

Minutes of a Council Meeting of the Borough Council held at 7:30 P.M. on Wednesday, March 27, 2013, in the Council Chamber, Borough of Hillsdale, New Jersey.

The meeting was called to order by Mayor Arnowitz who led the Salute to the Flag.

ANNOUNCEMENT OF MEETING

This is a special meeting of the Hillsdale Borough Council on this 27th day of March 2013. Notice of the time and place of this meeting has been provided to and as published in The Ridgewood News, Pascack Press, The Record and Community Life; a copy was timely posted on the bulletin board outside of this meeting room and provided to any interested parties.

Please notify the Municipal Clerk for any disability requirements necessary for attendance at Mayor and Council meetings. The fire exits are located through the double doors to your left. Please silence all cell phones and pagers.

ROLL CALL

Mayor Arnowitz called the roll those present being as follows: Councilmembers DeGise, Frank, Kelley, Looes, Meyerson and Pizzella. Also in attendance were Borough Administrator DeJoseph, Municipal Auditor Paul Lerch. Borough Clerk Witkowski arrived at 8:45 p.m.

MINUTES

None

CORRESPONDENCE

None

DISCUSSION

~2013 Introduced Budget

Councilmember Meyerson stated that certain Department Heads be present this evening.

Fire Chief, Jason Durie –

He is here to answer questions about his proposed budget.

Councilmember Pizzella said when he was Fire Commissioner he was aware that the Fire Department needed equipment, expired tanks, expired turnout gear, various items. There is turnout gear in the budget, but only \$3,000; and some on the capital budget as well. Does the proposed budget provide the necessary safety equipment the Department needs.

Chief Durie said he met with the Finance Committee and Deputy Chief LaFrance to review the budget. They allotted a dollar amount for cylinders which would equate to about \$6,000. It doesn't cover all, but allows us to stagger the expiration dates of the cylinders to avoid the financial burden. We received twelve last year and six the year before, but down from where we were previously but believed they are in a safe area. He is comfortable with this. He requested ten sets of turnout gear for \$21,000, the Finance Committee decided on five sets, this is a good start considering we only purchased two the previous year. Next year we will ask for five again.

Councilmember Pizzella asked him how many he actually needs.

Chief Durie said after his six hour visit with PEOSHA last week, what is mandated by the state, a firefighter needs boots, pants, coat, gloves, helmet, and eye protections. We have gear that need minor repairs but we are looking at three sets of gear that are beyond repair. PEOSHA recommends that gear be replaced every 10 years, right now the five sets will keep us up to date. In the capital we budgeted for two new computers for myself and the Deputy Chief. We requested replacement of the 1999 Chief's car which is a huge safety concern.

Councilmember Pizzella said we are inundated here with floods and we did not have adequate equipment to address flooding.

Chief Durie said to date, he has six certified swift water technicians, himself included, and six full ensembles of swift water technician gear, head to toe, including an inflatable 12 foot boat. More equipment will be required as people are certified to use the equipment. Two firefighters are scheduled to attend swift water tech school, April 12. Swift water gear is universal where we can use the same suits, but they are not always there at the same time. We can get by in our mutual aid agreements with Woodcliff Lake that they work with us side by side on swift water as well as Oradell, River Vale and Westwood. He had swift water gear and a boat on the list but it came down to cutting what was prioritized, turnout gear, CVA cylinders, swift water gear and a boat. They will be on next year's budget also. This six year plan is the best he has seen and feels he is getting what he needs.

Councilmember Pizzella said the Explorer is very important for safety.

Chief Durie explained that the 1999 Ford Explorer was purchased under powered, under sized, to fit equipment required and we have been asking for six years to replace the car. It has a complete command center in the back as proposed in the budget. It will also accommodate batteries and radios we can operate with our mutual aid in the Bergen County communications, turnout gear for the Chief, an alternator that can handle lighting, etc. We did our research and this vehicle proposed would fit the needs.

Councilmember Frank said we talked about salaries at the Finance Committee meeting for the Board of Officers. They were at \$25,000 and it looks like they are up 10% at \$27,500. You said if it wasn't feasible, take it out.

Chief Durie would appreciate if you could go back to the minutes of that meeting and make the adjustments that we spoke of and agreed upon. We agreed to no increase in salary.

Councilmember Meyerson said we introduced the budget last week with this number in there and apparently that was a mistake. Do we have to vote on an amendment at this point?

Paul Lerch, Auditor, explained an amendment can be made prior to adoption and can be done the night of the adoption following procedure. This can be done without prior advertisement as long as any item of appropriation change is less than 10% or add a line item that is more than 1% of the total budget. Any modification you make on a line item will not require an advertisement; you act on a resolution and then you adopt that night.

Councilmember Meyerson said we are proposing a reduction which was inadvertently left in, that would reduce the budget.

Mr. Lerch said keep track of all deductions you will make, he will prepare an amendment resolution for that evening, and provide it to the Council ahead of time.

Chief Durie said part of the understanding was that there was no salary increase in 2013, certain cuts and changes throughout the operating budget were made, one of them was a reduction on certain items in operating budget and changing the training budget. He did not know if that was done and he is concerned about that.

Councilmember Frank said it went up from \$140 last year to \$1,000. The budget was \$1,000 last year and \$1,000 this year.

Chief Durie said we talked about increasing that budget to \$2,500.

Mr. Lerch said we increased training by \$1,500 and decreased salary and wages by \$2,404.

Borough Administrator DeJoseph said last year \$25,500 was spent for salary and wages.

Mayor Arnowitz said last year it was \$25,000 but you spent \$25,510 and it wasn't raised from the year before. In the past you only spent \$23,589 that is when you were one down on a

Lieutenant. He wanted to make sure there is enough money in that line. You have to look through the salaries and make sure \$25,000 is enough or if you need \$25,510.

Borough Administrator DeJoseph asked what number you want for clarification for the amount in salary and wages of \$25,000.

Chief Durie said \$25,000 would be fine and if there is a shortfall, we should be able to negotiate out of another operating line.

Mayor Arnowitz said you spent \$23,589 last year, you budgeted \$24,000, but now there is \$25,200.

Councilmember Frank thought that was going to remain the same.

Chief Durie said salary and wages and clothing are all in one.

Mayor Arnowitz said we can drop that line by \$1,200 to bring it into \$24,000 which is requested if you don't have a lot of new members. In the OEM budget they did not budget anything for maintenance. They budgeted \$50,000 for this car and he heard higher numbers than that. Is this sufficient?

Chief Durie said he included for the vehicle, the recalls under state contract purchasing, the upfit of the vehicle and a separate quote the upfit vendors, not the Motorola vendor. The radios on the initial quote that he put in he was hopeful we could step up with communications equipment and requested a costly device, which was the radio at a cost of \$7,400. We are going to pull that item and request CN1550 that is in all the other rigs and cut the cost from \$53,300 to \$49,600. We will take the box out of the Explorer and have it installed in the new vehicle.

Councilmember Meyerson said you had \$1,200 reduction in clothing and uniforms.

Recreation/Stonybrook Swim Club, Patty Hughes-

Councilmember Kelley said we discussed the budget with the Recreation Commission and Council.

Mayor Arnowitz said under Town Celebration and Public Events, no money is budgeted as we did last year for the Town Celebration, Town Day. He wanted to make sure we are able to fund Town Day, Memorial Day and all the celebrations, the concert series through public donations that we should be looking to budget. He didn't want to cut anything.

Councilmember Looes said Memorial Day does have a budget.

Mayor Arnowitz said Town Day, and summer concerts are the ones we are concerned about. If we are not able to meet the donations that we were able to receive last year, then Council should consider funding some of them or plan to take it from somewhere else.

Patty Hughes said we are all set for Town Day and we have been working on Concerts in the Park for donations.

Administrator DeJoseph said there is still money in the trust account for Town Day as well as the concert series from donations from last year.

Mayor Arnowitz said Elizabeth Ward is seeking anyone's help in helping us celebrate Town Day at Stonybrook and the concert series which will be held in the center of town and at the band shelter.

Patty Hughes said we are trying to incorporate movies in the park as well this year.

Mayor Arnowitz asked if anybody has any questions of department heads. He is not thrilled with increasing debt for the Chief's car as we have always budgeted through the operating budget.

Councilmember Meyerson said the biggest discussion will be the capital expenditures that are

proposing to be long term debt.

Police Chief, Chip Stalter-

Chief Stalter said our 9-1-1 telephone is PC based, there is a computer and several switch boxes, over the weekend the power supply burned out, we tried to keep it up and running but it kept turning off and never got back on. We called the manufacturer who sent out a technician on Monday and got it back up and running. The company said it is basically outdated, as it is eight years old, the system runs fine but it is on a 2000 platform and cannot get the parts to repair. A new computer would cost \$25,000. They offer a one year payment plan, two year payment plan, three year payment plan, no interest. It would probably last longer being Windows 7 platform and will probably get 10 years.

Mayor Arnowitz said the question is how we are going to pay for it, what is the recommendation of Council. This is a necessary piece of equipment and he would suggest the Council find the money and pay it off over three years since there is no interest.

Chief Stalter said we are good for the first year then a service contract would have to be purchased. We have not had a service contract on this system and financially we are way ahead. This was not planned or budgeted as it happened over the weekend. We didn't have any issues with 9-1-1 service, we are back up and running with the equipment now on a refurbished computer that came from the company. If the Council wants to consider this; a service contract is \$2,500 for a year and if we take the service contract, they will not charge us the \$2,290 service call for replacing the unit, travel and technician. For a couple of hundred dollars we are covered.

Councilmember Kelley said \$2,100 for the service call, and would cost \$200 more for a service contract for the year. It is his opinion the best deal is to get the service contact.

Chief Stalter said they are giving us a refurbished unit and will be required to replace next year.

Councilmember Meyerson asked if there was any discussion with the vendor that if we purchased the system this year they would give us credit for that service call against the system.

Chief Stalter said no. The offer was if you want the service contract, other option was not discussed at all.

Councilmember Frank thought an eight year old system running on Windows 2000 is outdated and on borrowed time. If they gave an additional discount and apply some of the service charge to a new system, get the new system.

Mayor Arnowitz suggestion was to put it off until next year and take the contract.

Chief Stalter will contact them and notify the Council.

Mayor Arnowitz said if we take the one year contract we are going to have to increase maintenance of equipment line item by \$2,500. Maintenance of equipment would be \$2,500, if we go along with the purchase then we will put approximately \$8,000 in there.

Chief Stalter said you will decide whether you are going to bond it, pay it out of operating expenses in a lump sum.

Mayor Arnowitz is not in favor of bonding. Basically you need \$2,500 in repairs or \$8,000 somewhere in the budget. The Council will get back to the Chief.

Councilmember DeGise said there is not much fat in the police budget but it looks like we could afford this on a three year zero payment, zero interest term. He asked the Auditor to review.

Councilmember Meyerson is going to inquire if they will be willing to give us some sort of credit for the repair call towards the purchase of the new unit. We would only have to increase the budget this year by \$6,000. Is there a consensus of the Council, if the answer is no to that, that we will go ahead and simply increase maintenance line item and have free maintenance calls because we are paying for the service contract. If the Chief can get the discount or something

significant close, that we purchase this.

Mayor Arnowitz said currently we have an incurred bill for maintenance of equipment of \$2,300 and you will have to increase this budget at least \$2,000. You either have an option of increasing the maintenance line item this year by at least \$2,000 or increase the entire operating budget, new equipment purchase, by \$6,000 to \$8,000. The police chief will speak to the manufacturer and get back to the Administrator. This will have to be approved at the next meeting when we adopt the budget. There will be amendments and you will vote on them then. You have a consensus to go along with what was said.

Administrator DeJoseph said there is zero dollars in the budget for a maintenance contract.

Mayor Arnowitz said you will have to find \$1,300 somewhere else in the budget.

Councilmember Meyerson said this is an either or decision, a contingent decision. If the Chief is able to get a discount against what we have already paid out, in that case there is a consensus to go for the new system which will probably be between \$6,000 and \$7,000 if we get a reasonable discount.

Councilmember Frank said he never questioned his operating budget and considering what is accomplished, it is very minimal. Every year all department heads do a great job controlling expenses. What is staffing level in the Police Department and what it should be. In the budget there is one additional police officer. Eighteen plus two coming off the desk would put it back to the equivalent of 20 prior to having civilian dispatch. He wanted the Council to be aware of this because this is a decision that we should say what the authorized level is going to be so each time there is a hiring or departure that we are not bringing it back up. If there is room in the budget, do it this year, we will discuss how much we are going to borrow to make this budget work because we are still out of balance between spending and revenue. We are spending more than we are getting in and borrowing to make that up. Bringing on a police officer the first year doesn't cost a lot but it goes up very quickly. The Council should be aware of this, let's make it an affirmative or negative discussion at this time.

Councilmember Kelley asked if the addition of one more police officer would overall reduce overtime.

Chief Stalter said we are almost at \$50,000 overtime for the first quarter which is abnormally high but we have been down one police officer since December. We had one officer out a month injured and a couple of other extended leaves and being at lower staffing.

Councilmember Kelley said if you are at optimal staffing, overtime is reduced.

Chief Stalter said he needs to do what the Council wants done.

Councilmember Meyerson said the question depends on what you tell us, what is the proper staffing level for the police department. With civilian dispatch now, there is tacit approval for another person. The problem is that none of us has a good idea what the proper, optimum staffing of the police department should be, the number of officers plus dispatch. One of the problems for the past several years is someone has been out for various reasons and that does add to the overtime which becomes very expensive. The goal is to get the optimum staff of the police department at a reasonable cost. Once it is determine the optimum number on staff, that is if you lose someone permanently, instead of coming back here every time, you simply hire to get the optimum minimum staff level. Is that something we should discuss in the future, something we should discuss tonight.

Chief Stalter said in today's economic climate and what we are faced with, 18 is a sufficient number and gives the best bang for the buck. We had an estimate done by the state police and they take the average department size based on population is 24. He said 18 is a good number for the department for economy and services. We had a decoy pedestrian detail set up the other day, we had someone out sick, and we had to move someone off the shift, we don't have enough people, we need an extra body.

Councilmember Pizzella asked if the staff of eighteen full time and how many do we have now?

Chief Stalter said we have one officer out.

Mayor Arnowitz said we hope eventually he will come back.

Chief Stalter said when you are down that one officer and you have sick days, however, our one day or two sick time is excellent but if you get a back injury or surgery and out for a month at a time, we juggle people around and detectives work in uniform but they all have their jobs to do and things to get done. That ends up in overtime.

Mayor Arnowitz said he is not going to comment on the staffing level whether it is 17, 18 or 24, but he wants to stop the misconception about the horror of overtime. Overtime costs a lot of money, our officers make a decent salary for overtime but to place a police officer on without salary because their salary starts low, our benefit package kills us. We pay \$25,000 in health benefits, \$1100 in clothing allowance, and all the other things that go into a police officer's salary, that pays for a lot of overtime plus the salary you are going to pay the new person. There is a lot of money there; every time this argument comes up, overtime becomes the guiding force. The Chief understands because we have discussed it, he has a lot of leeway with overtime something you want to control but it is not a terrible thing, the problem with overtime is the effects on manpower. The illness a while back was impacting our police and that is not good; when overtime is minimal it is nice to make a little extra money if you can.

Councilmember Kelley said we have to decide along with recommendations from the Police Chief what is the optimum staff? Overtime is part of the calculation.

Mayor Arnowitz said he is not going to argue staffing because that is the Chief's area and the state's level. A lot of overtime can be given out if you don't hire another police officer but you will not be able to maintain safety with a down sized police force and that is a totally different subject.

Administrator DeJoseph said overtime this year is \$124,000 for this year's budget and expects it to go to \$145,000.

Chief Stalter said we are starting out in the hole this year. Our 10 year average on overtime has been \$115,000. With the 17 officers we are working with and you have someone out, there is more exposure to overtime.

Councilmember Kelley said there have been some court changes and that used to be a major portion of overtime.

Mayor Arnowitz said our overtime number stays almost constant; it is the nature of the job, shift work, carrying those belts around the waist we have people with arm surgery, neck surgery. We have had that every year.

Administrator DeJoseph said with the payroll in March, there is \$8200 in overtime, which brings it up to \$48,700 of overtime through quarter one. The question he has is for the \$145,000 budgeted, is that enough.

Mayor Arnowitz said we are tracking at this rate at \$160,000.

Councilmember Kelley said if the other officer comes back, it can be lower next quarter.

Councilmember Meyerson said another officer coming back and potentially a new hire.

Mayor Arnowitz said we haven't decided on the new hire.

Councilmember Meyerson said we budgeted for it and that is the whole point of this discussion.

Mayor Arnowitz said budgeting and doing are two different things and even if you hire a new police officer, it takes them two months to get them on board; if you put them through the academy, you are talking six months. The information was given out, but the Council has to make the decision.

Councilmember Kelley said based on the status, he recommended increasing.

Councilmember DeGise would rather see the Chief's recommendation of 18 and looking at our staffing before we change that line item.

Mayor Arnowitz said you have to purchase a uniform at \$1,200; the benefit package is \$25,000 a year for family.

Councilmember DeGise said for argument's sake, \$100,000 for the year you are still better off having an eighteen officers.

Mayor Arnowitz said the second year they go up 10% and the third year another 15%; in five years a police officer who starts who starts at \$35,000 is making top salary in the 70's or 80's.

Councilmember Frank said in eight years they are making \$118,000 per the last contract.

Administrator DeJoseph said there is another \$35,000 for salaries and wages, leave that \$35,000 there and leave overtime alone that might give you some flexibility.

Chief Stalter said if I was told today I could hire somebody the academy class doesn't graduate until June, it would be September when he is on the road.

Councilmember DeGise worries about the men and women who are there now and they get tired covering shifts, etc.

Councilmember Pizzella said there is also concern for police officers safety purposes and the police do come around and give you a number and your number was 24. Is there a chance of hiring a part-timer?

Chief Stalter said they do have to go to the police academy; at the shore they have Class II specialists in the summer months.

Councilmember Looes said there is \$145,000 currently for overtime plus \$35,000 budgeted already, we are not increasing the line but if needed, the money is there.

Councilmember Meyerson would like to go along with the Administrator's proposal.

Councilmember Frank wanted a clear answer what the staff level is.

Chief Stalter said that is for another meeting.

Councilmember Pizzella said he knows another vehicle is needed in the Police Department but asked the need and how long the Department has waited for this.

Chief Stalter said previous years, we would get one vehicle and the next year two. We didn't get any vehicles last year and when it snows, we are driving a vehicle with 120,000 miles. From there a vehicle goes for secondary use and from there is goes to Code Enforcement or DPW. Generally they are 10 years old.

Mayor Arnowitz said in years past we rolled holiday pay into salaries for Police and yet there is still a line item for holiday pay. Mr. Murphy negotiated a double time holiday package; there are 14 Borough holidays and they were rolled in and double time holidays if they work.

He cautioned everyone that if the Chief sends out an email, please don't answer it as it will be a violation of the Sunshine Law to read it. Take the information and at the next meeting you can make a decision.

Municipal Clerk Witkowski arrived at 8:45PM.

Superintendent of DPW, Keith Durie-

Administrator DeJoseph made reference to a transmission repair for \$2,450.

Superintendent Durie said this was for a 1999 Mason Dump and in the middle of the storm we lost the transmission.

Councilmember Meyerson said this happened before our Finance Committee meeting when you came before us.

Superintendent Durie said he lost two transmissions since Hurricane Sandy. This happened a week ago Monday and was snow storm related, it really is wear and tear, the truck is 14 years old. It has plowed many snow storms. Vehicle maintenance line is 126-315-501 and a vehicle used for Fire Prevention, police cars, fire trucks and DPW. We isolate each vehicle by number and estimate what it would cost to keep that vehicle operating for the year.

Mayor Arnowitz said there is money in that line item for vehicle maintenance, do we need to increase it the whole \$2450?

Superintendent Durie said he was not anticipating a transmission replacement so when he calculated his original numbers for the budget, it was the number I needed, \$500 to keep the vehicle going whether tires, or else. He dropped the number from 65,400 in 2012 to 54,600, so he dropped it \$11,000. and did not anticipate two transmissions going by March 31st.

Mayor Arnowitz suggested the line item be increased.

Councilmember Meyerson stated the overall budget needs to be reviewed and where money can be adjusted before a decision or recommendation is made has is when someone comes before us with an overall budget, when you need something you look to see if we can look into another part to try to adjust. He is reluctant to just add something without looking at the total overall budget.

Superintendent Durie said in 2012 we anticipated \$65,400 in total vehicle repairs for the borough fleet of vehicles. We spent \$52,221 having savings of \$13,000. .

Councilmember Frank stated there are unanticipated items and found money somewhere else within the department. He understood that the DPW budget this year is significantly less than it has been in the past and only slightly higher than the actual last year, a better job of controlling expenses results in less budget next year. He believes that is what we have run into here and now you have a \$55,000 budget this year to cover all the maintenance for all the cars and traditionally it has run much higher except for last year. The question is, put another \$2,400 into it or do we wait and at the end of the year transfer funds if necessary.

Superintendent Durie said leave the \$54,000 and see if we can work within that number. We can transfer funds in November.

Councilmember Looes said we should stick with the line item.

Superintendent Durie is not looking for major expenses with regard to our fleet other than tires on the tower.

Councilmember Pizzella said everyone is doing a good job in lowering their budgets, the money gets used for other things. When you get presented with something new, it is important for us to go back and look at the overall budget before we change line items. He agreed with Councilmember Meyerson.

Councilmembers Kelley and DeGise agreed.

Mayor Arnowitz said let us look at the overall budget for DPW, Fire Prevention and Zoning.

Councilmember Meyerson and Looes Agreed.

Councilmember DeGise said there are upcoming changes, the Superintendent is retiring, a DPW employee is retiring which can impact the budget, depending on what we do. We should start

talking about his maybe in April. We left the budget intact, making no changes. We are not adding staff, we will replace the Superintendent and do some modifications in the department to replace the retiring worker.

Mayor Arnowitz said that should save some money because the person going out is going out on almost top pay, the person coming in will be at the bottom.

Superintendent Durie said Jim Grobel's retirement date is May 1st and Superintendent Durie's last working day will be November 1st.

Councilmember Frank said he will be on the payroll until April 2014. Unless there is something additional in the budget, there will not be someone in Durie's place from November 1st on.

Councilmember Frank said assuming you are going to replace him you will save \$30,000 or \$40,000.

Councilmember DeGise said some of that money would be seed money but we have to advertise the position. Depending whether we move up within there may not be a salary cost to work side by side with the Superintendent.

Councilmember Frank said we never went through the math to make sure that the assumptions are correct, how much money is in the budget vs. us what it would cost us to replace. If Superintendent Durie leaves November 1st, we may or may not have someone in that seat November 1st. He wears a lot of hats, who is going to do those things.

Councilmember DeGise said the fire official would remain the same on the budget, zoning would stay the same. The only area is the DPW and that needs to be addressed. We need to decide the staffing level at the DPW, are we replacing or not replacing the employee who is leaving. When is the appropriate time to bring it up.

Councilmember Frank asked if the plan to replace Mr. Grobel in September for leaf season and a lot more activity or do you need him in the summertime? Is that the money you are going to use to offset? Do we have a plan for the DPW that addresses the timing?

Councilmember DeGise said if Council gives him permission he would like to consult with Mr. Durie and put in a plan, propose new men. If one leaves maybe the replacement time isn't in May, it is September 1st. He needs guidance on how to continue.

Superintendent Durie said with the funding he and the Administrator have discussed regarding DPW salaries, he didn't think there would be a problem through the end of year with this. There would be \$30,000 differential.

Councilmember Frank said you will also be carrying double health care insurance. The person retiring is retiring with lifetime health care benefits and the person you will be hiring and we will offer health care benefits and that is a significant portion of even starting salaries. He wants to be sure we have all the math done.

Mayor Arnowitz said health care has to be considered.

Councilmember Meyerson said he believes that proposal takes us under the current budget. There are alternative proposals.

Councilmember DeGise said in the proposed plan there is a decrease in one health benefit package.

Councilmember Pizzella said you need to propose the plan when the budget is being dealt with.

Councilmember DeGise said what we discussed in some of the finance meetings was replacing Jim Grobel.

Mayor Arnowitz said this is something that has to be discussed in closed session with the Borough Attorney. He does not want to discuss a plan at a budget hearing; he is asking the

Finance Committee because the rest of the Council is not privy to this. Is there sufficient funds in the health benefits line item to encumber a new employee if that is what we are going to do and to carry the retiree.

Councilmember DeGise said yes.

Councilmember Frank asked the Borough Administrator to put the numbers together and we can see that this week.

Councilmember Meyerson said there are alternate plans for worst case scenario or best case scenario. Unless you know whether or not the plan that is going to be proposed is adopted, it is as simple as that. Option A and Option B.

Mayor Arnowitz said this has to be presented but in a closed session or under the auspices of the borough attorney.

Councilmember Meyerson said he knew this was a personnel plan. This will be discussed April 2 in Closed Session.

Councilmember Pizzella said in the capital budget you have a mason dump truck, and asked if it is four-wheel drive.

Superintendent Durie said it is a 4 wheel drive and the price of the truck would include a snow plow. Any vehicle we buy would be outfitted with a snow plow.

Administrator DeJoseph said the funding comes from the recycling grant funding, it is in our plan but is not going to be an issue.

Councilmember Pizzella noted in Parks and Playgrounds, the past couple of years is was around \$60,000 to \$65,000 and now it is up to \$152,00.

Durie said we shifted personnel from the road department to the parks department for budgetary reasons.

Councilmember Pizzella asked how much it would cost to have the DPW remain open later on a Saturday. Many residents have complained about garbage pickup once a week, perhaps allow people drop things off at the DPW.

Superintendent Durie said our facility only accepts recyclables. We cannot take solid waste garbage, we are not licensed to accept garbage.

Councilmember Frank had no questions.

Mayor Arnowitz said the sirens are in the maintenance line item in the DPW and wanted to make sure Superintendent Durie was aware of it.

Superintendent Durie said we handled sirens this year, all batteries replaced, etc. He is aware that the money is in his budget.

Mayor Arnowitz said Mr. Durie has made Hillsdale a better place.

Superintendent Durie said this is his 32nd year in the budget process and Mr. Murphy can vouch for this as he was here for the first one. It has been a pleasure preparing the budget for the Council.

Mayor Arnowitz had some questions and concerns in line items and budgets over and above department heads. He asked if the meeting could be open to the public or if he should ask questions.

Councilmember Meyerson would prefer that the Mayor ask his questions.

Mayor Arnowitz said a lot of his concerns center around legal, if we have enough money in the

legal line item. This year we have three contracts that are being negotiated by legal counsel but in the past the Council did this and we only brought legal counsel in at the end. There will be an increase in that area. At the Planning Board level, we have just authorized hiring Mr. Ritvo to represent us on the Orchard Street project and we have two major projects before the Planning Board, Walsky on Patterson and Magnolia Avenue, the group home. We do have one appeal. The last area is Mr. Bernstein is being asked for a lot more from Council than previous attorneys and he is entitled to bill us for that. His question for the Finance Committee is do you feel there is enough money in the legal line to cover all of these expenses? Also, is there enough money in the engineering line item because we now have a special engineer and the other engineer and that should be taken into consideration, the same for the Planner. Was this discussed at Finance?

Councilmember Meyerson said his understanding is we have two engineers, one is for existing projects and those existing projects in most cases the engineer is paid for by the person who requested the project. When he applied for a Certificate of Occupancy and building permit he had to pay.

Mayor Arnowitz said he is not talking about that. Now that we have a Special Projects Engineer and a Borough Engineer, is there sufficient funds?

Councilmember Meyerson said he was not anticipating an increase.

Councilmember Kelley said the only reason for a Special Engineer is that he has been the engineer and has long term projects that need to be finished.

Mayor Arnowitz said so you do not anticipate any additional costs. What about Mr. Bernstein's fees?

Councilmember Pizzella asked if we could stick with the engineer as he has a few questions. If you look on Page 2 at the engineering, for the past three years it was zero, now it is up to \$68,050. Then when you look at Planning it was for the last three years an average \$38,000 – 2010, \$39,000 and last year \$50,000, almost \$60,000 and this year it is \$4700. He wants to know why it is so low for Planning.

Mayor Arnowitz said you budgeted \$4700 for Planning Board, I assume that is the salaries.

Administrator DeJoseph said the detail is in the Administration Finance Page, the last three pages.

Mr. Lerch said the issue that you are dealing with is restructuring the 2013 budget to read in the state format. In previous years, engineering was split between Planning Board, Zoning Board and also combine legal and engineering. For 2013, we put all engineering in the account codes that identify engineering. The \$68,050 represents general engineering. Any engineering that would be done on the capital items those will be charged to the capital ordinance and section 220 fees.

Councilmember Pizzella said the Planning Board Engineer is in the \$68,050 as well as counsel.

Mr. Lerch said the other issue you have to deal with is legal because last year's legal item was a combination of engineering and legal. They have to be split. 187,000 is truly legal; last year's 172,000 was engineering and legal. The 187,000 is all legal in the town, including the tax values in the high school.

Mayor Arnowitz asked if the 168 represents all those line items spent last year?

Administrator DeJoseph said including legal and engineering as well.

Mayor Arnowitz said that is my question, we increased legal from 168 spent last year, 172 actually budgeted, to 187.

Councilmember Pizzella said the 168,000 based on what Mr. Lerch is saying a combination of both legal and engineering. This is 187 legal alone. That is substantially more than what we had budgeted for.

Councilmember Looes asked if the high school was in the budget last year, and it was.

Councilmember Frank said \$25,000 and we increased it to \$45,000.

Councilmember Meyerson said that constitutes a substantial increase.

Mayor Arnowitz said right now is when you have to anticipate but do you feel secure with these numbers as Finance Chairman that there is enough money in all of these legal lines.

Councilmember Meyerson said one of the problems we have is we had no personal services contracts with any of our professionals in the last couple of years. That is being done now. What you are asking us to do essentially is to give an educated guess. We know contracts are being negotiated and we know Mr. Bernstein is doing double duty as labor and borough attorney, but it is almost impossible to predict how much money it will cost at the end of the year.

Mayor Arnowitz said that is our job, that is what a budget is for. That is all he is asking, that all of these things have been taken into consideration.

Councilmember Meyerson said we increased the line to eliminate the engineer and we increased it substantially because we knew we had all of these other issues. At the end of the day no one can anticipate litigation that comes up.

Mayor Arnowitz understands but you have to be in the ballpark.

Mr. Lerch believed we are in the ball park.

Councilmember Meyerson said in six days, six law suits can be filed against the borough and we will be out of the ball park. You deal with guess work at the beginning of the year with respect to the budget and a month later people move into town.

Mayor Arnowitz said based on the facts that he gave we have fields going on, given Mr. Bernstein extra duty, we have separate planners, we are redoing the sign ordinance; did you look into it and the answer he heard is yes.

Councilmember Meyerson said yes we did, as far as the sign ordinance, that came as a surprise.

Mayor Arnowitz wanted to be sure there are ample funds in the budget; if all of the sudden we get 14 law suits no one can anticipate.

Councilmember Frank said we deal with that with emergency appropriations.

Councilmember Pizzella agreed with Councilmember Meyerson since it is very difficult to anticipate legal fees. He personally felt that the Planning budget is a little low and would like to see the budget increased a bit more. You are dealing with all of the attorneys at a budget of 187, he just thinks it is a little low for all of those attorneys, especially with what is going on in town. He believed the \$68,650 is a bit low based on his experience.

Administrator DeJoseph said these numbers have had some substantial increases; \$168,000 was spent for all departments last year for legal and engineering. The engineering is now pulled out, page 17, for \$68,000 total.

Councilmember Pizzella said we are relying on attorneys and engineers, we have new attorneys and new engineers and we are relying more on them based on what is going on in town, the dam and with various contracts that we are negotiating. We spent less on these two types of professionals last year but he thought the scope of work and the workload last year, reliance on these types of professionals was less.

Councilmember Meyerson said \$90,000 is for both.

Councilmember Frank asked Councilmember Pizzella how much does he think we should increase?

Councilmember Pizzella answered, if they had past service agreements we could look at the scopes and what was paid and what we use them for.

Councilmember Frank said we did have service agreements, they just were not in writing. They have been going on for years, we knew what the billing rate was and the fact whether there is an agreement or not is not a significant factor.

Councilmember Meyerson said the only hard number is what we spent and we are talking about increasing legal and engineering close to \$90,000.

Mayor Arnowitz said what we are doing is what we have done every year and haven't run into a problem. Based on what you have said, there is sufficient money in the line items.

Councilmembers Frank and DeGise agreed.

Mayor Arnowitz said the overview has zeroes and he assumed they have been put into different line items; such as public buildings and grounds.

Councilmember Pizzella spoke to Mr. Lerch and noted that he has worked for other municipalities, he asked his opinion about the numbers for legal and engineering for us.

Mr. Lerch said the increase is adequate.

Councilmember Arnowitz said the train station line item, we normally budgeted \$13,320 and now it is zero and assume it was transferred.

Administrator DeJoseph said that was for salary that is not there any longer.

Mayor Arnowitz said we have an agreement with the railroad that half of the fees for the out of town parking comes to Hillsdale and the other half goes to the railroad. We have to justify those costs and that is why we put a salary in there. By taking the salary out, are we causing a problem? The station is owned by NJ Transit, we operate the train station, we clean and maintain it. The agreement is we have parking spaces downtown that are jointly owned by the borough and NJ Transit. They built it, we own the property; to pay for the borough's maintenance of the railroad station we keep half of the fees that we generate from out of town parkers and the other half goes to the railroad. We don't give the railroad any money, we deduct from that half which has always been higher than what we take in for things like plowing, salting, lighting, cleaning, painting or whatever other maintenance items. He wanted to make sure we don't cause ourselves a problem if we are audited and they say we are not budgeting. That is why we created that line item.

Councilmember Frank said the DPW will be maintaining it where we use to have buildings and grounds and just transfer some of the money in there.

Mr. Lerch said the question is if someone came in, can you validate that you are maintaining the facility. He thought we can.

Mayor Arnowitz said we are going by the advice we got in the past how to justify.

Councilmember Meyerson said assuming that is true, it is simply a bookkeeping issue, line item; you take it out of one area into another.

Mayor Arnowitz said Mr. Lerch didn't feel it is a problem so his question has been answered.

Councilmember Meyerson said for the benefit of the new people on Council this is the first we heard about that.

Mayor Arnowitz said our past policy is to go through the Administrator and should be will all professionals. He asked about the animal fund, was that transferred somewhere else?

Administrator DeJoseph said that goes through the Board of Health.

Councilmember Looes said we just approved a contract with Tyco Animal Control and Board of Health handles animal control.

Mayor Arnowitz did not understand the large increase in the Library; \$632,000 to \$1,166,000.

Councilmember Frank said that is the total Library number, that is incorrect. The same as last year and needs to be fixed.

Councilmember Meyerson said the law changed and the required funding for the Library has dropped down; the decision made by the Finance Committee is to keep the Library the same as last year because we felt the Library was the center of excellence in Hillsdale and for the surrounding communities regardless of the fact that the state allows us to drop that budget.

Mayor Arnowitz said the reserve for tax appeals; what is that number based on. Last year we spent nothing and because of revaluation we are reserving \$183,000.

Administrator DeJoseph said these are funds allocated for tax appeals.

Mr. Lerch said this appropriation is not the cost to defend the revaluation, it is the actual success of the appeals and is typical of a very active year for appeals.

Mayor Arnowitz questioned what are we getting in Capital and what are we paying for in the Operating Budget. He is very concerned about the amount of debt. The bottom line is he has worked very diligently with past Councils to reduce debt and now all of the sudden we are increase debt. He doesn't know how much; he sees \$50,000 in the operating budget. We normally spend \$150,000 plus grants.

Councilmember Frank said \$50,000 is the down payment. If you look at the capital sheet, the initial plan which needs to be reviewed for 2013 is for \$542,000 in capital. He did not think we agreed to that, we didn't get a final number as part of the Finance Committee and we need to discuss that tonight.

Councilmember Pizzella said, he doesn't know anything about budgets, he never did a budget in a town. He received it, looked at the sheet, he came up with his questions, to have answered.

Councilmember Meyerson said the Finance Committee met, and decided to use a different approach this year, everyone came to the meeting. We went over everything, we discussed what it is we wanted to include in the budget, what did we want to cut and what it is we wanted to include in capital improvements and there was disagreement. The procedure he was told was that you have introduce the budget by a particular date and the introduction of the budget is an introductory resolution with no discussion. At that meeting we decided this would be the meeting that questions and answers would be asked and this is the procedure we all agreed on.

Councilmember Pizzella said we asked for a back up at that time which was handed out.

Councilmember Meyerson said the budget book, the state documents were handed out almost a month ago and we asked that questions that needed to be asked be sent to either Mr. DeJoseph or the Council or Mr. Lerch so that tonight we could be prepared to answer these questions. Some people asked questions from emails, it was conveyed to the appropriate department head or through Mr. DeJoseph so that they would know what questions would be asked and be prepared to answer. One of the disagreements we had on the Finance Committee was what should be included in the budget and what should be Capitalized and it was his understanding that conversation was going to be had tonight and decisions made by vote.

Mayor Arnowitz said he is not questioning Capital, as it is not necessarily paid for through bonding. In the past, the road program which is Capital so you can take it outside the CAP in some instances.

Councilmember Meyerson said there was disagreement and the Finance Committee agreed as group decided not to take it out of CAP and include it in the overall budget for a tax increase, it was to bond. That was the decision of the Finance Committee and it was a split decision.

Tonight was the night to discuss this. Mr. Lerch is going to tell you there is a proposal to issue debt for about \$360,000, which includes not \$540,000 but \$360,000 and includes several items; \$200,000 for the road program and two or three vehicles.

Mayor Arnowitz said he read in the paper that we were bonding capital, a quote by Councilmember Meyerson. He called the CFO who confirmed the information. The public wasn't informed, prior to the introduction of the budget when the Finance Committee made their report.

Councilmember Meyerson said the newspaper called and asked the questions.

Mayor Arnowitz said what you are saying tonight is if the Council votes, this bond, as it would exceed the 2% that we agreed not to go over, we are not going to do a road program, we are not going to buy these vehicles.

Councilmember Frank explained that the budget review was done differently this year and disagreed on that in the beginning. Councilmember Meyerson showed good leadership. It did not have those who are not on the Finance Committee sit in on the review process to get familiar with everything going on. That is what we did in the past and believed that is what the Mayor was referring to. We sat as a group and went through every single thing before we put the budget together. There are always gaps in how the information is transmitted. He is looking at the Capital Budget and he noticed when it was \$542,000, \$140,000 is for Stonybrook and \$35,000 for the Mason dump truck.

Councilmember Meyerson said it was his understanding \$200,000 for the road program and the rest of it for two vehicles, one for the Police Chief, and police officer. Should we capitalize these items or should put it in the budget or if we put it in the budget, what is the overall effect on the budget tax increase; can we do it CAP wise or do we have to cut something else if you choose to go that route, or do not do these items. Those are the issues to be discussed tonight. There was no other opportunity to set that forth in a Council meeting without having this open meeting. The reason why Councilmember DeGise asked over a month ago please put in writing your questions now that you have the budget books, so if you had a specific question about Capital. A month has gone by and we could have answered those questions so you could find out about it before the press did, before the press asked. There was no way in which to notify the public prior to this date.

Administrator DeJoseph said in everyone's budget packet, Line 1, general administration computer replacement \$5,000, building improvements \$20,000, Police Department file servers \$8,350; phone radio logger \$8,400; Police interceptor \$35,000, 3 Tassers \$10,000; train station cameras \$8600; Chief's vehicle \$50,000; turn out gear \$10,500; SCBA cylinders \$4,500; computer replacement \$2,500; Mason dump \$35,000; road resurfacing \$200,000; Stonybrook improvements capital outlay \$140,000; \$50,000 appropriation for those improvements.

Councilmember Meyerson asked what the objects are proposed by the Finance Committee for debt.

Administrator said everything on this list is a Capital Improvement and can be authorized.

Mr. Lerch said Page 40B that column authorizes what you are planning. You are not bound to authorize spending money on any items.

Mayor Arnowitz said his problem with the Capital that you are planning on bonding, other than trucks, vehicles, SCBA, road programs, computer replacements, has been taken out of the operating budget as long as he can remember. We only bonded the road program once, so we are incurring approximately \$350,000 in additional debt at a time when we should not incur debt.

Councilmember DeGise said we looked at that because interest rates are perfect and if we are doing road projects which will last for 20 years and this year would be a tough year with the revaluation, 1/3 of the public would go up in taxes, 1/3 stay the same, and 1/3 go down. We are conscious of that; items that are going to be benefitted for 10 years, 15 years, 20 years take those and pay them off a year at a time as we are using them.

Mayor Arnowitz asked if you are planning on bonding them or issuing Bond Anticipation Notes (BANS).

Administrator DeJoseph would advise BANS for a year.

Mayor Arnowitz said BANS last for one year, it is not worthwhile for \$350,000 to take out a bond because of the fees involved.

Mr. Lerch said this is only assuming this plan is acted upon on a bond ordinance, authorize the borough to provide the funding for the projects and there is no way we would take \$377,000. The process would be to issue a temporary note BANS, those notes are less than 1%, pay it off over a five year period in a subsequent budget or not or bond at some other time.

Mayor Arnowitz said you can't say that the interest rates are low, the interest rates would be low for one year. If there is a spike in interest rates you will pay the higher rate, interest rates should not be a factor only when you bond and take out a 10 or 15 year note are you guaranteed that rate. Councilmember DeGise said it is a period of low interest rates and we are going to pay it out over a certain period of time; the point is we have to renew the notes every year, it is not like taking a mortgage on your home and we just rebounded all borough debt.

Councilmember Frank said we ran short terms BANS and in 2011 we bonded 5 million dollars, we had a low interest rate but the upfront cost and we are paying that down now. We started to reduce spending quite a bit in the last year and a half, brought down the garbage contract, changes made in buildings and grounds and even though we budgeted last year 12 million eight, our actual spending was just over 12 million. We regenerated \$900,000 in surplus and that is because we kept bringing down cost reductions. The plan was as we continued to bring cost reductions down, it would have been even lower without the October storm in 2011 and Sandy in 2012, when we got hit with an aggregate of over \$300,000 in emergency appropriations. We are bringing things down and holding the taxes as tight as possible; the tax bill for the average home in Hillsdale is \$11,750; if we raise it \$300 this year we are now at \$12,000.

Councilmember Meyerson said that is exactly the point, we have schools; 1/3 is going to get a tax increase because of the revaluation; 1/3 stays the same, 1/3 is down. We would like to keep taxes as low as possible.

Councilmember Frank said the way you do that is to reduce spending, not to borrow.

Councilmember Meyerson said the budget we proposed was a significant reduction in spending.

Councilmember Frank said no, the budget proposed has an increase in spending over last year. You take \$248,000 out of Capital that was in the spending budget last year and you take it out and say the budget is lower, put it back in and take the savings that we accomplished and the budget is lower.

Councilmember Meyerson said last year you started out with 1.77 million surplus, you ended the year with a 1.35 million surplus. That is a \$400,000 reduction in income it wasn't a spending problem, it was an income problem. We proposed a 1.9% increase in taxes not because of increase in spending, it is because of decrease in income as a result of amount of surplus spent last year.

Councilmember Frank said we accomplished \$300,000 savings going into this year due to the efforts of the previous Council. The plan was to use surplus until we could get our spending down, take very aggressive actions and we went after a number of things during the year to get our costs down.

Councilmember Meyerson asked if he thought this budget is inflated more than it should be?

Councilmember Frank said we talked about a few things that are being added, we have some legal fees that are going to go up, there are expenses going up in the budget, yes. Some towns are furloughing workers and are doing a number of things. The problem occurs when your income and your spending don't mesh.

Councilmember Meyerson said you sat in Finance Committee meetings and you did not propose significant cuts any more than we already proposed together. The only issue we disagree on is whether or not we should put the \$377,000 in the budget itself or BAN them initially. There was no disagreement when the department heads came to us as far as cutting, it wasn't even proposed.

Councilmember Frank said at that time we didn't know where we were going to be. He did question a number of things.

Councilmember DeGise said one thing the previous Council didn't do last year was asking Mr. Lerch to forecast and see when we could stabilize this. Now we can look at 2014 and 2015 and see how we are going to get to the stabilization point; this is the plan to get us in five years where we all want to be and have our surplus back. Mr. Lerch will tell us if we stick to this path in 2016 you will realize your goal.

Councilmember Frank hasn't seen that yet and would be interested in seeing it. If you have an offset of what you are spending and what you are bringing in you've got a problem. Borrowing money kicks the can down the road.

Mr. Lerch said the 2013 budget has a decrease of 2-1/2% or of \$310,000.

Councilmember Frank said that included the capital because we did not borrow last year, all the capital was in the budget.

Mr. Lerch said in 2013, 12,563 million. 2012, 12,873 budgeted, \$309,694 reduction. In 2012 budget 12,873, spent 12,019.

Councilmember Frank said that equates to \$900,000 surplus.

Councilmember Meyerson said the year before we had 1.77 million dollars.

Councilmember Frank said the plan was to use surplus until we can get the spending down.

Councilmember Meyerson said we are proposing to use significantly less surplus, \$400,000 less than was used last year. It is a revenue problem. You have to use some surplus, it should go down to something reasonably and incrementally.

Mr. Lerch said he will hand out a forecast and explained the forecast.

Councilmember Frank said the 2% CAP accelerated the problem and we couldn't increase taxes which presented a revenue problem. You are into pay me now, pay me later, because you are saying based on what you see, we are going to be hit with a 4% in 2014 if we don't dramatically cut spending or find ways to shared services. There is not much opportunity to bring in additional money or we can just keep borrowing and kick the can down the road. We are going to pay down almost 1/2 million dollars in debt this year. His suggestion is to put all the options on the table and figure out the best plan to address additional reductions in our costs.

Councilmember Meyerson said Hillsdale has the least debt per capita than the surrounding towns.

Mr. Lerch agreed it is one of the lowest.

Councilmember Meyerson said certain things are getting done that need to be done.

Mayor Arnowitz said his reason for this whole discussion goes back to the middle of the meeting tonight when we talked about adding a police officer, what are we going to do with DPW; the point is you are borrowing money that eventually is going to have to be paid back.

Councilmember Meyerson said in every situation just mentioned the Council voted not to do that, not to add the police officer.

Mayor Arnowitz said it bothers him that money has to be part of the discussion and because you

are borrowing \$350,000. In the past we paid the interest but never paid the principal and it got us into trouble. You have to pay principal when you bond, but when you BAN you just roll the debt over. Next year you will borrow another \$350,000 and so on and so forth. Other towns disagree with that philosophy and don't feel a problem having 25 million dollars in bonds. He asked if the Council want to discuss Capital some more or do you want to BAN it and make the decision when the individual items come up. He wants to open the meeting to the public.

Councilmember Pizzella asked for an explanation of bond vs.BANS.

Mr. Lerch said a BAN is a Bond Anticipation Note and a way to temporarily raise money until you can pay it off in the budget or cover it with finances through a bond which can go up to 10 years. You are proposing to authorize improvements to be funded through debt; initial is BAN and roll those over for a one year period, there is no limitation on pay back. If you have other large capital items that need to go through the funding process such as fire trucks that extends over a long period of time. One is a pay as you go, the other philosophy is to equate the asset payment against the life of the asset. We are in an interest low environment. BANS are less than 1%.

Councilmember Pizzella said there is no possibility of a fixed rate.

Mr. Lerch said the only time you can fix it is if you convert it to a bond. Then it is fixed for live and today it is around 6%.

Councilmember Pizzella said in his experience when you bond, capital improvements are normally modest expansions of infrastructure; is that what we are doing here? Are these modest expansions, infrastructure or are we doing something out of the ordinary?

Mr. Lerch said you are looking at a road program with a substantial life; vehicles 10 years or plus; there are specific statutes in a bond that would not allow you to bond anything with a minimum of five years life.

Administrator DeJoseph said you cannot issue debt, capital expenditures are not allowed for a police car, but a SUV of four wheel drive pickup truck.

PUBLIC COMMENT

Martin Ward, 47 East Liberty Ave. –

As the town Council, you represent all of us. You are here to do the best thing for us, we elected you, and you have to pull this through. In 1999 we \$6900 in taxes and next year it will be almost \$15,000 for the same house. There has to be a time to cut spending; last year it hurt and last year we had more than one public meeting to sit down and we had to cut. There should be cuts; there has to be better ways to save the money besides borrowing and having me pay for it 10 years from. Find a way to get it done in two years, but that is the way it goes. When I ask a Council member a question, I shouldn't be told to come to a Council meeting and ask the department head yourself. You are the Council and if I have a question you are the person I contact, not the Fire Chief, not the Police Chief.

Councilmember Kelley said this meeting was set up for the purpose, to answer questions. If you have a question for a Council member, or DPW, that is the purpose of this meeting.

Mr. Ward expressed his opinion, a Council member answers to the public. Last year we had time to ask questions and get answers and it wasn't all behind doors. He got an answer because he spoke to the police chief.

Councilmember Frank said we get a lot of questions from a lot of residents via email and we answer them directly and we don't transfer them to anyone else. Councilmembers are allowed to ask questions of the department heads, we are not allowed to give them any direction, any direction has to come through the Borough Administrator. We do not run those departments, all we can do is inquire. When a resident asks an elected official a question he believes the elected official should get back with the answer.

Councilmember Kelley said your answer was prepared, the Fire Chief got your answer and we

knew you were coming this evening. You went around the Commissioner.

Mr. Ward said he got a straight answer in private.

Councilmember Meyerson said it was a valuable question to ask in public.

Mr. Ward said \$50,000 expenditure for a new truck which costs \$28,000 new, \$22,000 in extras, what is in it?

Councilmember Meyerson thought Superintendent Durie gave a substantial answer.

Mr. Ward said his point is he asked the question on March 15, sent a follow-up note on March 22, and was told to come to the meeting. I asked a question and didn't get an answer, it is not that hard. Why do I have to attend a meeting on a Wednesday night when an email back could have answered my question and that would be sufficient.

John Ruocco, 25 Riverdale Street –

Are you still going to make a decision on what you are going to borrow and he said you should be cautious following what other municipalities have done in the past. He urged the Council to take a careful look at those expenditures and put them back in the operating portion of the budget and find a way to reduce expenditures and stay in the operating budget. One year's budget to the next is more transparent.

Mayor Arnowitz said they can go in capital and it is just how you pay for the capital. You can pay for capital through the budgetary process.

Mr. Ruocco said he aware of that but would rather bite the bullet now.

Mayor Arnowitz said you can buy those things without incurring debt, you don't have to put it back in the operating budget.

Councilmember Meyerson said the effect of putting this money back into the pay as you go status would be a 6% increase and that means we would have to cut something else or cut these programs. The garbage was a substantial decrease in the budget which helped but we also have a revenue issue. We lost over \$400,000 in revenue between last year and this year and that has to be looked at also. You have revenues and expenses, he was under the impression that this budget was reasonable under the circumstances. That leaves us the option of doing those programs, the road program, and doing those programs to keep the tax rate down and doing them by BAN which is 1%. He thought this was the best and our reasoning was as follows: this is a unique year because interest rates are not going to get any lower.

Mr. Ruocco said it wouldn't matter if you do a bond right now, you can issue a BAN, but the rates aren't going to get much lower and they are only going to go up.

Councilmember Meyerson said he felt that increasing the budget by a substantial percentage, and tax rates going up by a substantial amount, this is not the year to do that because of the re-evaluation. A substantial number of people in town are going to get hit because of the re-evaluation. That has to be considered. Mr. Lerch's approach to try to look at how we deal with our surplus is a significant consideration also. All those things went into his personal calculus as other members of the Finance Committee in making this proposal.

Mr. Ruocco said revenues have to match expenditures and would rather force the Council to bring the budget into an equilibrium so that revenues do match the expenditures and not do it long term borrowing.

Councilmember Kelley asked where he would like to cut? For the past several years there have been significant cuts everywhere. In the Fire Department several years ago, his training budget was \$5000, last year it was \$1000; this is training for the Fire Department, training members to fight fires in this borough. That is just one of hundreds of areas in this borough that has been cut significantly and those are painful.

Councilmember Kelley said we are trying to balance this budget as best as we can between what is best for the people in Hillsdale to make this work. We feel the general idea of this budget is best for Hillsdale .

Mr. Ruocco said taxpayers in town don't want to see expenditures financed through borrowing.

Councilmember Kelley said he does not believe once a week collection of garbage is a burden but many people believe it is. What is important to you is not important to someone else, we have to do the best we can for everybody.

Councilmember Meyerson said no one wants to raise taxes or cut services or borrow any money, particularly in a year of re-evaluation. Essentially those three things are loggerheads against each other and something has to give in order to keep taxes reasonable

Alfred J. Murphy, Jr., 5 Cherry Place –

He said the budget that the Council was reading from and the state document, the one posted on the website was a problem.

Mayor Arnowitz said the state document is extremely confusing. Every year we have the same problem.

Mr. Murphy said he hasn't heard much discussion about the taxpayers, the property owners, people who have to pay for all of this operation. Ride through the municipal parking lot and look at the number of vacant spots and there are 25 to 45 vacant spots during the week. There are 25 to 45 people who are not going to work and they are at home hurting. Taxpayers are hurting but he doesn't know if everyone working for the borough is hurting. He had to make changes as well as other people in town. Garbage collection went from two days a week to one day a week; at one time we could put everything out, trash, etc. When you stretch the budget it will never go back to the way it was. He recalled when we had a Chief's car in the Fire Department, we didn't have a sports utility vehicle, and somehow we have two of them. We are not fighting any more fires and in fact with the fire prevention program we have we are fighting less. Can we look at that rubber band going back to a smaller size? Will changes be placed in some sort of document that will come up with changes? The road program didn't change.

Administrator DeJoseph said a resolution for the adoption at April 9 with changes, adding the codes and posted.

Councilmember Meyerson said the state document should reflect those changes.

Mayor Arnowitz said the changes will be on the website as soon as we compile them. It will indicate what is increased and what is decreased.

Mr. Murphy said overtime as a general rule is cheaper than heads and that is what you do. When you add a head to the payroll you have to have \$25,000 in health insurance coverage plus contributions in the pension plan. Look at things differently in the Police Department and dispatchers. Civilian dispatchers are a good idea for savings. You have to look further than dispatching, look in to sharing positions with other towns; share CFO's with Emerson and maybe when the Chief retires, sharing. We should look at that and do jobs differently and get outside the boxes. Benefits have to become cheaper, new employees cannot get what we gave two years ago or 10 years ago. The private sector is doing this and you have to get government in line with the private sector.

There is a significant increase in the budget for legal and engineering than previously, \$80,000. You have to look at absence liability, what we provide now in accumulated sick time; when people retire there are hundreds of thousands of dollars of obligation for sick time that has been accumulated and that has to be reduced.

Mayor Arnowitz said that is an item to be negotiated in the present contracts.

Mr. Murphy referred to revenues on Page 4 of the state plan, parking fees are down by \$3500. Revenues sports associations on Page 4a.

Mayor Arnowitz said there was not a written agreement but that is the original plan over three years the rates would increase from 25% to 33-1/3% to 50% over three years. This is the third year.

Councilmember Frank said the expense was \$30,000 last year. That should be \$15,000; there are no written agreements with the associations or anything and there are no agreements to even have associations. There is a verbal agreement between the Mayor.

Mayor Arnowitz said that was the presentation to the sports associations but they did not agree three years out. They agreed in the first year, 25%, and they agreed the second year 33-1/3%, and we have to present them with the plan for 50% if that is what the Council wants to do in the third year. They did not sit at a meeting and say yes to the 50%. There is nothing in writing and there is no agreement with the \$8000. The lights can be turned off.

Mr. Murphy said if they want the lights at night, they should be paying for it.

Mayor Arnowitz said since the sports associations started their share of the bill, the cost of electricity has gone down.

Councilmember Frank said the electric rates went up \$3000 for 2012 over 2011.

Mr. Murphy said when he used to prepared the budget, they went line by line.

Councilmember Meyerson said the Finance Committee went line by line.

Elizabeth Ward, 47 East Liberty Avenue –

Last year we have significant savings with the closing of the DPW Saturdays, civilian dispatching, once a week garbage pickup. While they are inconvenient, we learned to adjust. Regarding garbage, River Vale charges residents per bag of garbage.

Mayor Arnowitz said he wasn't sure but Westwood does, Township is privatized and Woodcliff Lake is privatized and they are not part of the tax bill, they pay a carter privately.

Ms. Ward said we already have existing debt service and thought it important to hold the line for the benefit of the current Hillsdale residents, you want this to be a desirable town for young families to move into and seniors that they be able to stay. Maybe employees will have to contribute more to their insurance packets, retirees contribute to their packages as well. When she moved to Hillsdale there were no parking spaces in the municipal lot and now there are. You mention a five year plan going forward, is this firm?

Councilmember DeGise said it is a new concept to the Council. We are doing budgets and have not been looking at how it will effect the next year and the next year. He wants to get the surplus and short revenue balanced and wants to get it there in year four. The auditor brought it to get a little taste of where we are in 2014, how to start building up our surplus, lowering the amount we are using every year. He has some changes he wants to discuss with the Council, the police haven't gotten a car for the past two years and we can't go another year without a car. If we do these things in 2013 are we getting worse or better. He wants the auditor to have a determined plan if we stay on track with this plan then we know we will have a result at the end of the day. We are committed to look ahead at what affects us in 2012 and how it will affect us in 2013, 2014, 2015, 2016. We are going to have that plan laid out by the end of this year.

Ms. Ward said will this be published? She cannot come to Council meetings.

Councilmember DeGise said we absolutely want to make it public. We need to get Hillsdale stable.

Ms. Ward said what happens if two or three years in the plan it is not working.

Councilmember Meyerson said that happens in every five year plan. It is a fluid document. You can't vote two years down the line what your budget is going to be you go year to year.

Councilmember DeGise said we know enough that we don't know everything, we have hired and

changed some of the professionals that we think are best in the business. We don't want to hear in 2014 that we are in big trouble. We have been keeping taxes flat but it has not been benefiting the public.

Mayor Arnowitz said prior Councils did have plans, they did save money, present Councils have plans and future plans.

Councilmember DeGise looked in the files and has never seen a forecast in planning and asked the previous auditor who said there has never been a forecast.

Mayor Arnowitz disagreed, we knew exactly what was going to take place this year and we had an idea of what would take place next year, we anticipated the garbage contract, anticipated dispatchers, anticipated retirement of police officers and what we were going to do and how we were going to fund things.

Councilmember Frank said someone who has put together almost as many budgets business wise as Mr. Murphy has, a budget is a forecast and one year is moderately accurate, two years is less so, every year out is less and less. Read the finance letter that was put on the website last year when we talked about where we were, what we did with the budget and what the plans are going forward. Did we put together a complete budget, no, but did we identify the areas of spending and cost reduce, yes.

Ms. Ward said she has been in Hillsdale 13 years and our taxes have more than doubled. In those budgets there has been very little fiscal restraint and we should make an effort to correct the spending. She is not in favor of borrowing because with kicking the can down the road, someone will pay and hoped the Council would keep in mind the needs of the residents.

Mayor Arnowitz closed the meeting to the public. At 8:41, Mayor Arnowitz called for a two minute break.

Reconvene Meeting:

Roll Call: Present: Councilmembers Frank, Pizzella, Kelley, DeGise, Looes and Meyerson.

Auditor Lerch proposed taking \$55,000 of the smaller CAP and put it back into the budget. Take \$168,000 for tax appeals, remove \$55,000 out of that where there is no effect on the budget. The long term debt on large items, vehicle and roads - we still have money from previous reserve from 2012 that wasn't spent.

Mayor Arnowitz asked how much was left last year.

Auditor Lerch said the full amount was left.

Councilmember Frank asked if we had some large appeals out there, Kings or at least two big tax appeals?

Administrator DeJoseph said we are doing a study now on the value.

Councilmember Meyerson asked what is the effect if we take one of the vehicles and put it in the general budget?

Administrator DeJoseph said it doesn't matter what item it is, it is going to be dollars.

Councilmember Frank if we take the fire chief's, \$50,000, how does this affect the budget. What does that do to either the tax increase or is there another place.

Mayor Arnowitz said what Mr. Lerch suggested is a better idea to present to the public because he did not believe tasers or turnout gear should be BAN. If you are going to take out debt you might BAN the trucks and the road program.

Councilmember Meyerson is trying to reduce the debt.

Councilmember Frank suggested bringing in a little more in the operating budget and what is effect if we put \$50,000 in, another half point.

Auditor Lerch presented some ideas.

Mayor Arnowitz thought the \$300,000 is plenty of money for the tax appeal line item. We can take out a BAN anytime so if we find we need to take a BAN which is a legitimate expense for a tax appeal, we can do that.

Councilmember Frank said everyone on the Council is adverse to a tax increase and adverse to going above 2%. Last year we went to 2.5% and that was the number that made sense. We need a compromise, maybe we BAN the road program, put some against reserve for tax appeals and move the tax increase a little bit up; the public should understand that is a serious way to start to bring things in balance. We are addressing, and have to cut costs and borrow a little bit for the future. That is a compromise he would be willing to support.

Councilmember Meyerson said what if we only BAN the road program and one vehicle and what is the effect on the tax increase. He would like to take money out of reserve also but doesn't know how much.

Mayor Arnowitz asked if we took \$200,000 to the taxes, what would be the percentage increase.

Auditor Lerch said that is not the question.

Councilmember Kelley did not want to go over 2%.

Administrator DeJoseph said the budget as introduced is a 1.9% increase, average household \$57.00 increase.

Councilmember Meyerson said with changes we made today it will probably go up 2%. If we keep it at 2% and we BAN only one vehicle and the road program, what would we have to cut from the reserve tax? Let's take the cheaper vehicle and put it in the budget and BAN \$250,000.

Auditor Lerch provided numbers.

Councilmember Pizzella said if he is going to bond, it is going to be capital improvements, road improvements, building improvements, etc. What would happen if you took the chief's vehicle plus police and turnout gear and put it all back in the budget.

Councilmember Meyerson said the two vehicles plus the \$200,000 only would be bonded, about \$270,000. The effect of that would be an additional \$70,000 which is another percent – 2.5% and \$75.00 increase per household.

Councilmember Frank was in favor of 2.5%.

Councilmember Looes was concerned for the people and reveal that this will not be \$75.

Mayor Arnowitz said the third who will get the increase are those who did building that they did not get permits. You should be concerned between the schools, the county and everything else.

Councilmember Meyerson asked if there is something else in this budget that we can cut to offset this change.

Mayor Arnowitz asked if an additional police officer was budgeted.

Councilmember Meyerson said we moved that to overtime.

Councilmember Frank said we added two police officers on patrol plus increasing overtime.

Mayor Arnowitz said last year we had a top Sergeant retire and brought in someone at the bottom. There is one that is still out and that will cut back on overtime.

Councilmember Meyerson said if you cut it we are stuck with overtime at \$145,00, and one third of that has already been used.

Auditor Lerch said with a 2.5% the amount would equate to \$70.00 increase.

Councilmember DeGise agreed and would like to get both cars back in. You could have a savings of about \$35,000 to \$40,000 that could be put towards these cars.

Councilmember Kelley said we hired Auditor Lerch and he agreed with his proposals, pull out two trucks, road program BAN.

Councilmember Meyerson asked if there are any other areas to cut.

Councilmember Frank said you can furlough people, hard choices.

Councilmember Kelley said he would never vote for that.

Auditor Lerch said you have to take a position on what you want to raise taxes to and he will work out differences.

Councilmember Frank said if we went to 2.5% on taxes and BANS for \$200,000 road program.

Councilmember Kelley said \$270,000 and keep the taxes at 2%.

Councilmember Frank said 2014 we still have a big hill to climb with 4% if we don't gradually get our tax levels up. Everybody is worried about the public's perception of raising taxes, the honest answer is you have to raise them and sometimes more than 2%. Kicking the can down the road which is borrowing to buy trucks and paying off over time.

Auditor Lerch said you have to find a balance and capital movement is not going to help 2014, the only thing to help 2014 is use less surplus.

Mayor Arnowitz said we have a number of options and the latest one \$270,000 BAN, all miscellaneous, turnout gear, etc. back into the operating budget and the items you are taking out of capital BAN is going to be taken out of reserve for tax appeals.

Councilmember Kelley moved on that, seconded by Councilmember DeGise.

Mayor Arnowitz said we are going to BAN two vehicles, the Chief's car which is \$50,000, the other car \$35,000 and the road program for \$200,000 which totals \$285,000. All the other items that were in capital will be moved back into the operating budget but there will still be a 1.9% increase because the money is going to come out of the line item for tax appeals. With last year's money and this year's money, there is still enough. We have to vote on it now because the auditor needs direction.

Roll Call Vote

Ayes: Councilmembers Meyerson, Looes, DeGise, Kelley

Nays: Councilmembers Pizzella and Frank

Mayor Arnowitz asked if anything else to discuss on this budget. We will get the sheet to put on the website to placate Mr. Murphy and at the second meeting in April we will vote on adopting the budget.

He said the Finance Committee did a stellar job on the budget, he did not agree with everything.

Administrator DeJoseph said we are having a hearing April 9, 2013, hopefully we will adopt and the only question is the approval from the state.

ADJOURNMENT

A motion to adjourn at 11:43 p.m., made by Councilmember Kelley, seconded by Councilmember Meyerson, and unanimously carried.

3-27-13

Susan Witkowski
Municipal Clerk

APPROVED AS PRESENTED

Susan Witkowski
Municipal Clerk