

**MINUTES OF A SPECIAL MEETING OF THE  
MAYOR & COUNCIL  
HELD THURSDAY, MARCH 26, 2009**

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The meeting was called to order by Mayor Hipp at 7:15 p.m. with the following Councilmembers present:

Councilwoman Keyes  
Councilman Genovesi  
Councilwoman Inguanti  
Councilwoman Birdsall  
Councilman DeSalvo

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Councilman Sasso - Absent

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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.

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Mayor Hipp announced to everyone that an emergency rule change from the Civil Service Commission that took place that day and copies of the document will be available to all, which several of them received an email earlier but the Civil Service Commission has adopted an emergency rule to allow municipalities to engage in mandatory furloughs or temporary layoff, this was opposed to the regular rule which required voluntary cooperation on behalf of the employees. Mayor Hipp said they put on the agenda the opportunity to go into closed session to discuss matters, however, no one went to him to request a closed session hearing so he put on the agenda and he asked if any member of the Council feels it was necessary to go into closed before they proceed further and if not he will remove it from the agenda. With no request being made, the Mayor removed the closed session from the agenda.

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

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Mayor Hipp asked the CFO Ed Cortright to approach the microphone and give a summary of the budget he prepared for introduction.

Councilwoman Keyes asked if there was going to be a hearing of citizens after the budget was introduced. Mayor Hipp said they didn't put it on but he had no problem with that.

Councilwoman Inguanti asked if they were going to discuss the 4<sup>th</sup> of July. Mayor Hipp said yes, they didn't put it on the agenda but he had it on his notes but he wanted to have Mr. Cortright bring everyone up to date first so they all have the latest information available.

The CFO said the 2009 introduced budget that they were getting ready to put forth to LGS in Trenton calls for an increase in the total spending plan of 1.23%; and the amount to be raised by taxes to support the budget is increasing just over 4% which was the lowest introduced budget that he had seen in many years. The CFO said there were certain assumptions that went into the 2009 introduced budget, some or all of which may change between then and time of final adoption which was probably going to be in September. He said as salaries are concerned the police salaries and wages and the white collar salaries and wages are in agreement with the briefs to the arbitrator; the introduced budget is assuming a shift to AETNA Insurance at annual savings of \$176,000 per year which was pro-rated to \$117,333 because it is expected to be put into place on or around May 1<sup>st</sup>. The CFO said the assumption also calls for what they term as a furlough of ten days and that is Borough Employees will work nine out of ten days and be paid for nine out of ten, which produces a savings of \$400,000 plus an estimated \$15,000 in social security and Medicare taxes. He said the budget is conservative and that it does not assume that Encap will pay either 2007 or 2008 delinquent taxes; it is assuming a receipt from the NJMC in the amount of \$400,000 to help offset the fact that they were not able to sell the 2007 tax lien of approximately \$500,000 the Encap tax lien. The CFO said it is assuming the assignment of one cell tower lease for \$276,400 which would be for 30 years; assuming approximately \$161,000 in DPW salary costs and savings of fuel oil from some combination as yet to be determined, of once per week collection, elimination of holiday pickup and elimination of twice a week pickup during the fall season at which time the full input of the DPW would be for leaf pickup which would have a savings of the overtime amount budgeted for. The CFO continued that it is assuming that the reserve for uncollected taxes is set at 98.3% based upon a three year average which the Borough was allowed to use in calculating the reserve for uncollected taxes; assuming give backs for the health insurance in addition to the shift to AETNA; assumes a 25% give back from the PD effective July 1<sup>st</sup> based upon contributions which save \$105,000 and a 10% contribution from everyone else effective July 1<sup>st</sup> which produces a savings of approximately \$141,000. He said it assumes pension deferrals and those pension deferrals in order to have them go into place have to be done by way of resolution which the Mayor and Council will consider later in the meeting.

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Mayor Hipp asked the Council take up as an additional matter, the 4<sup>th</sup> of July fireworks and dispose of that separately and then go back into the budget as a whole.

Councilwoman Keyes said they have been struggling with the issue of furloughs, layoffs and how to reduce the budget, she doesn't believe it is in their best interest as a Governing Body to be spending funds on things they could do without; however if they were to receive sponsorship that would cover the fireworks and other events like that she would certainly be in favor of having that. She said as the budget stands currently she would not be in favor of including fireworks in the budget.

Mayor Hipp asked if she was making a motion to remove it from the budget.

Councilwoman Keyes made a motion to remove the 4<sup>th</sup> of July fireworks from the budget with the provision to find private donations and sponsorships so that the Borough might be able to have a display, seconded by Councilwoman Birdsall. Mayor Hipp opened for discussion.

Councilwoman Inguanti said she agrees with Councilwoman Keyes that trying to seek sponsorship is a good idea, an issue is the time of which they have to arrange for the fireworks which has to be done now or they can't find a vendor to do them. She said she would like to put out for the residents that they are still going to have a Baby Parade which has been going on in Rutherford for approximately 80 years. Councilwoman Inguanti said there might still be events around the Baby Parade that could be fun for the residents and express their patriotism and the love of the Country in a different way. She said some of the neighboring communities are going to be having fireworks and perhaps they could look to have it a shared service arrangement so she would like to offer that maybe the Rec. Dept. could reach out to other communities and find out what events they are having and they offer that to the residents. Councilwoman Inguanti said she does support the resolution.

Councilwoman Birdsall said it is just a sign of the times unfortunately and they need to have the needs versus wants assessment now, she doesn't think anyone is saying they can't celebrate 4<sup>th</sup> of July, there are other events to celebrate the birthday of their Nation without the expense of the fireworks. She said though everyone would like to have them, she thinks at that point and time it should not be.

Councilman Genovesi said he concurs with Councilwoman Inguanti and thus he would move his support behind the option she had as well.

Councilman DeSalvo said he did agree after looking into it he agrees with the rest of the Council that it is unfortunately not a good year to be adding expenses like that to the Borough. He said fortunately for the residents the fireworks were free for many years for them and as well as others who came from other towns, they reaped the benefits of all the taxpayers for a long time and that is something they should look into in the future that maybe it should be, not residents only, but to have everyone benefit from their taxpayers is ridiculous in his opinion. Councilman DeSalvo said he does agree with everyone at that time.

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As no further discussion was requested, Mayor Hipp closed the discussion.

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

Mayor Hipp asked the CFO to remove the expenditures for the 4<sup>th</sup> of July from the budget which he believes is about \$18,000. The CFO said in so far as the fireworks are concerned, the only item they have in the 2009 budget was the Mayor's marriage license fees for \$4,600; if they examine the budget document in detail they really don't have a line item for the fireworks. He said in reality what they asked him to do was already done, there was no offset for the fireworks in the 2009 budget.

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Mayor Hipp returned the discussion back to the budget; they heard the final presentation from Mr. Cortright concerning the assumptions that were made and they attached it to the list of assumptions, the proposed budget to be adopted that evening. The Mayor said he would like to ask the Council if they have any questions or comments before final vote is taken. He wished to start with Council President and Senior Councilmember Maura Keyes if she had any questions or comments concerning the budget.

Councilwoman Keyes said she was very familiar with the budget documents, she didn't have many questions she just wanted to say that she was happy they are not seeing the 2007/2008 Encap money in there. She stated that they all have an obligation up there to introduce the budget and that is what their focus needed to be, after that night they move onto the second phase of digging deeper into the budget and making sure that the numbers are true numbers and can come into fruition.

Councilman Genovesi said he agreed with Councilwoman Keyes in so far as the legitimacy of the numbers that were presented in the document; he thinks it was a fair document, the inclusion of the Encap money whether it be the amount owed in back taxes whether it was the interest was of great concern for everyone on the Council. He said he didn't want to speak for everyone but to a certain extent from the conversations they had, the general opinion of the Council was that they hope they get that money and they are all looking favorable to that but as far as that day he doesn't think they want to include that. Councilman Genovesi said it was taken out of the budget document so he was comfortable with that, in lieu of that there is the receipt of \$400,000 from the NJMC. He said the assignment of one cell tower lease which was a issue that was raised last year, documents were presented to the Council and the general opinion from the documents from the company seeking the lease for the cell tower are legitimate and they are extremely interested in making it come to fruition and obviously what they care about is the actual payment to the Borough. Councilman Genovesi said the reserve for uncollected taxes he had the conversation with Mr. Cortright at the microphone, he was under the impression that if the reserve for uncollected taxes, was reduced even further it would serve to a greater advantage but he would yield to Mr. Cortright's wisdom and if he feels that is the number where they had to be at then he was comfortable with that. Councilman Genovesi

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said the things that were not shown in the document at that time such as the extraordinary aid will be shown later that will help greatly to cause a shift in the municipal tax levy. He said from his understanding that if the Encap money does arrive in 2009 it will greatly benefit them in the form of anticipated surplus which would be a wonderful thing. Councilman Genovesi said as presented that evening after many different types of proposals made by the CFO, he thinks that overall it is the most fair outlook that they could have and as the budget is a very fluid document and obviously it is going to change by the next time they revisit the issue, generally he feels a level of comfort with the document.

Councilwoman Inguanti said she feels that the introduced budget is really a document that was to strike a balance in the very difficult economic time between the employees who are being asked to sacrifice, the taxpayers who are being asked to sacrifice but also it fairly balances and expectation that Encap will be resolved without being overly reliant on Encap. She said at their last meeting Mr. Ceberio from NJMC was very forthcoming and very helpful to the Council in expressing his opinion that things are beginning to change in the Encap situation and that there is reason to hope and be proactive and move forward. Councilwoman Inguanti said the Council directed the tax collector to start to look to appropriate.

Councilwoman Inguanti said the NJMC was very helpful in communicating with the tax collector and helping her with information she needed to seek out relief for the taxpayers, so after the meeting on Tuesday it was the first time in a long time that she felt there was a glimmer of light. She said that was very heartening and she knows that the employees and residents are concerned about what the future holds and they will endeavor to do their best and to be as accurate and forthcoming in the communication as they move forward and they will try to minimize the impact on the residents and employees. Councilwoman Inguanti said she thinks that they tried to reflect realistic decreases, realistic increases and after discussion with the Auditor they may have some information for them as regards to the assignment of the cell tower in the coming week that might help facilitate the decision on that and she will report to the Council. She said that will hopefully help them get to true numbers which she thinks was the struggle they were all engaged in over the last couple of weeks where they had to fill in the blanks with their best educated guess or experience and where they had actual numbers. Councilwoman Inguanti said she thinks they struck a fairly good balance that keeps in mind the sensibilities of the residents, employees and she thinks that is the best they could do.

Councilwoman Birdsall asked the CFO to clarify that the version assumes that Encap does pay 2009. The CFO responded that is correct but it was done indirectly by what is called the reserved uncollected taxes and what the Borough has in its purview to do is average the last three years worth of collection and they had a 98.3% collection ratio which they can use in calculating the dollar figure. He said usually the Borough achieves a 98.6% collection ratio so 98.3% is probably a little higher than what he would like to use but it is still reasonable according to the State and again the dynamics are going to change from now until September which is something that could be refined and possibly use a higher number to put into 2009 budget for the reserve for uncollected taxes. The CFO said

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it is assuming part of the Encap money, not the whole thing. Councilwoman Birdsall asked if it assumes nothing for extraordinary aid at that point. The CFO said it can't. Councilwoman Birdsall said she noted on there, the Labor Day Street Fair is based on grants. The CFO said he had to format the long form of the a budget in accordance with the State's requirements and when it comes to a State or private revenue they want to treat it as a grant so to be consistent with the long form in regards to the Street Fair money he put the item of revenue as a grant receivable which he is allowed to do and supposed to do and the offset to that is on the expenditure side. Councilwoman Birdsall asked where it was on the expenditure side. The CFO said it is on the expenditure side, every dollar of grants receivable has to be spent so when they take a look at the grant revenue, they are also looking at the grant expenditure the numbers are exactly the same. Councilwoman Birdsall asked what happens when they receive funds such as extraordinary aid or funds from other sources, the budget is amended and the tax rate is affected. The CFO said absolutely. Councilwoman Birdsall said it was a rough process being the first time around with it and she hoped that Councilman DeSalvo agrees with her, that the first time is difficult. She said it has been cumbersome, there were so many unknowns. Councilwoman Birdsall said she is concerned they are asking a lot from the residents as well the Borough employees in the assumptions of three major areas they are asking from the employees; she knows that everyone has to give but she does have a concern there; she has concerns with Encap that she doesn't think based on the information that she had through the meeting that it is outside the realm of possibility that that money would come through that year. She said her concern is putting earnest on those three areas with the Borough employees and then not assuming the Encap money. She questioned if they do not assume the Encap money are they jeopardizing their extraordinary aid application because that was something they discussed previously in the budget meetings? The CFO said it actually helps them. Councilwoman Birdsall said she thought it was the other way around that if they want to get extraordinary aid they had to assume. The CFO said they had to show the entire financial statement. Councilwoman Birdsall said she thinks they still need to find ways, regardless of what was being introduced, to generate revenue for the Borough because they are down to bare bones in so many aspects and the only way they are going to alleviate some of the burden from the residents and the employees and keep services that are critical and important to all who live there, is to try to find ways to generate revenue for the community. She said she doesn't want to see a tax rate be higher than it should be and that was one of the concerns previously when they saw the version where there was no Encap assumption and they were at 18% tax increase versus if they assumed everything from Encap they were at a 2% tax increase and she had asked the questioned what would happen if they introduce at 18% and they get everything what happens to the tax rate and she thinks the answer was potentially people would get refunds. Councilwoman Birdsall said she would rather assume they are getting everything and figure out a way to find it than have to rely on the ability to give refunds back to people, she didn't want people paying higher than what they had to be paying. She said 4% is better and she was more of an advocate for version 2, she knows statements were made saying all the Council didn't want Encap included, she sees the rational behind both sides of it. Councilwoman Birdsall asked if she was correct in stating that the recommendation from the Auditor is that it should not be included at that point and she wanted the public to know that was the recommendation from the professionals. She thanked them for all the work that went into that major task.

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Councilman DeSalvo agreed that it is a very difficult process, a learning curve with all the assumptions and he was pleased that the Encap assumptions for 2007 and 2008 are out as that was a big issue of his going into that. He questioned if they did receive the 2009 taxes, do they still presume they are getting the \$400,000 from the NJMC. Mayor Hipp responded yes and the budget that night was that the NJMC will provide \$400,000. Councilman DeSalvo said another thing, with the assumption of the \$161,000 for the DPW which is included are the furloughs, the 10% for the contributions, once a week pickup and he asked for a report on workmen's comp cases when they went to once a week pickup last time and he still hasn't received that. He said he knows they are working hard on things but he did ask a couple of times and the problem he has is that he thinks it is unfair that the DPW is included in every furlough, the 10% and an additional presumption that salary costs to be discussed further; nobody there knows what that means and there is no assumption of any other Department. Councilman DeSalvo said he knows there could be money saved in other Departments that he brought up, but they are still not assuming that but they can assume it for the DPW, that he has an issue with. He was told when he was looking into certain Departments that he was picking on those Departments. He said that looks like they are going to take, with no disrespect to the DPW, the lowest guys on the totem pole and basically throw them into the mix with more assumptions on their end then anyone else where he knows there could be savings in other Departments but they are not assumed in that document. The CFO responded that when he says the DPW was singled out he would like to bring to the Councilman's attention to please look at the first assumption they are assuming as far as the Police are concerned and the white collar is concerned they are getting a 0% increase, the DPW received 3% increase in 2008 and that is going to help offset that significantly. Councilman DeSalvo replied they have the Police figured in for some savings but other Departments that were brought up throughout the process no savings, as an assumptions but they could assume everything else. He said it is assuming that the pensions are going to be differed and that is like they discussed over a 15 year period at the going rate they discussed the other night.

Councilwoman Keyes asked to clarify something with the CFO as for the assumption on the furloughs that goes across the board? The CFO said yes, except for the library because they are autonomous. Councilwoman Keyes asked what about the Health Dept.? The CFO responded they are included. Councilwoman Keyes stated they are autonomous. The CFO said the problem they have with the library is that the amount the Mayor and Council give to the library is formula driven based on 1/3 of a million of the average of the last three years Borough's assessed evaluation and they are pretty much at that point; when they come up with a figure for the library it is up to them to determine how that money could be expended but in the introduced budget they are not assuming any furloughs for the library but it is not to say that the Council could not go into the library and say help us and that is why they will be amending in September that could be part of the mix, there is no reason it couldn't. Councilwoman Keyes stated she was referring to the Health Dept. The CFO said the Health Dept. was included but their contribution isn't formula driven as the library is. Mayor Hipp said he thinks the CFO is saying the Library funding is a creature of Statute, they are required to raise 1/3 of a million that is a one line item; the Health Dept. is a Department of the Borough and it is part of the Borough budget in detail and the employees of the Health Dept. are Borough employees and although it's

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arguable that the employees of the library are also Borough because of the fact that the Library is the only entity that specifically receives funding through the taxation formula, they actually have the right to receive 100% of the 1/3 of a million and distribute it anyway they feel they can. Councilwoman Keyes said on the Health Dept. side she believes that furloughs or layoffs were looked at a few years back and it went up to the courts, that was not an action that could be taken for that Department. Mayor Hipp said he would defer to Counsel but he thinks the issue was the appropriateness, not the right. The Borough Attorney said while he wasn't familiar with that case, when they say that the Board of Health is autonomous and the Library Board, they are correct but there are different types of autonomy; the right to autonomy is the right to decide how much money they are going to receive and spend their own money. He said the Library has that but the Board of Health they have autonomy in the sense that they can adopt their own ordinances and they have to be given enough money so they can complete all their statutory requirements but beyond that they have some control over how much money they give them so it is a different type of autonomy, but they could cut back their budget where they could be successful in court and get more money from them. The Borough Attorney said the Library has a fixed amount that they receive and they don't have any control over their funds and as a result they don't have any control over their hiring and firing.

Councilman DeSalvo said in reference to Councilwoman Keyes' question, is the PD also in with the furloughs because he understood they weren't going to be? The CFO said they are in.

Councilwoman Birdsall said that in previous document there was the wage freeze and she sees it is out of there. The CFO said wage freeze, yes in 2009.

Mayor Hipp wanted to make sure that all the Council understood the assumptions.

Councilman Genovesi said before they closed he wanted to thank the Departments as he knows a few months ago how every Department had to cut back their operation budgets and to the best of his knowledge everyone has done that, specifically he thanked the PD for cutting their operational budget. He said they are a 24 hour 7 day a week Department in town and he feels that proper planning on their part, when it came to things like purchasing of ammunition they saved by purchasing a year and a half, they were very cognizant of their overtime, they did a tremendous job, Captain Egbert and Director Thompson of monitoring and cutting down the overtime.

Councilman DeSalvo said he would like that everyone here actively seek to get the Encap money, the money they are not assuming and whatever it takes to get it as it would be a bonus and out of respect for the residents and employees for them they should do whatever it takes they should actively seek that.

Councilwoman Birdsall stated that she couldn't agree with Councilman DeSalvo more because the perception from last year being a resident is that they are sitting back and waiting for what is legitimately due to them and because of that the burden falls on the taxpayers and employees. She said hats off to the PD but also all the Departments

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because she thinks they have outstanding services and outstanding Department Heads who always try to work within a defined amount and save money wherever they can. Councilwoman Birdsall said perhaps a massive letter writing campaign would be a way to go through the community that the Governing Body could help facilitate and she didn't know how to fight the fight either but she thinks that there needs to be more of a presence and voice and the residents of the Borough need to know they have a voice in that as well. She said they all want to see that come in; they all have to get active to get it.

Councilwoman Inguanti said the other night at the meeting she had spent part of a day crafting a letter to send to the Governor and Commissioner of Dept. of Community Affairs for review by the Council and she sent it to the Borough Clerk for copying and she had it in her notebook and she was so heartened by the presentation by Mr. Ceberio that she didn't feel it was necessary to bring it before the Council but she can share it with the Council in the future especially if things don't turn out the way they should in the timeframe in the way it should. She said she agrees with Councilwoman Birdsall that the citizens do need to help be a voice in it that the Governing Body is only seven but if the residents of the community demand action of their representatives she thinks they will hear it and correct the injustice, they must aggressively pursue it.

Mayor Hipp said he wanted to thank Mr. Shenkler and he would like to give him a moment to speak.

Mr. Shenkler said he agrees that it is a fair budget, it has been a long and tenuous trip but it's not over until the budget is adopted and as the CFO said it won't happen until September, they still don't have numbers that are going to be applied to the budget. He said the work really begins once the budget is introduced because then they could get into the relative line items again. Mr. Shenkler thanked the Council for being patient and as cooperative as they had been to get to that point.

Mayor Hipp wanted to thank the efforts of CFO Ed Cortright who spent countless hours with the Administrator in preparing a variety of scenarios for the Council to consider in the long process towards that evening. Mayor Hipp said it is fair to say they are in a state of chaos; at the National level, State level, local level they all share the pain and it has been a hard process for everyone there; the town of Montvale will be introducing a budget with an 11% tax levy increase there are other communities in our surrounding area that are facing similar problems. The Mayor said they are introducing a budget so they may apply for extraordinary aid and they pray that they will have the opportunity to receive funds to help them. Mayor Hipp said the assumptions that were made in the budget may or may not happen which is why he believes they are in a state of chaos, they have no idea whether the revenues they anticipate will come in, no idea whether the assumptions they made with respect to salary and compensation will take place, they have no idea whether the Encap money will be in. Mayor Hipp said none of them can predict the future but what they can do is what is in their control and he is happy that the Council shares with him one thing they can do and that is go actively after the Encap money and Mr. Ceberio's presentation to the Governing Body on Tuesday shed new hope that the money will be received and when that money comes in because of the efforts of that Body and the efforts of the Commission, they will be in a much better position, a much better

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place; it will not solve all the problems but it will make life a lot easier for the community going forward. The Mayor said they will not have to sit there and make decisions as to whether or not they have 4<sup>th</sup> of July celebrations, as to whether or not they temporarily layoff employees, cut services because they will have collected the money that is due to them from the entities and they will fix the problems and move forward as a community. Mayor Hipp said it is absolutely essential that they are on the same page with that and he believes they are, he was encouraged by what was said that night and although it was his preference that they make the assumption of including the Encap money because it is his belief they will get it, again it is still an assumption. Mayor Hipp said any assumption they make is subject to change so he thinks it was a fine effort on the part of their professional staff and he wanted to thank them again. The Mayor wanted to bring it up to a roll call vote.

Councilwoman Inguanti made a motion to introduce the 2009 Municipal Budget, seconded by Councilwoman Keyes with Councilwoman Keyes, Councilman Genovesi, Councilwoman Inguanti voting aye; Councilwoman Birdsall, Councilman DeSalvo voting nay.

Budget not introduced. Mayor Hipp said due to that budget not being introduced they did not have to do the resolution for the Local Finance Board.

Mayor Hipp wanted the Council to understand that as a result of that the Budget will not be introduced by March 31 and they will miss the deadline for application to extraordinary aid.

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Mayor Hipp opened the hearing of the citizens.

Bonnie Corcoran, 390 Montross Avenue said as she understood, if they didn't introduce the budget that night they can't go for extraordinary aid; they all know the State is probably not going to have much because everyone is saying no but there is a hope that they might get something. Ms. Corcoran said she is concerned and would like to know why the Council voted the way it did and she is not to happy about all the assumptions as she was going over it she was writing notes. She said last year they assumed a lot of things and got burnt by it, they had a very high deficit and she knows the Council didn't want to get burned again but she doesn't think they want to take the chance of trying to get extraordinary aid when they need it. Ms. Corcoran said they need every dime they could get, she didn't want to see the town go belly up, there have been towns that has happened to and she wanted to know why the Council voted the way it did.

Councilwoman Keyes said it is the obligation of the Council to introduce a budget; she wasn't sure if it was written in a statute anywhere but it is their obligation as a Governing Body to do that. She said as she mentioned earlier that is step one, the time where they are working through the rest of the budget, the first step in the process even though it feels like the 33<sup>rd</sup> step to everyone it's only the first and if they don't introduce

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by a certain period of time they are not eligible to apply for extraordinary aide. Councilwoman Keyes said whether or not they agree with every single line item in the budget she thinks it is their obligation to support the introduction of the budget and that was why she voted for the introduction of the budget.

Councilman DeSalvo said he does agree that it would be nice to pass the budget that night, he cannot go under all those assumptions and honestly he believed that with all the assumptions with furloughs and 25% of police, there are so many assumptions that he didn't think were accurate. He said he knows that there are savings in the Borough that they could get to meet the numbers and he had been going through that and none of that is assumed and it is all accurate figures not assumptions. Councilman DeSalvo said going by assumptions he could not vote for it and that is why he voted no.

Councilwoman Birdsall said her no vote was not for them to not get extraordinary aid but she agrees with Councilman DeSalvo that the assumptions she would almost rather see the assumptions for the Encap money be in there and the Council work towards making the assurance that they are getting that through Encap or getting it in other ways. She said all of the assumptions as presented that night and they were given to them as they sat down that night, seem to have changed dramatically every time they turned around with it and she understands that is part of the process but they go from assuming everything from Encap which is what they are owed to assuming everything from the Borough employees. Councilwoman Birdsall said she thinks there is an extrapolation to that that they haven't taken into effect; they do have an obligation to introduce perhaps it is part of a learning curve that with the effect to the no vote she doesn't want to see a tax rate be higher than it needs to be she wants to see them not just making cuts but some assumptions on there about how they are going to make some changes and how to generate some revenue and how they are going to make things better not just assumptions to how they are going to cut things left and right which are not realistic.

Councilwoman Inguanti said she has been on the Council and Finance Chair for little over a year; it is the second time she had been through it; for Councilwoman Keyes it was the sixth time. She said an introduced budget can only be assumptions by and large there are some fixed points but she doesn't know what is going to happen in July, there could be a hurricane. She said there could be four feet of snow that falls in the Borough on December 25 she doesn't know so what they do is make their best guess based on experience, historical evidence, the savings that they all seek in terms of efficiencies being generated. Councilwoman Inguanti said now they are just numbers that get them the place they need to be by law, the Governor had said they can not assume more than a 4% increase in the tax levy as it will be rejected so they had to do it. She said to her understanding it was the Auditor's option that they could not assume for purposes of introduction the 2007-2008 Encap tax liens; just for the purposes of introduction because his opinion was that it would get kicked back from the Local Finance Board. She said she knows the assumptions as currently envisioned and she agrees that the biggest burden is being put on the employees and that is unfair in the sense that a lot is resting on their cooperation but after today they know there is more flexibility being given to the Governing Body in terms of mandatory furloughs. Councilwoman Inguanti said if they could get to the savings by other means she doesn't think that anyone sitting up there

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would oppose that, if they could get to those savings by restructuring hours or looking for other efficiencies, by all means that is what passing the budget allows them to start doing. She said they could really start getting into the niddy-griddy of each Department, each line item, each program; with all do respect to Councilwoman Birdsall she appreciates her desire to generate revenue but revenue generation for a municipality typically requires manpower and an investment of capital in some way shape or form. Councilwoman Inguanti said those are the two things they don't have to invest right then because unfortunately the reality of it is that they had to get that done, the budget that year and it is one of her greatest frustrations. She said she knows that the Mayor, Councilman Sasso, and she ran on the idea that they would be able to generate revenue through an enhanced recycling program, they can't, it is not going to work because the market has fallen out on the commodities market, recycling isn't generating the income that it once was. Councilwoman Inguanti said the idea of generating income by other means with the leaf collection, generation mulch and dirt and composting it requires land, it requires a space to do it or an agreement with other municipalities. She said those things take time and they can't get there if they spend another week getting just to the introduced budget, they can't start that process. Councilwoman Inguanti said she just thinks that the budget while there may be things people don't feel are perfect, they can't let the perfect be the enemy of the good and the good right now for the people of the community is to allow and try for every avenue of revenue that they could get and one source of revenue that those two votes cut off for them was extraordinary aid. She believes that also makes it more difficult getting the money potentially through the NJMC for Encap because it makes it seem like there is another way that they haven't come up with yet and she is telling them that she could sometimes be flippant and joke about having to plant the money tree in her backyard but Ed has spent years with the budget, Maura has spent years, she has spent innumerable hours with the budget, John Genovesi has, the Mayor has and they flipped over the cushions, looked under the ash trays there is not some great source of money that they didn't find. Councilwoman Inguanti said as to the decision that there needs to be more and they need to look for more ways to save money she absolutely agrees with that but they can't start that in the effective way they should unless they introduce it, have a target that they are going for and she is extraordinarily frustrated now.

Councilman Genovesi said honestly he agrees with Councilwoman Keyes and Councilwoman Inguanti as the difficulty and it is obvious that there is a misunderstanding of what a budget is, it is a very fluid document. Councilman Genovesi said when they are at home and try to find a budget for themselves there are factors that are steady and some change; they are budgeting they don't know how much food they will buy in two weeks they could only assume. He said that is what the process is, the beginning of planning what do they think their expenditures and revenues are going to be for the year; in 2007 his first year on the Council he voted against the introductory budget and he had a good reason to do it which was because the budget was never changed to take out \$1.8 million of expenditures which was a result of the year before from money that was available from Encap. He said that year they were only supposed to receive \$200,000 however the expenditures were never changed, they were never reduced by \$1.8 million and he went through that many times, he was right then and he is right now and he knows that because they are in the position they are in because of Encap funding. Councilman Genovesi said if they are going to vote no for legitimate, responsible reason than so be it

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but people talk about learning curves and he calls that on the job training and if that is the case in a position that they are in financially if on the job training is what they are looking for than perhaps they should allow Council people elect to take classes before they get sworn in.

Councilwoman Birdsall said Mr. Mayor perhaps that discussion should have happened before.

Councilmen Genovesi said she is out of order.

Councilwoman Birdsall apologized.

Councilman Genovesi said what has happened by not being able to get the extraordinary aid, they are robbing the citizens of that little glimmer of financial hope and he means that sincerely. He said if it was a document that was set in stone then they wouldn't go through an introduction, then an amendment process, then an adoption it would be done first time. Councilman Genovesi said it is a very fluid process and they have to be willing to accept that, there are things that could be cut, yes they are going to continue to cut, ways to increase revenue, of course, they are going to try but that doesn't mean they stop the process unless they had an absolute legitimate reason to do so; he was very disappointed.

Councilwoman Birdsall asked the Mayor where could they go from there.

Mayor Hipp asked if any other Councilmember wished to be heard.

Mayor Hipp said they are at a hearing of citizens and they are responding to a citizen and he asked if any other citizen wished to be heard.

Sharon DelVecchio, 327 Mortimer Avenue said as a taxpayer and employee, generating revenue they got lucky the last two years with the recycling, it's a commodity business but they did do well if anything it struck information to people more than ever before on the importance of the environment and the extra bang for the buck is a term she would rather use than revenue. Ms. DelVecchio said generating revenue is a corporate thing, it is a municipality and they do whatever they could to save money, provide services and if there is any kind of return on anything invest it back in to what was doing well. She said the DPW contract is three years and they are stepping up to bat to work with the Borough and interrupt their current contract, white collar workers and the Police Dept. are in contract it would be nice to see a more unified opportunity between all the unions and she may have been speaking out of turn but they are all in this very difficult time. Ms. DelVecchio said it is probably the worst and she wasn't sure of the procedure of another revote, recount could be done maybe a little bit more of the explanation for new people have to learn and she certainly has learned a lot since she had been with the Borough. She said she took every opportunity to go to meetings so she could learn more, gone to school so she could learn more and feel more comfortable in her position, extraordinary aid in listening to all the years and going to the meeting they were punished because of mishandling of extraordinary aid but they still did okay last year. She said if the well isn't,

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totally dry regardless of how much anybody asks for they could not lose that opportunity. She attended the forum last week and it was very good, many of the questions asked were the same things asked five years ago when they had the vision started and they are still asking so things take time. Ms. DeVecchio said if it is allowed for the count to go again possibly there'd be a different change in the count.

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

Mayor Hipp said in answer to Councilwoman Birdsall's question, when he said they are in a state of chaos he wasn't kidding and he wasn't going to criticize the vote of any member of the Council but they weren't sentenced to a term up there, they all volunteered, ran for the office and they owe it to the public to act responsible. The Mayor said there are a couple of ways to go; if a member who voted no wishes to ask for a revote to change their vote he would allow that but he is not requiring it and he doesn't want to put pressure on any one. The Mayor said the way it stood as of then was that the Council needed a majority vote of 4 in order to introduce the budget as well as to adopt it and as a result of vote that took place it is their responsibility to go back and sharpen their pencils further and look more carefully and to proceed to try to find a budget to adopt that will satisfy at least four members of the Governing Body if not all of them. Mayor Hipp said he didn't know when that would take place but unless there was a change that night they will not be able to submit the budget on March 31, the deadline required to apply for extraordinary aid and whether they ever receive another dime of extraordinary aid or not he cannot tell them but he knows they have a very good argument, they will make the best presentation they could in order to obtain and if they do get it any amount of money they receive will be for the good. The Mayor said unless he hears from any member of the Council concerning the votes they took that night, he would ask for a motion to adjourn.

Councilman DeSalvo said getting back to the beginning of the meeting when they could have asked for a closed session to discuss some items that would've helped him out, if they could go into closed for the closed that was on the agenda in the first place. Mayor Hipp asked the Council if they had any objections seeing none he asked for a resolution to go into closed session.

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Councilwoman Keyes moved the following resolution for a closed session, seconded by Councilman DeSalvo with all members present voting aye:

**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 meeting on Thursday, March 26, 2009 at 8:24 p.m. in the Committee of the Whole Room to discuss the following matter:

➤ Personnel Issues

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The meeting re-convened to open session 9:13 p.m.

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Mayor Hipp said by way of explanation the Council will be considering one possibly, three resolutions as a result of the closed session, basically there will be an amendment to the proposed budget introduced earlier that didn't pass and if that amendment passes there will be a motion to adopt and if that passes there will be a resolution to apply to the Local Finance Board for the Pension Deferral.

Councilwoman Inguanti made a motion to amend the introduced budget, assumption number 8 will say "assumes \$161,000 in efficiencies within Department structures", seconded by Councilman DeSalvo. No discussion was requested. The Borough Clerk read the roll call with all members present voting aye.

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Councilwoman Inguanti made a motion to introduce the 2009 Municipal Budget, seconded by Councilwoman Keyes.

Councilwoman Birdsall said no one would ever want to jeopardize chances for avenues of funding for the Borough, she thinks for the record they can do better, they could always do better and she thinks it is important for politics and personal differences in regards to any of those types of issues to be taken out of the equation. She said they need to make a commitment there that regardless of the outcome of the vote that the work is just starting and that they need to go together as a united Governing Body with active debate to make sure they are making the best decisions for the Borough.

Councilwoman Keyes said she was very proud sitting there with those Councilmembers going over the issues they did in closed session to go out there and re-open the vote.

Mayor Hipp said he also wanted to thank members of the Council, it was hard for them all and he believes the outcome will actually benefit the community because there has been a commitment to work diligently throughout the course of the process from introduction to adoption and that they will work diligently to continue finding savings and trying to generate revenue.

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

Mayor Hipp announced the 2009 Budget is introduced.

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Councilwoman Inguanti made a motion to introduce the resolution to make an application to the Local Finance Board for the reduced pension pursuant to N.J.S.A. 43:15A-24(c), seconded by Councilwoman Keyes with all members present voting aye:

**WHEREAS**, the *Mayor and Council* of the Borough of Rutherford in the County of Bergen desires to make application to the Local Finance Board for its approval of a reduced pension contribution pursuant for its Police and Fire Retirement System contribution pursuant to N.J.S.A. 43:15A-24(c) and its Public Employee Retirement System contribution pursuant to N.J.S.A. 43:16A-15(9) for certain normal and accrued liability contributions in the amount of:

- *Police and Fire Retirement System in the amount of \$ 474,510*
- *Public Employee Retirement System in the amount of \$ 234,575 ; and,*

**WHEREAS**, the Mayor and Council has made certain determinations concerning this application as required by statute and has completed the required Attachment that documents said determinations; and,

**WHEREAS**, the Mayor and Council determined that it needs to pay the reduced contribution and said determination is in the public interest; and,

1. *helps to reduce the impact of the Local Purpose Tax on Borough Residents*

**NOW THEREFORE, BE IT RESOLVED** by the Mayor and Council of the Borough of Rutherford in the County of Bergen as follows:

Section 1. The reduced pension contribution Attachment, as attached hereto, is incorporated by reference into this Resolution as if contained fully within.

Section 2. The reduced pension contribution for *PFRS in the amount of \$ 474,510 and PERS in the amount of \$ 234,575* , pursuant to *N.J.S.A. 43:15A-24(c) and N.J.S.A. 43:16A-15(9) et. seq.* have been confirmed by the Chief Financial Officer and are the amounts deemed by the governing body for application to the Local Finance Board and as allowed by the New Jersey Division of Pension and Benefits.

Section 3. The application to the Local Finance Board is hereby approved, and the Chief Financial Officer, along with other representatives of the Borough of Rutherford are hereby authorized to submit such application and to represent the Borough of Rutherford in matters pertaining thereto.

Section 4. The Certification of the Chief Financial Officer of the Borough of Rutherford is incorporated into this Resolution as a certification of the truth and accuracy of the facts submitted in the application for pension deferral.

Section 5. The Clerk of the Borough of Rutherford is hereby directed to file a copy of this reduced pension contribution resolution as part of the application with the Local Finance Board.

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Section 6. The Local Finance Board is hereby respectfully requested to consider such application and to record its findings, recommendations and/or approvals as provided by law .

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Councilwoman Keyes moved to adjourn at 9:23 p.m., seconded by Councilwoman Birdsall with all members present voting aye.

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Borough Clerk