

BOROUGH OF LAVALLETTE (minutes)
BUDGET MEETING OF THE MAYOR AND COUNCIL
LAVALLETTE MUNICIPAL BUILDING – COUNCIL CHAMBERS
Thursday, February 18, 2010 – 6:03 pm

CALL TO ORDER: Mayor Walter LaCicero, presiding

ROLL CALL: Council Members Zalom, Stogdill, Lamb, Horan and Filippone
Councilman Borowski was absent.

Also present: Christopher F. Parlow, Borough Administrator/Municipal Clerk
Donnelly Amico, Deputy Municipal Clerk
Michele Burk, Chief Financial Officer

READING OF THE OPEN PUBLIC MEETINGS ACT STATEMENT: Notice of this meeting complies with the Open Public Meetings Act. Public Notice was given to the Ocean Star and the Press of Atlantic City. Notice was posted on the Municipal bulletin board and the Municipal Website.

BUDGET HEARING: Utilities

Mr. Parlow stated that each Council Member has been provided three separate packets of documents for water, sewer and electric. The pages consist of budget details, debt service and rate analysis. Mr. Parlow stated that two of the utilities will need a rate increases and the other will be able to afford a rate decrease.

Water Utility

Mr. Parlow stated that in 2010 there is a surplus of about \$68,000, which is an extreme decrease from the surplus in 2009, which was approximately \$120,000. The revenues anticipated were also off, as well as, the interest earned on investments. Mr. Parlow also reported that with the expense budgets tightened the ability to regenerate surplus also decreases. He recommended that surplus should not be utilized to balance this year's budget and that the rates should be increased. If the rate increase is sufficient enough the revenues from the utilities bills should be sufficient enough to offset the expenditures.

Michele Burk stated that the utility was left with a lot of unpaid water bills, which is a sign of the times.

Council President Zalom questioned how our infrastructure is?

Mr. Parlow stated that is fine.

Mayor LaCicero questioned if the surplus needs to be built back up?

Mr. Parlow responded that with the rate increase as proposed there will be no need to rebuild the surplus. It's difficult to estimate revenue, during dry years revenues are up and during wet years revenues are down. .

Councilman Lamb arrived at 6:08 pm.

Mr. Parlow stated that there is never any indication in our budget how much water people will use. The bottom line is that in order to balance this budget we need to increase the water rate by at least \$150,000. The salaries are flat and there is a decreased in the overtime. The major hit is from the insurance and health benefits.

Mayor LaCicero questioned what the average household usage was?

Michele Burk stated the minimum amount of gallons is 5,000. She stated say average is about 15,000 gallons with an average household.

Mayor LaCicero stated that would be roughly \$60.00 annual increase per household.

Sewer Utility

Mr. Parlow stated that the sewer utility is an almost a mirror image of the water utility. The surplus is the same amount from prior year which is \$79,000. In order to balance this year's budget we need to use \$49,000 of that. Again, health benefits were a significant contributor towards the increase. The increase in salaries and wages was not that significant. The major contributing factor to the budget problem is the OCUA charge. Based on the 2009 actual sewer flow compared to the budget there has been created a \$47,000 deficit. This increase must be added to the 2010 OCUA, which has increase an additional 4% based on the new OCUA rate.

Mr. Parlow stated that he feels the problem of the infiltration is being caused by illegal sump pump discharge and faulty homeowner laterals, primarily in the area of the ocean block.

Mayor LaCicero stated that there is a decrease in water consumption and an increase in the water flow. What we need to do is find the source. We need to monitor the height of the water table to see where the source is.

Mayor LaCicero excused himself at 6:24 pm.

Mr. Parlow stated that there will be no relief in the amount of debt service payment for the next several years. Payments required as part of the sewer infiltration project will continue through the year 2037. There will be a slight decrease in starting on 2015.

Mr. Parlow recommended that the capital infiltration charge be increase from \$250 to \$300 and raise the minimum sewer payments from \$65.00 to \$69.00 per quarter and an increase in the

usage charge from \$4.00 per thousand gallons to \$4.25 per thousand gallons. The infiltration charge will be back billed, but the quarterly charge will only be assessed going forward.

Mr. Parlow reported that a number of years ago a company was hired to video tape the homeowner laterals and at that time nearly 100 faulty laterals were discovered. Letters were sent to the residents telling them they had to correct the problems. He suggested that as an option the Council may wish to consider employing the services of the Construction Code Official to continue to investigate the home owner lateral issue and illegal sump pumps.

Councilwoman Filippone stated that Mr. Remy has already sent out violations for sump pumps. She questioned if we could afford adding Hans full time?

Mr. Parlow stated that the benefit he would provide outweighs the costs.

Electric Utility

Mr. Parlow stated that this utility is doing much better than the other two. With the managed contract in place the utility energy costs have decreased significantly. The surplus balance in the electric utility is over \$600,000. He is recommending the use of \$200,000 of that surplus to lower our electric rates by 7%.

He would like Council's permission to prepare these rate ordinances for all three utilities and put them on for this Monday night's meeting. Council was in agreement with this.

ADJOURNMENT:

A Motion was made by Councilwoman Filippone to adjourn the Budget Meeting. The Motion was seconded by Councilman Horan. Vote: All of Council was in Favor. The Motion Passed. The Budget Meeting was adjourned at 6:54 pm.

CERTIFICATION

I, Christopher F. Parlow, Municipal Clerk of the Borough of Lavallette, County of Ocean, State of New Jersey do hereby attest these to be a true copy of the Minutes of the Budget Meeting held on the 18th day of **February 2010**

Christopher F. Parlow
Municipal Clerk