

Minutes of the Special Council Meeting of the Borough of Hillsdale held at 3:30 PM on Friday, April 17, 2020 virtually via GOTO Meeting.

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

**OPEN PUBLIC MEETING STATEMENT:**

This is a meeting of the Hillsdale Borough Council on this 17<sup>th</sup> day of April, 2020. Notice of the time and place of this meeting has been provided to The Ridgewood News and The Record; a copy was posted on the Borough Website and on the Electronic Board and provided to any interested parties.

Please notify the Municipal Clerk for any disability requirements necessary for attendance at Mayor and Council meetings. Please silence all cell phones.

**ROLL CALL:**

Council Members DeRosa, Escobar, Council President Horvath, Lundy, Pizzella, Trochimiuk, Mayor Ruocco, (Borough Attorney Mark Madio, BA Christopher Tietjen, Borough Clerk Denise Kohan)

Mayor Ruocco said let me give you a little background as to why we are here at 3:30 on a Friday afternoon. On March 3<sup>rd</sup> the Council introduced the budget calling for a 1.98% municipal tax increase based on a recommendation from the Borough Administrator and with the approval of the Finance Committee. The economic effects of the pandemic then became more apparent, especially with the shutdown of businesses by the Governor. This caused me as a member of the Finance Committee to approach the Borough Administrator and CFO to ask them to develop a budget that would eliminate a tax increase. The Finance Committee discussed it on March 24<sup>th</sup> and two of the three members supported it. That budget was brought forth to the Council for approval three weeks later, this past Tuesday, but it was not adopted. Some members were uncomfortable with the treatment of Stonybrook Pool given its tenuous financial situation. Those questions were raised by two councilmembers that attended the meeting and another that did not. One of the members has resolved his questions, but others may not have. I also learned after the meeting that some of those same members wanted to question whether a zero percent tax increase was sufficient given the further decline of the economy since the Finance Committee met on March 26<sup>th</sup>. There was also sentiment expressed by some that the revenue projections in the budget were now growing increasingly unrealistic and they had questions on how the Borough could come to grips with that, and whether budgeted appropriations could be reduced further. After this past Tuesday's meeting, the BA, CMFO, and I knew that the Finance Committee, which consisted of Councilmember Lundy, Trochimiuk and myself had to put our heads together to address these concerns.

On Wednesday, I was informed by Councilmember Escobar that he wanted to reclaim his seat on the Finance Committee. The Councilman had previously agreed in early January, with council endorsement, to allow the Mayor to take his seat on the Finance Committee. This had been common practice with the council going back to 2016. That is how I could attend prior Finance Committee meetings without triggering a public meeting. Given the Councilman's decision to reclaim his seat and my belief that a Mayor should always be represented on the finance committee, I informed the BA that I would serve as an ex-officio member of the committee by bringing its membership to four and causing us to bring this Finance Committee meeting to a public meeting. That ladies and gentleman brings us to today, where that meeting will be run as a council meeting. I have spoken to the Borough Administrator and we have determined that when we get to the budget discussion, he and the CFO will address the governing body initially and then we can pose any questions, make suggestions, or engage in any

discussions of how the budget should be changed it at all. Remember that whatever is agreed upon today, the budget will need to be advertised and will need to come again to the council for formal adoption.

**PUBLIC COMMENT** (Time limited, new topics only, one topic per speaker):

Mayor Ruocco opened the Public Comment period at this time. Not seeing anyone, we will move to the discussion part of the meeting.

**DISCUSSION:**

2020 Municipal Budget

- [2020 Revenue Report](#)
- [Capital Department Requests 2020 - Amended](#)
- [Copy of 2020 Budget Prep as Amended](#)

Borough Administrator (BA) Tietjen addressed the Council that in order to move forward, Dave and myself will need some direction from the Mayor and the Borough Council in terms of how to proceed in adoption of the Municipal Budget. I know that there were some questions and concerns from some members when we held the public hearing for the budget on Tuesday. If Dave and I could answer those questions now so the council would be comfortable in giving us direction now so we can move forward that would be our best-case scenario.

Mayor Ruocco said he will now recognize any councilmember that has questions or comments that they want to express.

Council President Horvath said that it behooves the government representatives of Hillsdale to ask timely and appropriate questions and make conditional adjustments to the budget and salary ordinances as deemed appropriate. Today's dire circumstances demand a more fiduciary responsibility than ever before. I objected to the new 2020 property tax increase and appreciated that it was built in and put into the newly revised budget. However, after the adjustments today, they do not go far enough and should hold back the spending of non-vital spending and acquisitions.

Mayor Ruocco asked are there any suggestions of items that you would like to change? The acquisitions that I would like to change, said Councilman Horvath are those that are not vital to the operation of the town at this time. We have front loaders and various things that the police want. There are other things in the budget that have to be looked at that are not necessary to move forward for this year. Things can be reconsidered when things clear up. It's a large budget and there are a lot of things in there.

BA Tietjen cautioned the Council that if you cite the local budget law, the council wants to increase or decrease the budget any item of appropriation which includes capital that would increase or decrease that line by 10% will trigger a complete re-introduction of the municipal budget. The Mayor asked for the deadlines, so that we know what kind of pressures you and Dave are under. The BA said the drop-dead date for budget adoption is June 9<sup>th</sup>.

The CFO concurred and said the deadline is May 30<sup>th</sup> or the meeting closest thereafter, which is our June 9<sup>th</sup> meeting, based on the current Local Finance Notice in effect.

Councilmember Trochimiuk replied so if the deadline for approving the budget or revising the budget would be June 9<sup>th</sup>. and if we were to make changes, we would have to put out to the public the changes with a 30-day notice, that means we would have until May 9<sup>th</sup> as a date. So that means we have approximately 3 weeks to go. My suggestion based on the situation in terms of the state of New Jersey as well as in other states and not knowing. The issue here today is that we don't know what the future holds and I think it would behoove us as a council to postpone approving this budget as much as we can, which allows us to get more and more information so that we can make a better judgement on how to allocate and spend our money this year. I don't think that there is any reason to rush to making this decision today or next week. My recommendation would be to hold up as much as possible until we run up against a deadline. Then in the meantime we can have the Borough Administrator and Dave perhaps go through some of the numbers with the Finance Committee Members and perhaps we can have another meeting or we can go through some of it now to see if we should cut some of the other items. Whether they are 10% or not of the line or the budget and we have to re-introduce it, that's ok we can do that.

The BA also wanted to caution the governing body that today, for your consideration is a temporary emergency budget. If you intend in the next month or so to cut municipal appropriations then I believe we will be unable to pass that emergency today based on the numbers that Dave and I used to calculate to continually further to fund the Borough Government.

Councilmember Trochimiuk asked why is that? The BA responded for example that if you intend to cut salaries and we go over the temporary and those funds are not appropriated, the funds don't add up. Ok but that would be if we were intending to cut salaries said Councilmember Trochimiuk. The BA responded that respectfully if we wait one month and things change the numbers that might go to the temporary and we may be right back to where we started. Dave and I need a clear picture of what the Council intends to do instead of giving us direction to just rework numbers because if we rework numbers, that reworking is going to affect the temporary.

Councilmember Lundy asked Councilmember Horvath that he stated that he had concerns on the introduction, but you voted for the introduction, that was on was March 3<sup>rd</sup>. On April 11<sup>th</sup> we presented the amended budget, which I sent out with explanation and I asked if there were any questions. I still have received no questions as chair of the Finance Committee. I asked if there were any issues. I still don't know what the issues are, but I do know that we are at a zero percent increase and further cutting appropriations now will go to a tax decrease, which will reduce our tax revenues. If we reduce our tax revenues and you're worried about revenues coming in, but your reducing the revenues right off the bat.

The Mayor interjected that we can come back to that point, but I would like to go back to the dialogue between Chris and Janetta because I am trying to understand what Chris said a few minutes ago.

Mayor Ruocco asked the BA are you saying that the temporary budget that is before us was based on the amended budget that we have before us, pro-rated? Is that correct? That is correct replied Chris.

Mayor: How long does that temporary budget carry us into the year for?

BA: This will most likely take us to the middle of June based on numbers of the original amended budget.

Mayor: If council decides they want to take a knife to appropriations then how does making these cuts, assuming the cuts are not below what the temporary budget has, how does cutting the regular budget invalidate or make life more difficult for you in making the temporary budget.

Chris responded for example the contingent line. If council were to approve the temporary budget; in that line is \$50,000.00 and you allowed me to spend it tomorrow and then in three weeks you decide that you are not going to appropriate \$50,000.00 for contingent, I just appropriated a line in the budget that's not there. Mayor Ruocco said so what you are saying is that Council is free to make cuts or change, but can't cut it beyond what the temporary budget is? Correct, because that is money that could be essentially spent.

Mayor: But that doesn't necessarily draw us to the conclusion that if Council wished to make changes and as long as they are still covered by the temporary budget, you're ok?

The CMFO said you would have to keep track of those lines items because if you end up with expenditures without appropriations that's against the law. You can't authorize to spend what isn't there to spend. That would be a huge undertaking on my part and on Dave's part and the staff which is already cut, replied the BA.

The CFO also added to Council member Trochimiuk's point in that he doesn't think that three weeks is going to tell us much. The state changed their fiscal year to end in September because they have extended their tax due date to July 15<sup>th</sup>. They are not going to have meaningful information on their revenues until at least that point. The BA added that they extended social distancing until at least May 15<sup>th</sup>. May 15<sup>th</sup> surpasses the date that we would need to reintroduce the budget, should there be enough changes to do so.

The Mayor asked for confirmation that May 15<sup>th</sup> is the expiration of the second executive order is that correct? Yes, said the BA.

(Councilmember DeRosa joined the meeting at this time).

Councilmember Trochimiuk said that she is not clear on what the BA is saying. We are three and a half months into the year now and you have been operating on a temporary budget, today we are going to take a vote to extend the temporary budget for what? The BA said yes, it is for another three months of appropriations.

Council member Trochimiuk: So, for the next three months of appropriations you don't have to go out and buy any of the things that are on the capital budget for example?

The BA said no – the capital budget is not included in this temporary budget. The only thing that is in this temporary budget is salary and wages and other operating expenses.

Council member Trochimiuk: So how does that answer that we are in some sort of danger, you cautioned us that if we don't approve the budget sooner rather than later somehow, we would, maybe, go over some expenditure line?

The BA used an example, so today under the temporary emergency there is a line for contingent, \$50,000.00. So if council gives me that authority today to use this temporary budget as written and tomorrow I go out and buy

\$50,000.00 of whatever, and in 3 weeks council then decides on the adopted budget and they cut that \$50,000.00 out of the budget, he just spent money that is not appropriated, which essentially is against the law. That goes for every line. If those numbers exceed what we have already paid, then we are out of money. If that is the case, then if you have spent that money, then council would not pick that particular line to cut and you would inform us that you already spent “x,y and z” and therefore we wouldn’t look at that particular line but divert our attention to another area. If would not make sense then to pass the resolution, if we are going to change the numbers, that’s just three times the work, the BA replied.

Councilmember Pizzella had concerns about the pool that was explained to me and now I am good. I read something today about local government and how the local government is a significant player in the US economy and how a deduction in public spending is never a good idea during this type of situation. Families suffer because governments think they can cut back. Why after this entire process would this committee need to go back and look at the budget and cut if further. Using the front loader as an example, this is something that the DPW requested. This is need for the DPW for collecting leaves and doing its job. Regardless of the virus, the leaves are going to fall from the trees and the leaves are going to need to be picked up. Why would we not get the front loader if its in the budget, the committee recommended it, the leaves are still going to fall and the leaves are still going to need to be removed. The tax revenue is there to cover those services. I just don’t understand why we would cut something in the budget that provides a service that our tax dollars paid for and for a service that is still going to be needed. If we cut too much, then we would be in a tax decrease. When we decrease taxes, we are only going to have to increase taxes the next time around. The further away that we get from what we have, the more problematic it is going to be.

Councilmember Trochimiuk said the first question that she would like to address is what Abby asked of Zoltan and Frank is eluding to the same question. What has happened since the Finance Committee got together and prepared a budget and the committee all agreed, which was on March 24<sup>th</sup>, we got back together again and decided on a zero percent tax increase and the reason why we did that is to show some type of solidarity to our residents of Hillsdale. On March 24<sup>th</sup>, when we did that there were approximately 4000 cases of COVID in NJ. The other night when we had our meeting there was 75,000 cases in 20 days. You may ask how does that affect our budget? The conversation came about basically because of the pool. The conversation was what should we do about the pool because in light of this situation of the pandemic, do you think people will be registering and joining the pool? This started the conversation with Frank and Chris and various individual members. The BA did some research and came up with some of the answers. For example. We found out that whether we open the pool or not there is still going to be some cost because we have a contract with the person that is responsible to open the pool. But if the state of NJ keeps the state of emergency in place and we cannot open the pool, then we are not liable to pay for the contract to open the pool. There are a lot of moving pieces. So, I went through the expenses of the pool to try and come up with a concept of what are the fixed costs of the pool whether 300 people join or 3000 people join?

Councilmember Lundy responded I don’t have an answer to that off the top of my head as to what the fixed costs are whether 300 or 3000 people join the pool, but I am still very unclear as to what this has to do with the overall budget?

Councilmember Trochimiuk: The pool is in the budget?

Councilmember Lundy said, yes, the pool is in the budget at a breakeven. I am unclear as to what this has to do with the budget and going back in and cutting operating expenses further to get to a tax decrease.

Councilmember Trochimiuk explained that the pool is the budget at a breakeven, it is in the budget for let’s just say a million dollars. There is a revenue of a million dollars and expenses of a million dollars therefore it is budgeted to break even and that is what you keep referring to. However, if you reduce the expenses because only half the people are going to show up, then let’s pretend you are only going to have \$450,000 of revenue. So, if 50% of the people don’t join that means you will not have revenue of a million but 500,000. Then it doesn’t matter how many people come or not because of some fixed cost. Some of those fixed costs that I went and looked at in the budget and \$267,000 are in contracted services just to open and close the pool. Utilities of \$66,000, chemicals and not to mention salaries. So, adding those up they are approximately \$400,000. The salaries in that budget are also approximately \$400,000. The loss that the pool could have would have to be paid for by the tax payers.

Councilmember Lundy said that you are making an assumption that the pool is going to open on a specific date. The utilities are not fixed if the pool is going to open for 2 months versus the three and a half months. We don’t know if the state is going to lift the ban so we can open the pool. So why are we making adjustments if we don’t even know. We could have zero revenue and minimal expenses.

Mayor Ruocco interjected that the longer that we wait to make a decision on opening or not opening the pool, the worse it gets. If Gov. Murphy doesn’t lift the order then I think we will still have spent some money on the pool. The BA added that January through April the pool has put out \$51,000.00. It is anticipated in May to put out

another \$14,000 and it escalates from there. If the pool was not to open, the pool would have expended \$51,000.00. Councilmember Lundy said there is still the money in the pool's surplus account and the pool generated another \$44,000 last year. We currently have \$63,000 in surplus for the pool and generated another \$44,000.00 last year, which will roll into next year.

The Mayor stated that he was told by the BA that the only money left in their account is approximately \$64,000. Until next year, there is \$44,000 from last year that will roll in next year that is currently sitting in reserve, said Councilmember Lundy. This is the surplus from last year. The Mayor said so in essence the pool as \$63,500 for this year and for next year they will have an additional \$44,000. So, for next year they will already have \$44,000 and anything that they may generate this year. Last year there was \$44,528 left in reserves stated Councilmember Lundy.

Councilmember Trochimiuk said that \$64,000 has already been spent in preparation for the pool. Because the pools revenues were, I believe budgeted at \$938,000 and I believe the expenses were budgeted at \$997,000, the difference of those are being plugged with that \$64,000 surplus. To keep saying that the pool is a breakeven or to keep using the verbiage that the pool is a utility as if that means anything other than its still costs money, I want to make sure that everyone is on board that there is a possibility that, a high possibility that the pool is going to cost the town a lot more money this year than it ever has before. If we are discussing the budget, if you knew that you were going to be hit with a \$200,000 cost, maybe you want to cut something to make up for this extra cost that you are going to get hit with. Most people will buckle down and save their money. That is a conservative approach.

Councilmember DeRosa asked what was the recommendation of our Borough Auditor as far as handling the budget in general. I would prefer that Chris answers. Chris replied that the Borough Auditor has suggested that the Borough maintain revenues as if its business as usual. That is his recommendation.

Councilmember Trochimiuk said she spoke to the auditor this morning and then again and he said he serves at the pleasure of the council. He would support whatever the council comes up with and he was not making a recommendation. The budget was prepared legally and within regulations. The BA asked if she spoke with Paul Garbarini and she responded, yes twice. The BA was unaware of these conversations. She called him to ask him what we could do about the pool for example. If we absorb the cost of the pool should we think about cutting something else. I don't want to have the tax payers to have to pick up the cost of the pool next year. I am one sixth of a vote and that is my opinion. Councilmember Pizzella said we could just hold off spending and not affect the budget. Not spend anymore until we get word from the state. David added that Chris has already done that by freezing spending. Nothing can get processed unless we authorize it.

Councilmember Pizzella said with in regards to the pool, I understand that some funds have been allocated, but if from here on if we could stop the spending until we have a better idea of what is going to happen. The Mayor agreed that this is a good idea. If we adopt the budget as it is and get the concurrence from the BA and the CFO to not spend money on the pool unless absolutely necessary until further notice. Councilmember Lundy added that we will also have to look at if it would be feasible to open in June or whenever and would it be profitable. Just because we can open doesn't mean we should open it.

Mayor said they both make really good points and to hopefully move this along, he asked Councilmember Trochimiuk if that makes sense to her? Yes, but how are we going to determination to open the pool? If we pass a budget with the pool within it. That means we have approved those expenditures? Does that mean the decision is up to the commission and the liaison to the pool? Councilmember Lundy said that you may not understand the function of a liaison. All I can do as a liaison is to make a recommendation to the council. She asked the BA to explain to the council what the function of a liaison is?

BA: The pool is commissioned by a governed form. The liaison is simply that. They liaison between the commission and the governing body. Just like the rest of you do. We don't have a magic ball in front of us. I don't see the function what three or four weeks is going to tell us. The only thing that I am going to spend is money on staff that get paid through the utility to maintain the function of the pool. I can stop operating expenses out of the pool, but I am still going to put out between 5 -11,000 a month just on personnel.

The Mayor said we are committed to spending a certain amount of expenses at the pool in the next few months, but over the next two months or so, by May 31<sup>st</sup> we will know if the State of Emergency is still on and if it is lifted then there is a decision that has to made with input from the BA and the Borough Attorney whether it pays to go ahead and open the pool.

The BA added that yes, he understands but this is the time that the Pool Director would hire staff and make commitments on certain things. If we are not going to make employment offers to lifeguards and other staff, they are going to look at other means of employment. The Borough has to be prepared if the Governor says social distancing has been lifted and we can resume life as normal, the Borough has to be prepared to go full throttle, especially with the pool. So, I don't think that this is a decision to be made in three weeks. If I stop operations

all together and I only pay payroll to the people that are allocated, then we are paying 5-11,000 to people in salaries that are not doing anything.

The Mayor said it looks like a bad paradigm that you are setting up. If I were looking at this as a business and I have a 70% chance that I am not going to open the pool, why would I want spent a great amount of money now, if the chances are against me? The BA said we can stop operations all together. I can direct the Pool Director to stop operation, then what's the point of paying that person's salary? That's a decision that we are going to have to make. If we are going to continue to pay salaries. The Mayor said that I don't think that anyone has mentioned anyone's salary but I think we are talking about the salaries of the temporary and the seasonals, not any individual persons.

Councilmember Pizzella said were not cutting anyone's salary, we just are not taking further steps until we hear word from the Governor in regards to public pools. He will provide some type of guidance. Then we can act accordingly from that point. We need to leave everything in the budget as is and tighten up and not spend anything unless we need to until we know what is going to happen. The BA responded that he received a list from Patty with estimated expenses. They are all types of fixed costs, things that have contracts like the pool opening, the maintenance, the phones, the landscaper and so on.

The Mayors questioned why would you want them to spend that money if you don't know you are going to get any return on it. I would have to review each contract said the BA. I don't know if we can just turn off the alarm or so on. These are contracts that the Borough is committed to.

Mayor: That's true, as I talked to the Borough Attorney today and he said there could be expenses in breaking these contracts.

The BA said that there are certain contracts like Lehman Pools have \$174,000 contract. It does not have to be acted on right now. What I am saying is the smaller contracts that add up to those few thousand dollars every month, like the alarm, the telephone, the landscaper as a monthly service. You will still have to do some of that upkeep. Councilmember Lundy said there are ways to cut them back, like have the DPW cut the lawn.

The Mayor said that it sounds like there is a willingness to let the pool part of the budget go as it is but pay extra attention and minimize expenses over the next few months. Councilmember Lundy said even if they wanted to come in and do the pools they couldn't. Suez water won't even come in and put the water meters in and turn the water on. David and Chris and the Pool will have to pull back the reins.

Councilmember Escobar added that he is more concerned about the timing of these events. My first question is to Council member Trochimiuk being that you are part of the finance committee and you helped create the budget. When did you decide that you were going to vote no on the budget that you help create?

Council member Trochimiuk: When Councilmember Pizzella mentioned the article in the newspaper by the former Mayor where he was questioning what the council would do in light of the pandemic in order to address the costs of the pool. So, this gave us food for thought. Us being Council members Pizzella and I; then Councilman Pizzella spoke to Councilman Horvath, and then she spoke with him. . And we decided that we should put the budget on hold for the purpose of having this conversation to readdress it again so that we can come back to some other areas that we may need to look at. Number 2 – we met on March 24<sup>th</sup>, since we met, a lot has happened in NJ.

Councilman Escobar: Did you contact the Finance Committee Chair seeing as you are on the finance committee as well?

No replied Councilmember Trochimiuk as I do not have a relationship with the Chair of the Finance Committee. Ever since I joined Council, she has been a very negative towards me, so that is why I didn't speak to her, but I could speak to other council members. I can speak to her here in a public forum if she would like.

Councilmember Lundy responded that she has attended several finance committee meetings with you since you have been on council. I have entertained every question. I have sent information to you and asked if you had questions. Never once have you come to me with a question. I don't have any questions of you, replied Trochimiuk.

The Mayor said this line of questioning is getting us nowhere.

Councilmember Escobar said I have the floor. As a member of the Finance Committee, did you know that voting no, without having a temporary budget in place would put the government in a total shutdown? Yes, but did you know following that meeting the BA took steps in asking for money for emergency funding immediately following that vote? The BA said that is not necessarily true. I did not have the time to properly research or determine what funds were needed without speaking with Dave. I think the amount of time that Dave and I spent the past two days was adequate.

Council member Trochimiuk said the answer to your question Jon, is that on Tuesday night, when I voted no, on Wednesday morning the BA went to Dave and came up with the numbers that are needed today to come up with a temporary budget. I don't think that anyone was put in any danger by voting no against the budget. I'm pretty sure that the fire department, the police department and emergency have more than 2-day supply of whatever they needed. If they didn't then I would suggest that it was very poor planning on their part. So, its not poor planning for not having a budget in place but its poor planning on the fire departments part? We have a temporary budget in place. Councilmember Escobar said no we don't. But we will in the next hour said Trochimiuk. So then on Tuesday afternoon, Chris when did you know that there was an issue with passing the budget? I received a phone call at about 6:10 that there may be an issue with the budget. So, from 6:10 to 7:30 nobody from the committee said we may have to crunch some numbers and get an emergency budget in place to get us through the next couple of weeks. Nobody made any calls to the Chair of the Finance Committee or to Dave or the BA? Councilmember Trochimiuk sent an email to Dave and to the BA and to the Clerk, Denise, at about 5:00 asking them what the drop-dead deadline was approving the budget. Denise even wrote back and answered as well as asked why, is there a problem? I wrote back and said possibly.

Mayor: I do not understand this line of questioning. At 6:00pm, I found out that there were people that might not vote for the budget. At this point at 6:00, I wasn't going to call anyone else but the Borough Administrator. I said Mr. Borough Administrator, there may be a problem here but there is nothing to do now. I'm not sure what you are saying, that I should have called the Chair of the Finance Committee?

Councilman Escobar: What I am saying is that you had an hour to crunch some numbers to get a temporary budget in place.

The Mayor asked who was going to crunch the numbers? The BA and the CMFO?

The BA responded that he could not have crunched the numbers between that time. When the full council voted to adopted the introduction of the municipal budget, there were 6 affirmative votes. I believed that I was going to have 6 affirmative votes on the amendment.

The Mayor said that you should never take votes for granted. If 3 or 4 members don't vote a certain way, then we have to react to that.

Council member Escobar: Then why have a committee? What I have a problem with is that someone who is on the Finance Committee that has a problem with the budget that they helped come up with, doesn't tell anyone else on the Finance Committee that maybe there is a change of plans here. The issue is that you kept the finance committee in the dark with this and I take offense to this.

The Mayor stated to Councilman Escobar that you were not on the Finance Meeting on Tuesday and your complaining that someone didn't call you or that they didn't call the finance chair?

Council member Trochimiuk addressed Council member Escobar saying you are arguing about the semantics of the budget as opposed to the content and the actual situation. This meeting is about the budget and what we are going to do about the pool, the budget – this is what this meeting is about. Its not about how I voted or who I called.

Councilman Escobar: There are 4 or 5 Finance Committee Meetings and you all come up with a budget and one resident writes a letter to the paper and that makes you change your mind?

Council member Trochimiuk: Is there something wrong with that?

Council member Escobar: No, it just shows your insecurity.

Council member Trochimiuk: No, what it shows is that I have 30 years of accounting and finance background experience and half a brain and I can tell you that we are in a social distancing situation right now and you can't tell me that you can go to Shop Rite without standing on line so I doubt that we are going to be swimming in the pool in the next month.

Councilmember DeRosa asked for some type of conclusion to this. I don't object to the Councilwoman not approving the budget, its just the way this all went down. You can see the frustration in everyone's discussions. I just think it could have been made a couple days sooner and we would have avoided a lot of this.

Mayor: At this point, I think we have a majority view to leave Stonybrook as it is and I have some other ideas on how to reduce some other expenditures this year. But everyone seems to be please where we are with appropriations, so that is not likely to fly.

Councilmember Lundy asked if there were other councilmembers that want to reduce appropriations, that would put us at a tax decrease, because we are currently at zero. Which would reduce our tax revenues correct? Why

would we purposely want to reduce revenues in this time of uncertainty? If you reduce appropriations further, we are already at a zero-tax increase, it will result in a tax decrease.

Not necessarily replied the Mayor. With the reduced appropriations, you could put back money maybe into the CIF. Would you agree?

So, you are just alternating what you want to reduce said Council member Lundy? You are just going back to what you originally wanted to cut as opposed to the way it was done?

That's a possibility replied the Mayor. My view would be to reduce this budget a little more so that we can fund other things in the budget or maybe have that go to surplus to prepare for next year, which I think is going to get pretty ugly. My best guess is that we are not going to be allowed to open the pool, we are going to have expenses from the pool that are going to be falling on the shoulders of the Borough. Other revenue is going to be down, we don't know how much or in what areas. Its better to pull in the waist line now and take a look at some of the things that are in there. Woodcliff Lake for example, and I'm not saying we should do this but they reduced salary expenses dramatically. They eliminated the 2% increase. Other Boroughs are looking at furloughing and we might have to confront that issue. There are still some expenditures that we can reduce, it may not add up to more than 50,000 and if you don't want to give it back to the taxpayer, you don't have to. You have a lot of moving parts now, and I think that is what is causing Council member Trochimiuk to be concerned about the budget. The answers that the BA and CMFO have given, make me feel better provided that we can keep a cap on some of these expenditures. If we put money into Stonybrook Pool and it doesn't open, we could get deeper in the hole. If we do that, we are going to have to make it up in 2021 either by increasing taxes to some phenomenal rate or really reducing expenditures, layoffs, furloughs, who knows. We have to balance the budget. This is something that we will have to discuss as we go forward in the year in the Finance Committee, but that means it will be in an open Council Meeting.

Council President Horvath stated that in regards to the budget, it wasn't an instant decision for him. This is something that he has been thinking about for quite a while. Seeing that revenues are no longer coming into town. It was more prudent to vote no so we could consider more options and not spending money on things that are not necessary right now. Councilmember DeRosa said that's fine if you considered making additional cuts awhile back then it should have been voiced and again, we could have avoided all this.

Am I mean to you, Councilman Horvath, that you can't ask me questions either, asked Councilmember Lundy?

Council member Horvath: There weren't any questions that I needed to ask you or anyone else. It was a decision that I made based on certain circumstances. I had discussions with the Mayor. I had discussion with Council member Trochimiuk. I had discussions with Councilman Pizzella. Now is the time to have the conversations. Once the budget is adopted it's a moot point. We need to take proactive action, not after the fact. Like Council member Trochimiuk said, there are a lot of moving points. There are a lot of things that I wanted clarified before I move ahead.

The BA asked what the pleasure of the council is so that the CMFO and he can begin to prepare for what the council would like us to do. It may take us the next two or three weeks to accomplish this. If the threshold is going to be cut more than 10%, I need to make sure that we have enough time to reintroduce.

The Mayor asked the BA if any research of what the financial impact would be if the Borough were to do furloughs. The BA responded not the financial impact because most of the employees, with the exception of Department heads are covered by bargaining units. If the Borough were to undertake layoffs or furloughs, we would need to consult with our labor council and those collective units and come to an agreement on how we move forward. As a reminder, at the last council meeting, the Council approved the PBA contract so those officers in that department are due their retros. If we leave the police out of it and look more towards the white-collar workers or even so the department heads that is what it falls to in terms of staff. The CMFO and I could look at that, but I don't think things are going to change much based on where we are in the year and the status of those units.

The Mayor asked if we move ahead with the current budget, are you able to hold in abeyance increases, apart from the ones required in the union contracts, until we get a clearer idea of where we are going. The BA responded so that would include Public Works, and UPSEU, no I would have to consult those units to hold back their 2%.

Mayor: What about those not covered under these types of agreements?

BA: Yes, we could hold back those that are not covered by an agreement.

The Mayor said that would be a consistent action to take for at least the next couple of months. This also would be consistent with what Frank was thinking for the pool of being careful and what Council member Trochimiuk was saying as well as Councilman Horvath. I would rather have the spending in the borough be done

conservatively. So, from what I am hearing, the BA and the CMFO would like us to pass this budget as is but can also implement a conservative approach to spending and raises.

The CMFO added that he agrees. We should pass this budget to have the money and spend it when its needed, it goes retroactive to 1/1. If you take money out you could possibly have to go back to Trenton for an emergency to put money back in to the budget.

The BA added that if the council adopts the budget as is and you direct me to hold spending conservatively and only purchase what is required or needed, I am able to do that. What we do for the pool we can do for the Borough as well. Just because the Council provides me with budget authority doesn't mean I have to go out and spend the next day. This gives me the authority to spend it if I need to.

Mayor Ruocco agreed with Councilmember DeRosa that we could have come to this at the last council meeting, had the council had a better understanding or the concept of what the BA was able to do, which wasn't the case Tuesday night. Council members Pizzella, Trochimiuk, and Horvath had doubts. I thought having this discussion is a healthy one because it shows the residents that we are thinking about doing the best thing for the town and we are aware of the situation. We are more aware today then we were on Tuesday.

Councilmember DeRosa said that we would have done this anyhow because that is the prudent thing to analyze our spending as things unfolded.

Mayor: I wouldn't bet my life on that last statement, but I think now that we have had this discussion with the CFO and the BA, that will be a higher priority.

CMFO Sireci: Part of the CFO's job is to monitor the budget. If this was a normal year, we would be monitoring our expenditures and we can pull back spending in a normal year. Its part of the budget status review. Its normal to stop appropriations if things aren't working the way you expected them to.

Mayor Ruocco added that a lot of Mayors in the State are saying that budgets are being done with a lot of uncertainty so that the tendencies of most municipalities are ok pass the budget but let's be especially cautious on the actual utilization of the appropriations. CMFO Sireci replied the key is to have there and not try to go back and get it after the fact by emergency.

Councilmember Lundy added that we are talking about being very consciences and holding back on expenses but I also as a council person have done this, but I would like to ask that all councilmembers to refrain from contacting Borough Professionals that we are going to be billed for. That should all go through the Borough Administrator and we have been told this numerous times. We all need to not do it. The Mayor said that the BA will be the key point for all communication to the professionals, as it should be.

Councilman Pizzella asked Council member Lundy, as a committee member are you ok with dealing with the pool. She replied yes.

Mayor Ruocco said the pool has had a bad run for several years. Regardless of what the pandemic presents, its probably going to lose money this year unless memberships really spike up. So, at this point, can I assume that the council would like to move ahead and leave the budget as is, but look to the Borough Administrator and the CFO to basically "freeze" and not come to the council with any particular increases or expenditures unless its absolutely necessary.

Councilmember Lundy asked if there were any council members that are willing to give up their stipend?

The Mayor responded you can if you want to, but that came up four years ago before you were on council. We had a split council then. It was decided that in doing so it wasn't sending the best message out to the residents that you get, councils, mayors who work for nothing. We all put in lots of hours. I think the stipend should stay. Councilman Pizzella added that it is very hard to file for unemployment if you need to as we not really considered employees. It could impact your filing.

Council President Horvath asked are we voting on a temporary budget or the budget with oversight? We have to vote on the temporary budget and I believe that there is a certain process that the Clerk has to go through to re-present the budget.

The BA said the temporary is fine as long as long as council doesn't plan to change the emergency to the temporary or change the budget, then I think we are fine to move forward as outlined. If we are going to pass the temporary budget today, then that means to me that there are going to be no changes to the budget as amended for adoption.

We would be adopting the budget on May 12<sup>th</sup> due to the publication cut off that is required said the Borough Clerk. There would be no need for a special meeting as we would be cutting close as it is, so we can just adopt

at the next meeting on May 12<sup>th</sup>. We will have enough in the temporary budget to cover us to that point said CMFO Sireci.

Council President Horvath said if we pass the temporary budget now, and later on we pass the full budget essentially its exactly the same thing? Yes, replied the BA. So, what’s the point of passing the temporary budget now if nothing is going to change? The BA said that because there are “control “accounts that include salaries that are deeply in the negative. So, I will need funds to fund the next payroll.

Council President Horvath: This wasn’t about salaries this what about other expenditures that didn’t necessarily have to be spent at this time. That was my contention. I didn’t want to see anyone’s salary cut; I didn’t want to see anyone losing anything. It was just a question moving forward of what we are buying that we need or don’t need to buy at another time.

BA: The CMFO and I had assumed on Tuesday that we would receive budget authority. When we didn’t receive budget authority that is when we need the temporary emergency budget because there will be no money to pay salaries, had the budget passed on Tuesday, that would have covered all the problems.

CMFO Sireci: Now we are obligated to cover the shortages that will occur since the budget wasn’t passed.

Mayor Ruocco said that maybe this is something we need to consider for next year when we set up the temporary budget that we do enough to cover more. The BA responded that we did the maximum that is allowed by law which is 26.25% of the prior year’s budget.

**RESOLUTIONS:(Off-Consent):**

[R20090](#) Emergency Temporary Budget Appropriations for 2020

**WHEREAS**, an emergency has arisen with respect to the amounts allocated in the 2020 Temporary Operating Budget and/or the 2020 Temporary Stonybrook Operating Budget due to the permanent budget not yet being adopted, and the 2020 temporary appropriations are inadequate to provide for these expenses for the aforesaid reason, N.J.S.A. 40A:4-20 provides for the creation of emergency temporary appropriations, and

**WHEREAS**, the total emergency temporary resolutions adopted in the year 2020 pursuant to the provision of N.J.S.A. 40A:4-20 including this resolution total \$4,916,493.28 in the Current Fund and \$305.00 in Stonybrook Swim Club Funds; and

**NOW, THEREFORE, BE IT RESOLVED**, by Council of the Borough of Hillsdale (not less than two-thirds of the members thereof affirmatively concurring) that in accordance with N.J.S.A. 40A:4-20, emergency temporary appropriations are hereby made for the following line items in the listed amount:

**TEMPORARY BUDGET**  
**MUNICIPAL OPERATIONS**

<b>2020</b>	<b>SALARIES</b>		<b>OTHER</b>		
<b>APPROPRIATIONS</b>	<b><u>AND WAGES</u></b>	-	<b><u>EXPENSES</u></b>	-	<b><u>TOTAL</u></b>
<b><u>CURRENT FUND</u></b>					

Administrative & Executive	\$ 90,000.00		\$ 20,000.00		\$ 110,000.00
Public Information	\$ -		\$ 2,500.00		\$ 2,500.00
Mayor and Council	\$ -		\$ 3,200.00		\$ 3,200.00
Clerk's Office	\$ 60,000.00		\$ 3,600.00		\$ 63,600.00
Financial Administration	\$ 130,000.00		\$ 36,000.00		\$ 166,000.00

Collection of Taxes	\$ -	\$ 7,200.00	\$ 7,200.00
Assessment of Taxes	\$ 15,000.00	\$ 6,000.00	\$ 21,000.00
Legal Services	\$ -	\$ 60,000.00	\$ 60,000.00
Engineering Services	\$ -	\$ 30,000.00	\$ 30,000.00
Zoning Official	\$ 13,000.00	\$ -	\$ 13,000.00
General Liability Premiums	\$ -	\$ 50,000.00	\$ 50,000.00
Worker's Compensation	\$ -	\$ 60,000.00	\$ 60,000.00
Group Insurance Plan for Employees	\$ -	\$ 300,000.00	\$ 300,000.00
Police	\$ 850,000.00	\$ 25,000.00	\$ 875,000.00
First Aid Organization	\$ -	\$ 30,000.00	\$ 30,000.00
Fire	\$ -	\$ 25,000.00	\$ 25,000.00
Fire Prevention	\$ 22,000.00	\$ -	\$ 22,000.00
Municipal Court	\$ 42,000.00	\$ -	\$ 42,000.00
Road Repairs & Maintenance	\$ 365,000.00	\$ -	\$ 365,000.00
Buildings & Grounds	\$ -	\$ 35,000.00	\$ 35,000.00
Garbage & Trash Removal	\$ -	\$ 130,000.00	\$ 130,000.00
Recycling	\$ -	\$ 45,000.00	\$ 45,000.00
Train Station	\$ -	\$ 1,500.00	\$ 1,500.00
Vehicle Maintenance	\$ -	\$ 25,000.00	\$ 25,000.00
Board of Health	\$ 50,000.00	\$ 42,000.00	\$ 92,000.00
Administration of Public Assistance	\$ 11,000.00	\$ -	\$ 11,000.00
Board of Recreation Commissioners	\$ 9,000.00	\$ 5,000.00	\$ 14,000.00
Senior Citizens Committee	\$ 18,000.00	\$ 7,000.00	\$ 25,000.00
Parks & Playgrounds	\$ 80,000.00	\$ 10,000.00	\$ 90,000.00
Anniversary or Holiday	\$ -	\$ 5,000.00	\$ 5,000.00
Uniform Construction Code Officials	\$ 100,000.00	\$ 70,000.00	\$ 170,000.00
Electricity & Gas	\$ -	\$ 60,000.00	\$ 60,000.00
Telephone & Telegraph	\$ -	\$ 30,000.00	\$ 30,000.00
Water	\$ -	\$ 125,000.00	\$ 125,000.00
Gasoline	\$ -	\$ 20,000.00	\$ 20,000.00
Contingent	\$ -	\$ 50,000.00	\$ 50,000.00
Social Security System (OASI)	\$ -	\$ 120,000.00	\$ 120,000.00
Defined Contribution Retirement Program	\$ -	\$ 11,000.00	\$ 11,000.00
Stormwater	\$ -	\$ 3,000.00	\$ 3,000.00

Bergen County Utilities Authority - Operating	\$ -	\$ 175,000.00	\$ 175,000.00
Bergen County Utilities Authority - Debt Service	\$ -	\$ 75,000.00	\$ 75,000.00
Recycling Tax	\$ -	\$ 3,000.00	\$ 3,000.00
Maintenance of Free Public Library	\$ -	\$ 250,000.00	\$ 250,000.00
911 PSAP - Paramus	\$ -	\$ 5,500.00	\$ 5,500.00
Pistol Range Rental - Rivervale	\$ -	\$ 500.00	\$ 500.00
Pistol Range Rental - Cresskill	\$ -	\$ 3,500.00	\$ 3,500.00
Hillsdale BOE - Class III Police Officers	\$ 30,000.00	\$ 4,500.00	\$ 34,500.00
PVRHS - Class III Police Officers	\$ 110,000.00	\$ 14,900.00	\$ 124,900.00
Body Armor Replacement Fund - NJ	\$ -	\$ 2,094.76	\$ 2,094.76
Body Armor Replacement Fund - Federal	\$ -	\$ 3,098.98	\$ 3,098.98
Recycling Tonnage Grant	\$ -	\$ 12,887.54	\$ 12,887.54
Payment of Bond Anticipation Notes & Capital Notes	\$ -	\$ 90,000.00	\$ 90,000.00
Interest on Bonds	\$ -	\$ 7,400.00	\$ 7,400.00
Interest on Notes	\$ -	\$ 32,850.00	\$ 32,850.00
<b>TOTAL TEMPORARY APPROPRIATIONS</b>	<b>\$ 1,995,000.00</b>	<b>\$2,133,231.28</b>	<b>\$4,128,231.28</b>

Motion Councilmember Pizzella Second Councilmember Lundy

Ayes: Council Members DeRosa, Escobar, Council President Horvath, Lundy, Pizzella, Trochimiuk

Nays: None

**PUBLIC COMMENT:**

No comments. Seeing no one, the Mayor closed the public comment session.

**COUNCIL COMMENTARIES:**

Council President Horvath just wanted to thank the council for taking in all of these considerations. This is something that we do that is imperative in public. This is one of the reasons that the Finance Committee meeting was brought up at this time so that everybody can put their two cents in.

Mayor Ruocco wanted to address an email that he received from Councilman Escobar earlier this week that to him was disturbing. I normally wouldn't use this type of forum and I would not have if the email had only been sent to me. But it was sent to two other council people and to the BA and the CMFO and the Borough Attorney. In the email I am accused of trying to undermine the financial stability of the pool and that, along with several former mayors, I helped to fleece the pool of several million dollars. It goes on to say that I am "pulling the strings" of council members in an effort to undermine the financial stability of the swim club. In another comment, Councilman Escobar says that our first responders could not purchase necessary PPE because the budget wasn't passed Tuesday night.

Let me take those comments in reverse order. The failure of the council to pass the budget on Tuesday had no effect on the Borough to purchase PPE. The temporary budget passed on January 5<sup>th</sup> has enough money to cover any request. And the passage this afternoon budget on the agenda reinforces that. Yes, the BA put a temporary freeze this past Wednesday on all new departmental purchases when the budget wasn't adopted on Tuesday. That was out of an abundance of caution to conserve funds so that they would be available for critical items like PPE. No requests for PPE were turned down by the BA nor were any requests received by him in the last three days. In fact, most of the PPE that our first responders have obtained are coming for free from the County and State. Even if a request had been made, there was \$60,000.00 available as his disposal to order PPE. So, there is no need for anyone on council to feel guilty about the failure to adopt the budget three days ago.

As for the pool, our CFO handed out documents at the February 4<sup>th</sup> Council meeting that show how the pool had to utilize its capital savings built up over some very successful earlier years and to cover expenses in 11 of the last 17 years. At that same time the pool commission, which has primary responsibility for developing and monitoring its budget under local ordinance transferred \$1.8MM to the town in those 17 years. I don't know why that happened, but they did. I wasn't the Mayor. The last year that this happened was in 2015, which was my first year on council. If I am guilty only by association, then Mayor Arnowitz at that time along with Councilman DeRosa and Councilman Pizzella are equally guilty, as we were all on council then. The email ignores that fact. In 2016, transfers of capital from the pool to the Borough ended, but the losses did not. According to our CFO, the pool drew down \$44,000.00 in 2016, \$43,000 in 2018, \$135,000 in 2019 from surplus to cover losses. And now they are at the point where there is only \$64,000.00 left in capital. At no time do I remember a call to arms by the pool commission, the recreation director or the council liaison to the Commission to address this matter.

Make no mistake about it, there is enough blame to go around for Stonybrook's weak financial position. But for some reason Councilman Escobar's email places blame on the Mayor and two new councilmembers claiming that they are "undermining financial stability of the pool club." The financial stability of the pool club primarily rests with the Pool Commission, and its financial stability has been weakening for years. The email does a disservice to me, to the council, and to its author when it criticizes those of us who want to ask more questions about the Pool. As a member of the pool club I want to see it on a solid financial foundation that will preserve it for years to come. If that can't be done, then we will have to consider other options. That's why asking questions now, even if they could have been asked on Tuesday or weren't asked on Tuesday, regardless before things get out of control, is a good thing.

Councilmember Escobar asked for the floor. Mayor granted. Councilman Escobar responded that had the Borough over the past years not taken the 1.8 million dollars, where would the pool be now?

The pool would be 1.8 million dollars more in surplus replied the Mayor. But we don't know what other Mayors would have done and regardless Jon, its irrelevant.

Councilman Escobar: Its not irrelevant, the way I see it is that some people are using this as an opportunity to undermine the pool and its being used as a scapegoat. I don't use the pool, but its just the principal of it. Councilmember Lundy added that as you said over the years the performance of the pool has been bad and they were using surplus. Every year the municipality uses capital surplus to plug the holes in the budget. There is no different from what the municipality does then what Stonybrook did.

Mayor Ruocco said yes but our capital surplus has been maintained pretty constant over the years. In the pool's case, its been coming down pretty regularly. And now as you well know they have nothing, but that was never described to us by the pool commission and not by yourself when you made reports to the council.

Council member Lundy: I only reported what I was given. You sit four chairs away from me, if my numbers were incorrect, did you ever once correct me? No.

Mayor: I think the pool commission is responsible for the pool's budget and you are not. You are the liaison from the council to the pool commission and you are the Finance Chair. I reviewed the minutes of the pool commission for the last couple of years and there is no mention of the weakness of their financial structure. There is enough blame to go around on this issue.

### **ADJOURNMENT:**

Motion to adjourn Councilmember Lundy Second DeRosa

All in favor: Council Members Escobar, Council President Horvath, Lundy, Pizzella, Trochimiuk, DeRosa  
Meeting adjourned.

**THE NEXT MEETING OF THE MAYOR AND COUNCIL WILL BE**

**TUESDAY, MAY 12, 2020 7:30 pm**

Denise Kohan, Municipal Clerk

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APPROVED AS PRESENTED

13

