

BOROUGH OF LAVALLETTE (minutes)
BUDGET MEETING OF THE MAYOR AND COUNCIL
LAVALLETTE MUNICIPAL BUILDING – COUNCIL CHAMBERS
Monday, March 29, 2010 – 6:00 pm

CALL TO ORDER: Mayor Walter LaCicero, presiding

ROLL CALL: Council Members Borowski, Zalom and Stogdill were present
Council Members Lamb, Horan and Filippone were 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 Asbury Park Press. Notice was posted on the Municipal bulletin board and the Municipal Website.

RESOLUTIONS:

2010-108 awarding a contract to B and B Construction, Inc. for the Sanitary Sewer Route 35 Northbound from Bond Avenue to Guyer Avenue

A Motion was made by Councilman Stogdill to approve Resolution 2010-108. The Motion was Seconded by Councilman Borowski. Vote: Council Members Borowski, Zalom and Stogdill voted Yes. The Motion Passed.

BUDGET HEARING: Recap / Budget Adjustments

Mr. Parlow stated that we are here tonight to provide a recap the budget hearings we have held and have discussions where we can possibly make some cuts.

Mr. Parlow went line by line on the budget document giving Council the increases and decreases of some line items and where we might be able to squeeze some cuts in.

Mayor LaCicero questioned why there was a negative amount on the Clean Communities line?

Mr. Parlow stated that we have not received notification from the State if we are going to receive that grant, but we have be advised that that number will be reduced this year.

Mr. Parlow reported that we are still hoping to receive a grant towards the summer concerts and we can cut some of the recreation O and E budget because we have already budgeted for the ten concerts this year.

Mr. Parlow stated that in the revenue section of last year's budget there was \$57,000 of general capital surplus used to balance budget. That revenue is not available this year. He also reported that the biggest increase in appropriations is in the health benefits and pension line items. The health benefits have increased by more than 18% but we can take a cap levy adjustment there. Right now the tax levy is \$631,000 over last year, which is well above what we are permitted.

Mayor LaCicero stated that this represents a 9.7% increase in the tax rate.

Mr. Parlow stated that 9.7% is where we are now which represents a 2.5 increase in the tax rate.

Councilman Borowski questioned what the new permitted tax rate is for this year. This year the tax rate is 27.02 and last year it was 25.77 which will be a 1.25 cent increase at the allowable cap.

Mr. Parlow stated that to get where we need to be and are allowed to be we need to decrease by \$240,000. We need to raise revenues and decrease expenses to get there.

Councilman Borowski questioned why we used the \$57,000 general capital surplus.

Michele Burk stated that we reviewed the old ordinances that were on the books last year and cancelled the unused balances. Those cancellations generated the \$57,000 in surplus that was used to balance last year's budget.

Mr. Parlow stated that the tax collection Salary and Wage line item could be reduced. Additional funds were added to that line item to pay for the temporary employee used while the Tax Collector was out on disability.

Mr. Parlow stated that legal could be reduced by \$3,000. The invoices to date have been lower than last year. He would not reduce the Engineering budget because there are a number of projects that we are currently working on. The Planning Board Other Expense budget can be reduced. Mr. Parlow reported that the revenues and expenses associated with the Construction Office are run through the Construction Trust Fund so there are no adjustments there.

Mr. Parlow stated that we have taken a big hit with the State Health Benefits but soon the employees will have to be 1.5% of their salaries.

Mayor LaCicero questioned what the total would be towards that from the overall salaries?

Mr. Parlow stated that those contributions would equate to roughly \$40,000 per year.

Council President Zalom questioned if we should look into the possibility of offering employees who are married and working for us some type of monetary incentive to have one of them give up the insurance.

Michele Burk stated that there is not anyone who fits that criteria and we would have to set up a Cafeteria 125 Fund to meet the plan requirements.

Mr. Parlow stated that he knows there are municipalities that pay out the incentive without running it through an approved Cafeteria plan, but we have received an opinion from our prior auditor that states because of IRS regulations we would have to create this cafeteria plan and the money would run out of that plan or the value of the health benefits paid to all employees would become a taxable fringe benefit. He stated that some towns are paying up to 25% of the insurance premium or \$5,000 maximum.

Mayor LaCicero questioned if we could offer Council more salary to give up their benefits?

Councilman Borowski stated that 6 years ago when he was on Council he had proposed that same question and was told by legal that it could not be done.

Michele Burk stated that Mayor and Council have not received an increase in salary since 1989.

Mayor LaCicero questioned if maybe a stipend to Council to give up benefits would go over better.

Mr. Parlow stated that Council Members who have health care already and would agree to sign a contract agreeing not take the health benefits along with a stipend might work but I would have to run it by the attorney.

Mayor LaCicero stated that they would have to sign some type of legal agreement stating they agree to the terms.

Mr. Parlow stated that there is a small increase in the Fire Hydrant Service due to the additional fire hydrants located on Bay Beach Way. He also stated that the Prosecutor's line item is remaining the same due to the bid process adopted for professionals.

Mr. Parlow stated that there was already a decrease in salaries and wages with the Court because of a replacement but we could reduce the o/e a little bit more because last year they only used \$5,098. The Public Defender needs to remain the same because she is being utilized more frequently as a result of the economy.

Mr. Parlow discussed the Public Works Salaries and Wage Budget. He stated that the salaries are based upon a signed contract with the Public Works union. We have an expanded summer season again this year with 11 weeks and Public Works seasonal employees remain until October. This has caused a problem with the unemployment liability. Our costs for unemployment liability have increased from \$10,000 to an estimated \$60,000. The boardwalk workers who were here for quite some time are not longer employed and have filed for unemployment, as well as, a number of summer police specials. If an employee works twenty continuous weeks they can apply for unemployment and most of our summer specials in the police department and seasonal workers down at public works do work more than, if not at least, twenty weeks.

Council President Zalom questioned if we can shorten the length of the weeks of employment without hurting any of those departments.

Mr. Parlow stated a twenty weeks period would run from May 15th through October 1st and that should do it. It might put some hardships on our departments but we are going to have to make do.

Michele Burk stated that years ago the summer seasonal employees use to work Memorial Day through October 1st period. This keeping them through Halloween is only recent practice.

Council President Zalom questioned if the summer staff is coming back with increases.

Mr. Parlow stated that he would recommend a freeze on all seasonal employee hourly rates.

Mr. Parlow stated that vehicle maintenance line item has increased slightly.

Michele Burk stated that this was the closest we came to using up the whole budget with this because of the long summer season.

Tony Gallo, Badge Checker Supervisor stated that this will be his second year as supervisor and stated that this year will be a greater utilization of manpower. In looking at last year with the checkers it was obvious that the busiest time was from 10:45 am to 3:45 pm was the most effective time to check for badges. We are going to eliminate two positions of runners and just have the supervisor do that position from Monday through Friday. There will be no raises this year and he has put in a request for some type of vehicle so that he can get up and down the boardwalk.

Mr. Parlow stated that with Celebration of Public Events we can reduce that by some.

Council President Zalom stated that with the fireworks this year it is going to be on the 4th of July this year. She is thinking it is going to cost more because of that. We had some donations from last year held over for this in the amount of \$1,250 plus our budget of \$4500 and the \$2000 we use from the garage sales should bring us to about \$7,500 give or take.

Mayor LaCicero questioned if we could take from the beach and boardwalk salaries because of Mr. Gallo's proposal.

Mr. Parlow stated that we should use those funds for the golf cart.

Michele also commented on how much of an increase we got with the Borough's phone bills.

Mr. Parlow stated that our pension bills are a statutory obligation so we have no choice but to pay the increases. There is also the problem with the unemployment contributions. Last year we only budgeted \$2,500 but this year because of the dramatic increase in the unemployment of former employees we must budget \$60,000. That is a drastic hit to our budget. We no longer

have an interlocal agreement with Seaside Park for website services. They decided to go with another provider.

Mr. Parlow discussed the debt service line items. He reported that based on the Cap Levy Law, if we do not appropriate the same levy of debt service spending as the prior year we would have to take a negative Cap Levy Adjustment. This would decrease the starting point for this year budget. The bond principal and interest amounts are already locked in. He recommended that any payments made to Toms River Township for the indebtedness associated with Bay Beach Way be run through a bond ordinance and paid out of debt service. This would resolve any Cap Levy adjustment issues.

Mayor LaCicero questioned if we are going to receive funds from FEMA from the first snow storm in 2009.

Mr. Parlow stated that it has been reported that we are to receive money for that snow storm and we could use that two ways. The first would be if we receive the funds prior to the introduction of the budget we could use it as an item of revenue or if we receive the money after the introduction of the budget we have the availability to modify the use of surplus.

Mayor LaCicero stated that if we remove \$174,000 out of surplus and we do not replace the two full time vacancies in Public Works we save a considerable amount.

Councilman Borowski stated that the police budget salary and wages increased by \$91,500 and questioned how many police officers does the Borough employ on a full time basis.

Chief Grant stated that we have 12 full time police officers himself included, along with four full time dispatchers and one records clerk.

Councilman Borowski questioned the person in the academy and whether he was included in these figures.

Mayor LaCicero stated that that person is on a leave of absence from Public Works but he is funded through the police department as of now.

Mr. Parlow stated that there is legislation pending that will change the arbitration rules to put a cap on the cost of employment contracts. This seems to be a very aggressive legislation so he expects it to be passed rather quickly.

Mayor LaCicero questioned if there was some way to eliminate health care benefits for Mayor and Council. He thinks there are three members on Council that receive the benefits right now. Maybe we could give them a monetary coverage and we pay 20% of their balance.

Michele Burk stated that maybe we could reimburse the actual costs of their medical bills with a limit per year.

Councilman Borowski stated that he would rather give up his salary than lose his benefits.

Mr. Parlow stated that we could cut \$3,000 out of tax collection budget, \$5,000 out of the legal budget, \$2,000 out of Celebration of Public Events and \$1,000 out of Recreation.

Council President Zalom stated that we could anticipate additional revenue with the increase in tennis court hours.

Michele Burk stated that the tennis court money goes into surplus.

Mayor stated that we could take \$17,000 out of police because he is not getting that second car. He questioned what the \$7,200 increase was in the fire department.

Michele Burk stated that they increased \$200 in building maintenance, \$2,500 more in pager repairs and \$5,000 more in equipment maintenance.

Mayor LaCicero asked if any member of the governing body had any other suggestions for cuts.

Mr. Parlow stated that we could probably reduce the Planning Board budget by \$3,000.

COMMENTS FROM THE PUBLIC

Joseph Ardito, 109 New Jersey Avenue questioned why we do not renegotiate our debt services on bonds that are already out there.

Michele Burk stated that the Borough had already refunded the bonds.

Mr. Ardito stated that we could give a \$5,000 payment for employees who give up there health benefits and take their spouses. He asked if the Borough looked into alternative energy as of yet.

Mayor LaCicero stated that with our electric costs dropping we do not find a need for it right now.

Mr. Parlow stated that we did complete our energy audit and included in this budget is the \$10,000 of our share that we can use to make our buildings energy efficient.

Mr. Ardito stated that we need to implement the upgrades. As far as the unemployment costs we need to manage our part-timers more efficiently with multi tasking. Maybe we should start looking into consolidation or shared services.

Mr. Parlow stated that the only former employees who are on unemployment are in the Police Department with our specials and public works with the boardwalk crew. There is no one from the beach that is on unemployment.

Britta Wenzel, 1906 Grand Central Avenue questioned if this was the last workshop before the introduction of the budget and what the next process is going to be.

Mayor LaCicero stated that he believes that Council will go back to their departments looking for cuts and hopefully we can shoot for introducing the first meeting in April.

Mrs. Wenzel questioned if we were self auditing this year.

Mr. Parlow stated that we are self auditing this year.

Mrs. Wenzel questioned if the names could be obtained of those who are on unemployment.

Mr. Parlow stated that he would provide those names if necessary.

Vincent Marino, 4 Liggett Road stated that he is the Mayor's Designee on the Planning Board. He stated that one way you could cut some of the Planning Board O/E is for the Planning Board to conduct fewer meetings. He also stated that Mr. Parlow and Mrs. Burk are on the right track with the benefits and a cafeteria plan. He stated it is used a lot in private industry.

Councilman Borowski stated that he admires and respects Mr. Parlow with always getting the budget introduced within the deadline.

Mr. Parlow stated that the next meeting is only three weeks away so we do not do it as timely as we use to.

Councilman Borowski stated that the Sanitary Sewer Repair needs to be completed before the summer and stated that he was pleased that the lowest bid came in \$4,000 less than the Engineer's estimate.

Mr. Parlow stated that the Public Power Association went out to bid again for energy needs. We received bids that were just above 5 cents per kilowatt hour. Since we have been involved with this managed contract we have saved over \$270,000 per year.

ADJOURNMENT:

A Motion was made by Council President Zalom to adjourn the Budget Meeting. The Motion was seconded by Councilman Stogdill. Vote: All of Council was in Favor. The Budget Meeting was adjourned at 8:13 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 and correct copy of the Minutes of the Budget Meeting held on the **29th** day of **March 2010**

Christopher F. Parlow
Municipal Clerk