that they had to struggle with but most of it is because of the hard work of basically the Department Heads and they received a fair amount of input from the Citizen's Advisory Committee on finances. He said they did a very good job in the process and they helped work through and will continue to do so as they continue to work on the budget. Mayor Hipp said as they go forward towards final adoption whether it be in April or if they decide to go with extraordinary aid some time later in July or August, they will continue to hone it down but it is his judgment that this is the worst case scenario and compared to where they were at last year they are at about 1/3 of where they were when they introduced the budget and he thinks as much as he is not happy with the 6.9% introduced CAP on the increase, he is impressed with the efforts that they have all made along with input from the public so they are going to deal with the negotiations from the PBA and white collar and they will be able to incorporate them into the budget without blowing it up.

Councilwoman Keyes said on Point 9, legislation doesn't have them introduce with the 4% or is it upon adoption that they have to have the 4%? Mayor Hipp said though he hates to say it but it is a yes and a no. The Mayor said they have the cap waiver and if you look at the waiver they are introducing the budget using the waiver and they are actually under the cap waiver exceptions by \$600,000; so they can introduce the budget with that. Mayor Hipp said not that they are going to rely on that but they will by the time the budget is finally adopted being at 4% or under, if they had the same tax base from 2007, if they had that additional \$20,000,000 and they did not have increases of \$580,000 in the pension, they had a smaller increase and they didn't actually suffer the two major increases in dumping fees of \$90,000 and the sewer fees of \$90,000 they would actually be able to introduce the budget which would be less than last year. Mayor Hipp said they would have had almost 1% drop in last year's tax levy, that is how close they are and they still have work to do, but they have managed in the budget with the 1.9% overall increase and a 6.9% introduced tax levy increase come a long way and as satisfied as he is that it is not a flat tax increase at that point. The Mayor said they would love to introduce a budget with no increase if they had more time they might have been able to accomplish

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that but they will introduce and they have more time before final adoption and when they get there it will be better than it is tonight.

Councilman Genovesi said that as the same point last year they were sitting there discussing that issue but it was not surrounding a 6% preliminary number it was 24% so he would like to echo what the Mayor said. He feels a lot of work has gone into the budget and saying that it is also important to reflect upon the individual departments and the department heads that have worked very hard to show restraint and perhaps that was a marching order that was not so much expressed in the past, but he believes between Councilwoman Inguanti and Mayor Hipp that marching order is apparently been given and it's being followed. Councilman Genovesi said the examples that he can give as liaison to the Police Department, he has met with Capt. Egbert, Councilwoman Inguanti and Mr. Cortright, he believes that the police department in their operating budget has shown restraint, showing very little change and the change being displayed is due mostly to a situation with the ammunition. Councilman Genovesi said there is an ammunition shortage now, the price has doubled and they as a Borough are paying more for it; in the past they had budgeted \$2,500 and ending up spending \$10,000 and this year they budgeted for \$15,000 and this has nothing to do with the operation of the police department in so much that they are looking to spend the extra money in ammunition but they can't do without the price of ammunition due to situations like the war in Iraq and the shortage of ammunition itself. He said he would like to report that they have shown very good restraint in spending in fact the police department has knocked off some initial calculations that they had such as repairing vehicles, etc. Councilman Genovesi said the capital end of the police department has shown little to no change which is always positive, there is one simple request which is a four by four vehicle and that has not be decided upon yet. He said so if they take out the arbitration, which is a figure they don't know presently, as far as his liaison duty, he feels very comfortable with where they are given the fact that they don't know what the increase with regard to the arbitration will be. Councilman Genovesi said the overall budget has kind of a stable platform to work from, last year there were some issues such as the Encap money that the budget he felt was partially based upon. He said some of the commentary he heard from the colleagues on the Council almost made it sound like they are not spending enough money in 2008 and they all know they don't want to spend more than they have too. Councilman Genovesi said he feels this is a good place to start given the fact that the extraordinary aid has not been calculated yet, lack of aid due to previous lack of financial restraint is evident in the fact that the Local Finance Board is not looking favorably on the Borough now. Councilman Genovesi said it is his hope that through the fiscal restraint in spending shown in the budget that they will be able to sway the Board to look more favorably upon them this year at the point when the CFO makes the request. He said he would like to give a report on the police department and some of his own personal feelings on the introduced budget.

Councilman Fecanin said in regards to Capital Road Improvements, he did not see anything in the budget for such and asked if that is to be true or is it somewhere that he missed? He said that is the infrastructure of the town, every year they do the roads and he doesn't see anything included for that and he doesn't like that. The CFO said no.

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Councilman Fecanin said regarding the anticipation of \$400,000 in revenue from the cellular lease, where did they come up with that number? Councilwoman Inguanti said they have an offer for a little over \$900,000 for the purchase of all three monopolies so that was just an estimate if they decide to go ahead with the sale of one of them. She said they are also trying to negotiate a higher rate for the sale if it goes forward, it was a real offer for real dollars that they could exercise if they had to. Mayor Hipp said they believe if they accepted that offer then that number would be a million or more, they decided conservatively to keep it as an option by a half possibly as much as a third. Councilman Fecanin asked that he be kept informed of issues especially when it is one of his liaison positions.

Councilman Sommer said that he wanted to echo about the tremendous hard work that was put into the preliminary budget which enables them to potentially get State aid and he realizes it is a preliminary, he thinks many who asked certain questions and support the idea from the department heads where asked and they did great jobs as well as the entire departments. He said he is curious as he heard Councilman Genovesi say that he heard other council members that they should be spending more money, he asked for clarification on that because he certainly did not hear that.

Councilman Genovesi said to Councilman Sommer that he was incorrect, he did not say he heard, he said that it almost sounds like and to him that was a feeling on his part he didn't say he heard it but it sounded like it.

Councilman Genovesi said for Councilman Fecanin, he believes that they did discuss at the meeting but Councilman Fecanin couldn't make the meeting. Councilman Genovesi said he covered his agenda and they talked about the cellular towers. He said he believed there were three items on the agenda for the meeting he missed, so he wasn't left out but it was on the agenda then.

Councilman Sasso asked with the preliminary budget and just two months into the year, how do we know that we are on track, what mechanism is in place to make sure we stay on track and not get to October, November, December and say there is a problem.

Mayor Hipp said he thinks the question goes to analysis of budget to actual expenditures and he thinks that is going to be an ongoing oversight from the department heads, finance and from members of the Governing Body who approve bills being paid through voucher systems. The Mayor said they are going to continue to monitor the budget and he also would include the Citizen's Advisory Committee, he thinks they play a very vital role in that so that they will be able to monitor and make sure the spending is in line. Mayor Hipp said one of the things they are going to do is a memo is going out to non-union employees tomorrow eliminating overtime. The Mayor said they are also going to work with Superintendent Chris Seidler and Councilman Sommer, there is a \$100,000 reduction in DPW overtime already from last year and they are going to work with them to reduce it even further as they go forward. Mayor Hipp said only necessary and essential overtime is going to be permitted, so they are really looking very hard at these things and they are going to continue to do so and they believe that they will continue to be able to save money off of these expenses. The Mayor said with expenditure increases of almost

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\$800,000 the fact that the overall budget as introduced is only \$486,000, he thinks they are in pretty good shape if they do a few more things and a couple of things break their way, they will actually be able to come down with a much lower increase than they are introducing tonight. Mayor Hipp said he is very hopeful they have the people to do it, they have the professionals to do it and they are going to be working hard in Trenton from now until they get it finalized. The Mayor said with that he would like to call for a motion.

Councilwoman Inguanti made a motion to approved the preliminary budget, seconded by Councilman Genovesi and unanimously approved on roll call.

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Mayor Hipp reported they are going to hold off on discussing the change orders for the Library HVAC after discussions with Fire Safety Marshal Paul Dansbach regarding the additional sprinkler system and his efforts to speak with the Building Dept. on the duct replacement of over \$15,000. The Mayor said they are all going to meet and basically have a job meeting to ascertain what the basis of some of the charges are before he reports back to the Council and makes recommendations. Mayor Hipp said he received notice that the contractor has requested an extension of time until March 31 to finish the project, the prior completion date was due on February 28 and they will be in the process of discussing what is appropriate there. The Mayor said technically they would be out of compliance for failure to complete the project by the end of February, but he will report back with more detail certainly by March 25, hopefully by the March 18 work session meeting. Councilwoman Keyes asked what was the reason for the requested extension. Mayor Hipp said he wasn't able to look at their letter he just had Mr. Myerson's email to him, the reason for it as listed in their letter for which he is getting a copy. The Mayor said having walked through the project himself about three weeks ago, a lot of work still had to be done, it was pretty clear that it wasn't going to be completed; he believes one of the reasons that is being sighted is the fire safety issues which the Borough is going to handling that part of the contract which might be one of the reasons it is being held up.

Councilman Genovesi said he will not be available for March 18 meeting, so if it is discussed he will not be able to vote but he would not support the change order for one reason that he wanted the work at the library to be done as quickly as possible, he wants the job to be done correctly rather he would like the job to be done efficiently and so that the library could be up and functioning serving the residents as it always has. Councilman Genovesi said he remembers a statement from then Schoor DePalma Ralph Tango now CMX, that there would be no change orders to the library and he remembers that specifically from a meeting. He said it is his position that should these change orders be needed that CMX investigate on how they will pay for it, rather than the Borough given the fact that he made such a statement.

Councilwoman Keyes said respectfully this library project has been going on since 2003, they have finally been able to get it up and going in the last year and half and she for one and she hopes that everyone feels this way, they would like to see this come to completion and she doesn't know what the change orders are. She said she is not sure if

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they could hold the engineer to a statement that was made 6 or 8 months ago, life is just not like that.

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Mayor Hipp responded that there will be a public hearing on the budget, he will actually schedule a public forum on the budget as he promised when he took office on January 1st where there can be a dialogue with questions and answers and he thanked the audience for reminding him. The Mayor said that in addition to hearings where the citizens can go up to the microphone and discuss it there will be a hearing on final adoption. Mayor Hipp said they will provide ample opportunity to digest the budget document and of course they hope the Advisory Committee is going to provide the needed input in order to tighten it up even better.

Councilwoman Inguanti announced there will be a hearing on the budget at the work session March 18 and also at the regular meeting on March 25 and at every meeting until final adoption.

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Councilman Genovesi moved the following Resolution, seconded by Councilwoman Keyes and unanimously approved on roll call:

WHEREAS, the Open Public Meetings Act requires that a public body adopt a resolution at an open meeting before going into closed session to discuss a matter which excludes the public as permitted under the Act.

NOW, THEREFORE, BE IT RESOLVED, that the Mayor and Council of the Borough of Rutherford will hold a closed session meeting on Tuesday, March 4, 2008 at 8:24 p.m. in the Committee of the Whole Room to discuss the following matter or matters:

- ◇ Litigation – four police officers
- ◇ Litigation – Reid vs. Rutherford

The meeting re-convened at 10:31 p.m. with Councilwoman Keyes moving to adjourn, seconded by Councilman Sommer and unanimously approved on roll call.

Borough Clerk