

Special Council Meeting
March 16, 2012

Minutes of Special Meeting of the
Borough Council held at 6:30 P.M. on
Friday, March 16, 2012, in the Council
Chamber, Hillsdale, New Jersey.

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

ANNOUNCEMENT OF MEETING

The Special Meeting of the Borough Council of the Borough of Hillsdale was called pursuant to the provisions of the Open Public Meetings Act. In addition, copies of the notice were posted on the bulletin board in the Municipal building and filed in the office of the Municipal Clerk.

Please silence all cell phones and pagers.

ROLL CALL:

Borough Clerk Sandt called the roll those present being as follows: Councilmembers Becker, Capawana, DeRosa, and Frank. Absent: Councilmembers Giancarlo and Hanlon.

APPROVAL OF MINUTES: On motion by Councilmember DeRosa, seconded by Councilmember Frank, and unanimously carried, the minutes of the Council Meeting of March 13, 2012, and Closed Meeting of March 13, 2012, were approved as presented.

BUDGET INTRODUCTION:

Borough Auditor Garbarini said we are introducing the Budget this evening. Anything that the Council wishes to change can be changed at a later date; this starts the official process of adoption.

At the present time we are looking at an average increase per household of \$77 on a local level per year. The average assessed value of a household in Hillsdale is \$544,818, assessed value, not fair market value. We are both under the mandated appropriation Cap which is the expenditure portion of the Cap Law and we are also under the Levy Cap which is the revenue part of the Cap. Presently, there

are two Cap Laws in New Jersey; there is a revenue Cap keeping your increase in taxes to taxpayers and there is also an appropriation Cap eliminating your increase on an extended Cap. This budget is under both Caps. The \$77 represents 4.5%.

Mayor Arnowitz thought that we were going to take the additional money out of the surplus and this does not reflect it.

Administrator DeJoseph said now we are using a million dollars of surplus.

Mayor Arnowitz said the Council had a finance meeting and we went over the \$192,000 additional money. Prior to that meeting he was under the impression that we were under 2%.

Auditor Garbarini said the \$77 on the local level doesn't include the \$6.00 reduction on the Library. In prior years the municipality and Library were together. Last year and this year they decided to break out the Library tax separately. The Library actually went down \$6.00 so the net is \$71. We are 3.2%.

Mayor Arnowitz said that is where he has a problem. When he left the meeting on Friday and worked on the budget prior to Friday, we were calling it the Cap which is 2%.

Councilmember Frank said we were going to keep to 2% actual and we were going to use some of the additional surplus and transfer some of the payable back. He understood that would be adjusted between now and adoption.

Administrator DeJoseph said this is also his feeling on that. He believed in the next couple of weeks we would get close to that number.

Mayor Arnowitz said the public will get the information that our budget is going up 3.2%. We all left that meeting on Friday; we were still at or below 2% for the tax increase. He believed we are using a lot of surplus and we are strangling this budget so we have to take the hard decision in the coming weeks and months to replenish that surplus for 2013, there is no way we can put a budget together even at 3.2%. We would not have surplus to use. Everyone agreed we would make a hard decision and move forward to introduce but he did not come in at 3.2%, he wanted to come in at 2% or below 2%.

Councilmember Frank said that was his understanding as well.

Auditor Garbarini said as far as the appropriations themselves, the increase mainly was the deferred charges as we discussed. The appropriation side of the introduced budget is relatively flat, it is only up about \$89,000 on a 12 million dollar budget. With deferred

charges, it brings you up to \$280,000; \$190,000 of that. That includes the increase in the reserve for taxes which is higher than the increase. If it weren't for that, our spending is down from last year. Those two items represent almost \$400,000 and the \$104,000 that you are referring to for reserve for uncollected taxes is a set aside, a reserve for tax payers that don't pay their tax bills. It is called a non-spending appropriation. Actually, it never gets spent, it is really a reserve, an entry that is made in case certain taxpayers don't pay their bills. Over time they will always pay their tax bills, whether it becomes delinquent or sold as a lien. That is part of the conservative nature of the New Jersey accounting system. If that item is taken out, we would be at zero percent.

Mayor Arnowitz said we have to appropriate an additional \$192,000 for reserve for uncollected taxes. He is under the impression that is due to the many appeals we had and the lowering of property values in town. When we go back to the old amount that we needed for reserve for uncollected taxes in 2013, will it still stay at the high level? He wants to be certain he has an additional \$192,000 next year. This year we are putting \$550,000 in reserves, it was \$450,000, \$100,000 more this year. He asked if that \$100,000 will remain next year.

Auditor Garbarini said the answer would be yes.

Mayor Arnowitz said we cannot anticipate in surplus unless we take steps. That is his concern that we have to take steps to keep our surplus up to 2013.

Auditor Garbarini said that \$550,000 can be reduced quite simply by making sure your tax collections are as high as possible before December 31st.

Mayor Arnowitz according to the Tax Collector we haven't changed from 2011 to 2012 that drastically, it is the appeals that hurt us.

Auditor Garbarini said that the tax appeal process in New Jersey is affecting all municipalities. They have changed some of the laws that have to do with tax appeals where they are making it easier for the local finance board to group appeals and get a three year spread so it won't impact the budget all in one year. It is a common problem throughout New Jersey because housing values have gone down and they see neighbors appealing.

Mayor Arnowitz said we are in a process of doing a reval. He wants to refill surplus so that we have surplus to use next year so we can maintain a steady tax rate. He also wants to stay below the 2% for 2012 as it is very difficult for people. He asked what happened between Friday and today?

Administrator DeJoseph thought we were going to work on it further to

get the numbers down from introduction to adoption.

Councilmember Frank thought we were going to utilize the additional surplus from the regional school payable to bring us down to the 2% and then between now and introduction continue to work on the cost reductions that we talked about. It was his understanding we would adopt the budget at that level so why not introduce it at the level we are going to adopt it at.

Mayor Arnowitz said that also was his understanding. Is that accomplishable tonight?

Auditor Garbarini said introduce and that will be your first amendment, maybe as a part of a package.

Mayor Arnowitz said then he has to announce that the increase is 3.2% and by adoption we will have it down to 2%.

Councilmember Frank did not have a problem introducing the budget at the level it is now, just with everyone's understanding if it is not at 2%, he will not vote for it at adoption.

Mayor Arnowitz wants to tell the taxpayers that however the tax bill comes out that the Borough portion is at 2%. The Library is a separate line now. If it is impossible you have to tell me it is impossible but he has been told it is not impossible from all our meetings and that is what he is hoping to do.

Auditor Garbarini said we do have an increase in the Library for \$6.00 and also a decrease on the regional.

Mayor Arnowitz said that is because they got additional funding and he is pleased to hear that the schools are taking a pro-active stand to keep it below the 2%. For years he has been telling them they are spending too much and how can he say he is going over the 2% Cap. The Cap allows us as at one point we had 4.7% increase and we were able to do it because of the outside the Cap rules. It is not what we are attempting to do here. He did not believe it was that difficult for the town of Hillsdale to stay at 2%. Sooner or later it will catch up and we will have to pay the piper. He refuses to increase debt.

Councilmember Frank said we have done well with the appropriation Cap. If you take out the extraordinary events of this year which is \$190,000 for storm and reval expenses as well as the adjustment to our reserve, our actual spending is down from last year and that is because our department heads have done a good job watching their expenses all during the year. Almost every department is well under budget. For unusual events that occur he has no problem using surplus to cover and we are bringing our revenues closer to our expense level

and we have more work to do so. We should still have some next year, however, if we don't correct our spending more, it will gradually diminish. The storm was a 2011 expenditure at \$140,000.

Auditor Garbarini said generally surplus annually and using what you generate leaving whatever cushion you had the year before was always advisable. That would be the best advice he could give because it does affect cash flow. Using your surplus might help you balance your budget but it affects the operations of the borough is there is no cash flow. You might have to borrow from other funds, etc., and that is the major impact. We are not getting into any trouble by doing what we are doing.

Councilmember Frank said we still have work to do, we have to get our revenues and our expenditures in balance and we are not there yet.

Administrator DeJoseph said what affects our regional school funding is the net valuation of total assessed value in Hillsdale. A combination of increased house value as well as the regional going down which benefits us, we take it when we can.

Auditor Garbarini said that is the reason the Library decreased.

Mayor Arnowitz said with the reval, that will change again. It will level out. We didn't have to increase our legal funds for the defense of the high school situation but we do have sufficient funds for both the study and for the legal fees for the attorneys.

Administrator DeJoseph said we will discuss that with the finance committee to decide which direction the Mayor and Council wants to go. We set up a reserve for unspent money from last year but will that be sufficient money.

Councilmember Frank said we have to revisit that based on the letter we got just this week from DeCotiis.

Mayor Arnowitz believed the expenses from that end of it will be in the ball park. On top of that you have the legal expenses of DeCotiis' firm; this will take a long time. We all agreed that we are taking this to the final conclusion, 10 to 12 years down the road.

Councilmember Capawana asked for an explanation as to the increase because we left the meeting with the understanding the tax increase would be 2%. Mayor Arnowitz said our ultimate goal was 2%. We were under the impression that we would immediately take money out of surplus and look to replenish the surplus through our actions over the next five to six weeks before the adoption of the budget. The Administrator was under the impression that we would amend the budget to the 2% when we adopted in five to six weeks. The end goal will still be 2% but it is how we are going to get to the 2%. That is the

misunderstanding. Instead of taking it out of surplus now, the Administrator is looking to make adjustments in the budget and in our spending so that when we take it out of surplus, surplus is being refurnished. We were going to do it before the action, he thought we were going to do it after the action.

Councilmember Frank said we have two choices: one is we can modify the budget before we introduce it and call back and have another meeting next week, or we can we introduce it as is with the understanding that before we adopt it, we will have the tax increase down to 2%. He recommended this be done because it was a miscommunication and we don't want to delay the whole process.

Mayor Arnowitz said it doesn't have to be under 2% but not above 2%.

Councilmember Becker did not think it is necessary to come back next week.

Mayor Arnowitz said we want the budget to come in at 2% on adoption. The finance group has to make it happen. We have to find about \$200,000 and have to cut that amount.

Auditor Garbarini said \$156,500 will get you under.

Mayor Arnowitz said you could take \$156,500 out of surplus now and not replenish it which could be a problem or we find \$156,500 in cuts and other revenues. He wanted to be sure everyone understands we have two ways of raising the \$156,500. We can either take it out of surplus or reduce spending or we can bring in additional revenue. It counts if it is guaranteed revenue that is contractual.

Administrator DeJoseph said in our budget there is \$200,000 of capital improvements. We still have the road program, our debt service is roughly \$350,000; we are not paying the minimum on bans which we have done in the past, it is a very conservative budget for Hillsdale. Big items in the budget are roads, miscellaneous capital projects, radio upgrades for all emergency services mandated which could be between \$30,000 and \$50,000.

Councilmember Franks said spending has been pretty well controlled by department heads. You get to the point where you cannot continue to cut operating expenses or police department or fire or offices because at some point you taking away pencils and paper from people that can't get their job done. We need to restructure some of the ways we do things and only through restructure can we get the costs down without scrimping and making things more difficult to get the job done.

Mayor Arnowitz thanked Administrator DeJoseph for his efforts and time. This is not an easy task and each year it is another challenge. Our department heads have been fantastically cooperative.

He appreciated everyone's effort and thanked the finance committee.

Introduction of Municipal Budget

Mayor Arnowitz said we begin with a resolution for the Borough Clerk to read the Budget by title only.

Motion

Motion by Councilmember Capawana, seconded Councilmember DeRosa.

Roll Call Vote:

Ayes: Councilmembers Becker, Capawana, DeRosa and Frank

Nays: None

Absent: Councilmembers Giancarlo and Hanlon

Borough Clerk Sandt read the Budget by Title Only.

"Municipal Budget of the Borough of Hillsdale, County of Bergen, for the Fiscal Year 2012."

Resolution:

Mayor Arnowitz said the Local Finance Board adopted rules that permit municipalities in sound fiscal condition to assume the responsibility, normally granted to the Director of the Division of Local Government Services, of conducting the annual budget examination.

Motion on the Budget Review

Motion by Councilmember Frank, seconded by Councilmember DeRosa.

Roll Call Vote:

Ayes: Councilmembers Becker, Capawana, DeRosa and Frank

Nays: None

Absent: Councilmembers Giancarlo and Hanlon

Mayor Arnowitz suggested that Finance Chairman read/comment on Budget Message on Page 3b.

Auditor Garbarini said the 2012 Budget Message on the appropriation Cap, the total appropriation Cap allowable was \$10,240,047. The 2012 Budget as introduced which is introduced and approved, one of the same, \$9,246,907 is under the appropriation Cap. On the levy Cap for the 2012 Budget as introduced, the total allowable \$8,150,221, total amount to be raised \$8,150,188. You are under the Cap as well.

Mayor Arnowitz invites Council discussion of the Budget.

Motion to accept the Introduction of the Municipal Budget

Motion by Councilmember Frank, seconded by Councilmember Capawana.

Roll Call Vaote:

Ayes: Councilmembers Becker, Capawana, DeRosa and Frank

Nays: None

Absent: Councilmember Giancarlo and Hanlon

Borough Clerk Sandt read the "Municipal Budget Notice" (page 2).

Municipal Budget of the Borough of Hillsdale, County of Bergen, for the Calendar Year 2012. Be it resolved that the following statements of revenues and appropriations shall constitute the Municipal Budget for the year 2012. Be it further resolved that said Budget be published in the Ridgewood News in the issue of April 6th, 2012. The Governing Body of the Borough of Hillsdale does hereby approve the following as the Budget for the year 2012. Notice is hereby given that the Budget and Tax Resolution was approved by the Mayor and Council of the Borough of Hillsdale, County of Bergen, on March 16, 2012. A hearing on the Budget and Tax Resolution will be held at Borough Hall on May 1, 2012, at 8:00 o'clock (PM) at which time and place objections to said Budget and Tax Resolution for the year 2012 may be presented by taxpayers or other interested persons.

Borough Clerk Sandt confirmed to the Mayor that a copy of the Budget will be forwarded to the Director, State of New Jersey, Department of Community Affairs, Division of Local Government Services, for certification prior to public hearing and final adoption.

GENERAL PUBLIC HEARING

Mayor Arnowitz invited comment from the public.

Sonya Kinzler, Norwood -

Does the resolution have a number so that she can check it on the internet.

Borough Clerk Sandt said the resolution becomes a part of the budget package and is not a separate resolution. It can be found on the website in the budget package.

(Inaudible- static)

His concern was he read the article in the newspaper and has a big concern regarding the school district. How come these towns are not looking to make one, large K-12 school district for all four towns as opposed to having Hillsdale, Board of Education, and the Pascack Valley Regional District.

Mayor Arnowitz said as far as K-12 throughout the region, we discussed this in the past; Hillsdale kids also went to Hills. At that time it was discussed when we were looking to see if Park Ridge was

interested, it comes down to everyone wants their own home rule. We want our own schools because we control them, we don't want to be part of something else. That is the problem and we have to get out of that mentality. Our County Executive is leading us to that, regionalization. With regard to the high school, what frightens him is that the papers were not correct with what Woodcliff Lake is saying. He was informed that Montvale either has or will pass a resolution joining Woodcliff Lake. The resolution that Woodcliff Lake passed does not call for a change of the formula, it calls for pulling out of the district. Pulling out of two schools from the high school or regional district will dramatically affect our kids' education. There are so many programs and sports programs that overlap between the two schools, it would be cost prohibitive to offer these programs and they could be dropped or modified so they are not as effective as they are today. This should not happen. Everyone is talking about merging, etc. He was offended by comments in the paper which stated the battle will begin or the war will begin. This is not a war, this is not a battle, this is survival. It is proper for Hillsdale to fight this and we will based on the Council's comments to me, fight this to the end. If they should prevail, the cost to Hillsdale will be a million two a year. Hillsdale receives absolutely no compensation from the schools for hosting the schools. We receive no compensation for having the school in our town in lieu of taxes because if there was housing or commercial property there, we would be soaring. Thirty nine percent of Woodcliff Lake's property is commercial, nine percent of Hillsdale's property is commercial. When the schools were built, Hillsdale had commercial and residential property; Woodcliff Lake and Montvale were all farms. River Vale and Hillsdale paid the bill for the schools; now that Woodcliff Lake has all the commercial property, they want to change the formula.

If the total legal bill to appeal this is two million dollars between two towns, we will spend one million dollars, Woodcliff Lake would spend one million dollars, we would take this all the way up to the New Jersey Supreme Court. It is a minimum of a 10 to 12 year process to get up there. We will save 12 million dollars in Hillsdale and 12 million dollars in River Vale; even if we lose, the total cost of one million dollars, we save eleven million dollars. With all the people appealing taxes, the biggest appeals we are getting is commercial property. They will get hit worse on appeals than we are. This formula is proper, this formula does not just cover Hillsdale, River Vale, Montvale and Woodcliff Lake, it is state-wide. It is not unique to us.

After a discussion with the Council, the public portion of the meeting was closed.

DISCUSSION:

Shared Services.

Councilmember Frank said everyone is doing shared services and everyone knows it is a difficult task to get done. Our County Executive just announced that they are going to create a committee to help the towns to accomplish more and more in shared services. He thinks it is important that we have action rather than discussion and we need it done. One of the areas we are looking at and talked about probably six or seven months is central dispatch for our police department. We know Washington Township and Westwood are looking at it and we know Westwood also has plans for consolidated dispatch center. We are prepared to consolidate our dispatch services with the county. The county has a state-of-art new facility in Mahwah and there are a number of towns in the area have consolidated their police dispatch services in Mahwah. Currently our dispatch would be to call 9-1-1 in Hillisdale and be connected to a dispatcher in Paramus who would then contact our police department who dispatches our police, fire. By consolidating with the county, we eliminate this requirement and put all our dispatch operations in Mahwah.

When we talk about cost reduction, we are able to cut the operating expenses for police, fire and the offices here. We are restructuring the process, we rethink how you are doing, what you are doing, to get the same or better end result. One of the things we need to restructure is to look as quickly as possible to follow up dispatch. Last year one of the things that help us under budget was to restructure our garbage collection. We save almost \$100,000 by going to one day a week during the winter months and a lot of people feel there is no reason one day a week for year round is acceptable. In restructuring, we can look at this year one of the major opportunities is dispatch. Our savings could easily be \$150,000 annually. We met with Washington Township and Westwood and the Council in Township are very interested in moving forward, Westwood is not interested in moving forward at this time to Mahwah. We are looking to the Township to commit and as soon as they are ready, we will jointly join the Mahwah dispatch center. We require two towns as there is not enough for one town in salaries to join the dispatch center. This is one big opportunity for us to restructure our costs without in any way hurting the system. If people don't believe that central dispatch can provide the service that it shouldn't be Hillisdale because many of the towns around us have central dispatch.

We want the public to know and relay the concerns they have and move on to the facility in Mahwah and second is that Council be up here and our neighbors in Township be with us. One of the things he is looking for is a reaffirmation once again from Council that we are interested in making this structural change.

Mayor Arnowitz asked if he is looking for a straw poll from the Council as to granting the move to Mahwah. He is looking for a yes or a no as to whether you want to move forward with regionalization with Mahwah.

Councilmember Capawana yes; Councilmember Frank yes; Councilmember Becker yes. Councilmember DeRosa yes.

Mayor Arnowitz said you have your vote to make it happen. We will have to have a public meeting on this and the give the public the opportunity to speak. Also on shared services on the 23rd of March, Councilmember Frank and I, the Administrator will be available and will be meeting with the Mayor of River Vale and their Council President to discuss the Woodcliff Lake scenario but also to discuss the courts and move forward with doing shared court. As it stands now, the discussions have been and continue to be that the court would be held in Hillsdale with our judge, with their judge supporting the process, and that savings would be about \$40,000 to \$50,000. We haven't gotten any kind of definitive numbers as we have on dispatching, but it is estimated. When we talked to triboro about joining Montvale, our savings would be about \$75,000 by moving the whole thing up there. Unfortunately, we haven't given up on that but that doesn't look like it is going to happen as they have their own problems and kept putting us off; that is why River Vale approached us and Doug and I at that time Councilmember DeJoseph moved forward to working with River Vale. After we meet with them on the 23rd, he will let the Council know.

RESOLUTIONS:

Mayor Arnowitz read the following Resolution:

12066 Award Accessibility Improvements to Council Chambers was introduced by Councilmember Frank, seconded by Councilmember DeRosa.

Mayor Arnowitz invited Police Chief Stalter who came in late to speak.

Police Chief Stalter came in to express his disappointment that he has to learn about this at a meeting that is scheduled on a Friday at 4:30PM. All of the sudden there is a rush to push forward; I worked with Councilmember DeJoseph to civilianize our dispatch, we worked hard on the numbers and I mean Administrator DeJoseph, when I asked about doing the same for county dispatch, that didn't seem to be a priority so I didn't think you were heading in that direction. Now, all of the sudden it seems like we are in a hurry to do something that I don't know if you truly have all the facts and I am just disappointed with you all.

Mayor Arnowitz asked if the plans for the accessibility for improvements to the Council Chambers. For everyone's edification, Administrator DeJoseph has spoken with Engineer Statile and he has. The engineer has assured him that the bidder is qualified, the work is

being done to the standards we are looking for, that all the people who bid the same bid and couldn't explain why one bid is so dramatically different from the others, but there is no problem. He asked if anyone has a problem introducing this Resolution.

Councilmember Capawana said he has a problem. Has the rest of the Council seen the plans?

Mayor Arnowitz said the Administrator sent out an email that indicated the plans were in the borough hall on Paula's desk and have been there all day. Everybody was invited to come to the borough hall at 1PM and he came in early and looked at them.

Councilmember Capawana said with the money being so tight, he has a problem.

Mayor Arnowitz said the majority is a grant. We have no choice.

Councilmember Capawana said I know you have to do it but it is \$56,000.

Mayor Arnowitz said this is being used by many people other than the Council. We are probably the least users of this room of all the different entities. The Planning Board can't read the plot plans so they are planning to make the counter wider. We have to move the podium to accomplish that and in doing that, we have to redo the podium. He does not understand his concern, this is grant money that is paying for it, not the Hillsdale taxpayer. He would like to upgrade the video that is not part of the grant and you will have to decide whether you want to do that. He would like to upgrade the audio more than they are willing to do. That is not part of the grant. You have to decide on that. All we are approving tonight is what the ADA compliance requires us to do to make this room ADA compliant.

Councilmember DeRosa said are you saying the Borough Engineer could not explain the discrepancy between the one low bid and the others.

Mayor Arnowitz said the one of the high bidders for Hillsdale was the low bidder for River Vale.

Councilmember DeRosa asked if he heard that the engineer has had experience using this low bidder for the contract.

Mayor Arnowitz was assured that everything we are looking for is being done by a competent firm and the problem we had with the police department and low bidder is something we do not have to be concerned with. He has to believe our professional. If there is no other discussion on this, he asked for a motion to introduce this resolution.

Motion to approve the resolution was made by Councilmember Frank, seconded by Councilmember DeRosa.

Ayes: Councilmembers Becker, Capawana, DeRosa and Frank.

Nays: None

Absent: Councilmembers Giancarlo and Hanlon

(SEE COPIES OF THE ORIGINAL AFORESAID RESOLUTIONS AFFIXED HERETO)

COUNCIL COMMENTARIES:

Councilmember DeRosa expressed his gratitude to Borough Clerk Sandt.

Councilmember Becker also expressed her gratitude to Borough Clerk Sandt.

Mayor Arnowitz said he cannot say enough how pleased he has been with Borough Clerk Sandt.

The scouts have cleaned up the woods in the past and they want do it again. We are working on the dates and they will be working with the Green Team. They are looking for locations and he told them about the sites on Hillsdale Avenue plus all the previous sites.

We have started as of Thursday this week, the vegetative waste pickup. The dates that were scheduled for last year will continue this year. There is no limit as to how much you can put out but he believed it was five containers.

ADJOURNMENT:

A motion to adjourn was made by Councilmember DeRosa, seconded by Councilmember Frank, and unanimously carried.

3-16-12

Denise Kohan
Deputy Clerk

APPROVED AS PRESENTED

Denise Kohan
Deputy Clerk