

The minutes of the Special Meeting of the Township Council of the Township of Saddle Brook held on March 23, 2015 at 7:00 PM at the Municipal Building, 93 Market Street, Saddle Brook, NJ.

Council President Mazzer called the meeting to order.

Township Clerk called the roll:

Councilman Cimiluca – present
Councilman Camilleri – present
Councilwoman D’Arminio - present
Councilman Accomando - absent
Council President Mazzer – present

Mayor White – present
Mr. Steve Wielkotz, Twp. Auditor - present

Council President Mazzer asked everyone to please rise for the salute to the flag.

Council President Mazzer announced that adequate notice of this meeting has been sent to all Council members by police messenger on March 20, 2015 and to all legal newspapers in accordance with the provisions of the Open Public Meetings Act, Chapter 231, P.L. 1975.

The Township Clerk announced that the public is hereby advised that any statements made during the meeting of the Township Council of the Township of Saddle Brook may not be privileged or protected and that persons or entities who take issue with such comments or are offended by same, may, and have in the past, sought legal redress through the courts.

Any member of the public who addresses the Council speaks for themselves and not for the Council.

Council President Mazzer asked for a motion to open the meeting to the public.

Motion: Councilman Camilleri Second: Councilwoman D’Arminio

Councilman Cimiluca – yes
Councilman Camilleri – yes
Councilwoman D’Arminio – yes
Councilman Accomando – absent
Council President Mazzer - yes

Hearing no one, Council President Mazzer asked for a motion to close the meeting to the public.

Motion: Councilman Camilleri Second: Councilwoman D’Arminio

Councilman Cimiluca – yes
Councilman Camilleri – yes
Councilwoman D’Arminio – yes
Councilman Accomando – absent
Council President Mazzer - yes

Councilman Cimiluca asked about the debt statement, and Mr. Wielkotz said the debt statement was prepared by Mr. DiMaria. Councilman Cimiluca said if someone asked us what our total debt was it would be \$21.4 million? Mr. Wielkotz said total outstanding municipal obligations are \$31.1 million, statutory deductions and cash on hand are 4 and your net debt is \$27.1 million. Councilman Cimiluca asked if that was all bonds, and Mr. Wielkotz said that was bonds, notes, loans and ordinances where you authorized debt but haven’t borrowed yet.

Councilman Cimiluca asked where we were compared to December 31, 2013. Mr. Wielkotz said that was a good question.

Councilman Cimiluca said those are the kinds of questions from people on the street – how much do we owe? Mr. Wielkocz said the answer is, there is no New Jersey government that has gone bankrupt ever. Will they accept that?

Councilman Cimiluca said just in general, and Mr. Wielkocz said at the end of 2013 net municipal debt was around \$26.2 million, so you went up a little bit, about \$900,000 between ordinances you authorized and what you paid off. Again you're at 1.2 of average equalized value, and the statutory limitation is 3.5. So you're at a little over a third of your ability to borrow. Again, the percentage is kind of skewed depending on the size of the municipality, depending on the kinds of things you need to do. If you undertake a huge project that's a big number, and it's a one-time deal, then the percentage gets skewed for a number of years until you start paying some of that debt off. He added his rule of thumb is as long as it's manageable in the budget, the debt service, and there's no peaks or valleys one way or the other, then you're doing pretty good.

Councilman Cimiluca said in terms of the debt, it's not unmanageable. In terms of debt service and also in terms of that percentage, we're okay. I know technically you're not going to ever go bankrupt, but when people say you're just horrific at financial stuff. Mr. Wielkocz said one person will look at it and say, oh, you're out of your mind. Another person will look at it and say – again it depends on what you're doing. If you're doing big projects then – here you've had some issues with tax appeals and some other things. It is what it is.

Councilman Cimiluca said even with tax appeals and a couple of major road projects and the field project and things like that, we're manageable.

Mr. Wielkocz said your debt service is going up \$124,000 in this year's budget which is an increase but again, it's not like it went up \$700,000 or a million.

Councilwoman D'Arminio asked what if we want to do road improvements which we need to do. What amount could we do? How much money could we add?

Mr. Wielkocz said you could add whatever you want theoretically. There is the provision that you have to put 5% down in cash. He said I think this budget has \$50,000 which is the same as previous budgets. Councilman Cimiluca said we made it \$100.

Mr. Wielkocz said there's \$59,000 left from last year, so you have \$150,000 and change, so theoretically you can do \$3 million worth of improvements this year based on the amount of cash you have down to provide. Last year your big number was \$2.1 million to the field. Again, that's a big project that theoretically when it's done it will last hopefully 15 or 20 years. Councilman Cimiluca said about \$800,000 of that \$2.1 is going to be paid by the County and what we put aside in the budget. Mr. Wielkocz said eventually you're going to buy down whatever the net debt is going to be. Councilman Cimiluca said immediately we're going to buy down more than a third of it.

Mr. Lo Dico said we haven't borrowed the money yet. We've been using our own money or the County – we put in a voucher for the \$400,000.

Councilman Cimiluca said we've gotten questions from the audience that if this was a business you couldn't run it like that or if this was your household you couldn't run it like that in terms of like road projects. The thought from the other side of the dais is that we should have enough money to do everything we want to do without borrowing anything. But you guys who have been a mayor – you've been around both sides of the fence. Mr. Wielkocz said he was a Councilman. Councilman Cimiluca said the thought process is, if we do road projects, we should have money in this budget set aside, and we should just basically pay cash for everything. You're on the County level, the local level, that just doesn't happen, does it?

Mr. Wielkocz said it does, sometimes it does.

Councilman Cimiluca said million dollar projects? Mr. Wielkocz says it does happen, not often, but it happens. The theory is, you have to manage the capital projects you do every year. And just like your question, what was the debt last year; what is it this year? Well, last year you authorized about \$900,000 more than you paid off. You have to be careful. You can't keep on that continuum because otherwise then your 1.2 net debt percentage becomes 1.6, 1.7, 1.8 – and then your debt service in your budget will continue to grow based upon the continued borrowing that you have to do. You mention roads. After the winter we had, I'm having this conversation with every single client I have. We need to do twice as many roads this year than we have done in previous years because the roads are an absolute disaster. So if you need to do more roads, maybe you need to look at some of the other capital requests in terms of what's really, really, really important this year versus what can be put off to '16 or '17 or '18. Which is why you need to have a five-year plan which, especially when you're dealing with the firemen and the ambulance – when you're buying fire trucks for 400 or 800 or whatever depending on what kind of truck it is or a rescue vehicle which can be 150 to 250. You really need to be very judicious in laying out what the needs are because you have to be flexible when you have a winter like this, and normally you would do half a million bucks in roads, you may need to do 750 or a million bucks in roads. Just because you have no choice.

Councilman Cimiluca said we're here, but I think we spend more time answering people's questions at the grocery store or at IGA. Mr. Wielkocz said the rule of thumb is for the infrastructure and improvements you don't do this year, down the road you will do double or triple. I have been in places where for two or three or four years they don't do anything, and all of a sudden you've got to do ten times what you would normally do. Again, a five-year capital plan, having a program, especially working with the engineer and having a street program which again – if this was Florida, it would be a little bit different. We wouldn't worry about all the pot holes. There's got to be some flexibility, and I think that's part of the reason Pete and Ray put double the down payment money in this year, recognizing that there's more stuff that's got to be done.

Councilman Cimiluca said the question would be, it's not unusual to have bonding pay for your road projects. Mr. Wielkocz said no, that's really standard operating procedure. Again my view on capital projects and debt service is, as long as you are managing the budget and the impact on the budget which is again, you need to have a five-year plan at least, you need to have debt service projections, you need to see where you are. Then as they say in the business, stuff happens. You have \$3 million in tax appeals. You have to go to the state and say please can I pay this over five, six, seven years because if I pay it over one year I'm going to be SOL.

Mr. Lo Dico said we have our major requests, Councilwoman D'Arminio brought up roads, some council members have other items. The fire department put in for two fire trucks because one is 25 years old and one is 20-something years old. Two years ago we bought a million dollars' worth of DPW equipment. We bonded. They're all set, pretty much. I guess roads are the major program that everybody seems to be in agreement to do. We have a capital program going with water. We have an application which was approved with the New Jersey Infrastructure Trust fund, so we're going ahead with that. That's a million something for the water lines, so we don't have to send notices out every couple of months to residents.

Mr. Wielkocz said in that program 75% of the money is interest free, so the net interest cost is really peanuts. Your utility looks pretty healthy, so the incremental increase in debt service going down on a million bucks over their program which is like 20 years, shouldn't really have an impact.

Councilman Cimiluca said the one thing we have to remember is that we've already got a commitment from the county that they're paving Saddle River Road, Midland Avenue. Mr. Lo Dico said County Roads. Councilman Cimiluca said PSE&G is supposed to do curb-to-curb paving on all the streets that they have ripped up.

Mr. Lo Dico said he and the Mayor met with them on that. Councilman Cimiluca said that's a nice chunk. The problem is that the road might be so bad that –

unfortunately they throw money into something just to make it drivable for them to rip it up two months later.

Mr. Lo Dico said the other major concern that we have – the library - six or seven years ago we did an addition. We bonded for that, but we have been paying the bond – bond anticipation notes. We should have it paid this year – that's cancellation of debt. The balance should be cancelled.

Councilman Cimiluca said you say we, but it's the library itself. Mr. Lo Dico said it comes out of library funds, and that will be finished this year, so that will take care of that. He said hopefully our engineer will be reviewing bids tomorrow for the sewer pump station for the valve that Councilman Camilleri talked about. But we may need additional work with the sewers. We don't know at this point in time. The question is, as far as bonding, what monies do we have left if any from prior years that was for the down payment, the 5%? Mr. Wielkocz said \$59,000. Mr. Lo Dico said if we put the 50, we have room to play with that other 50. Mr. Wielkocz said you have 150, so you have the ability to do \$3 million worth of improvements.

Mr. Lo Dico said the 59 and the 50 gives us a down payment of 109. He asked, if we need that money someplace else, can we move that out. Mr. Wielkocz said if you need to – the question came up about roads. He said whatever you get comfortable at as being a tax increase for the average homeowner, then we figure out how to get there.

Mr. Lo Dico said with regards to our bond anticipation notes, we haven't sold a bond since 2009. Are we ready with the interest rates low and potentially –

Mr. Wielkocz said he would have to go back and look at the overall debt service picture. He said we are paying almost \$340,000 in principal on the 2013 tax appeal refunding. There is still, after this year, one more payment left on the 2011 tax appeal refunding. Even though the market is great, I need to take a real hard look at where we are debt service wise because to just sell bonds because the market is great may not make the most sense in the world because we're going to add debt service into the budget for next year and the year after and continue to roll the notes and roll the dice a little bit on the interest rate, but you know, I need to look at it. The notes aren't due until August, so we have time.

Mr. Lo Dico said the first five year emergency that we did was for the sick time - \$700,000. This should be our last payment this year. Mr. Wielkocz said not even close. You still have another payment in '16. That won't be done until '17. You have 140 this year and 140 next year.

Mr. Lo Dico said then we have the tax appeals – emergencies. Mr. Wielkocz said we have the special emergency for reval which is 25,000. There's four years left in that, this year and three more years at \$25,000. He said my initial sense tells me we are probably better off waiting to sell bonds for at least another year, maybe two years until some of this other stuff comes off. I'll take a look at it and see where the rest of the debt service is. He referenced a county project for the justice center. They bonded last year because the rates were good and they're paying debt service this year on something that's not built yet. He said he had a little bit of an issue with stuff like that even though some of these improvements have been done already, I hate to get into – say okay we're going to raise debt service next year 250,000 which is going to be 2.5 in taxes, so another \$40 or \$50 to the average homeowner just to take advantage of the rates today when quite frankly we don't know what the rates will be in two years. Six or nine months ago people sold bonds because the rates were great and guess what, the rates are better today. If we knew the answers, we wouldn't be here. We'd all be in Florida.

Mr. Lo Dico said instead of bonding we have been actually purchasing cash out of the budget. Years ago we used to bond for \$50,000, \$100,000, \$75,000 little projects because the state makes you with the cap. What we're trying to do is put them in the budget where we can and leave the big ticket items for the bonds.

Mr. Wielkocz said there's nothing wrong with that.

Mr. Lo Dico said we used to bond years ago for police cars. Now we buy two a year. Mr. Wielkocz said you can't bond for police cars, only four wheel drive vehicles. Mr. Lo Dico said we built that into the budget. We don't lease; we actually purchase.

Councilman Cimiluca asked what we did with the money we put away for road projects last year. Mr. Lo Dico said we didn't have any. Councilman Cimiluca mentioned Cambridge, and Mr. Lo Dico said that was a water repair. Councilman Cimiluca asked about Sylvan, and Mr. Lo Dico said it was drainage or water. We have not embarked on a solid road improvement program.

Councilman Cimiluca said we have to talk about that with the new engineer and get that from Costa because he did have the interns years ago rank all of the roads [as to] which one is more dire for replacement or repair.

Mr. Lo Dico said the area PSE&G is talking about is the area here, Catherine Ave. This seems to be the area for gas replacement.

There was some discussion about roads in this program. Councilman Cimiluca asked if they had a timetable, and Mr. Lo Dico said they talked about it as being weather related.

Council President Mazzer asked about Department of Law OE which is up \$15,000 from last year, and she said she had nothing to back it up. Mr. Lo Dico said this also includes Planning Board and Zoning Board lawsuits which we had a few last year. They're not budgeted under Planning Board or Zoning Board. He said this was kept the same because you never know if you're going to get various lawsuits. If we have special counsel, it comes out of here.

Council President Mazzer then asked about the electricity. Mr. Lo Dico said we had to do a transfer of \$29,000 last year. The very cold winter last year and the budget for this year. Councilman Cimiluca suggested buying sweaters for everyone.

Mr. Lo Dico said gasoline we kept the same even though prices have dropped dramatically.

Council President Mazzer asked about Lodi. Mr. Lo Dico said for the sewer, until we renegotiate the contract. Council President Mazzer said it's \$20,000. Mr. Lo Dico said it was in the original lease in 1962-1963, and it says in there until the contract is renegotiated. It expired ten years ago, and we haven't been able to reach an agreement. Lodi wants additional money, and until a new agreement is reached, we keep paying \$20,000. Mayor White said it hasn't gone up since 1963? Mr. Lo Dico said we are still negotiating.

Council President Mazzer said it looks like a fair budget.

Councilman Cimiluca asked what was in the budget in terms of police, and Mayor White said two this year. Councilman Cimiluca said they would come in at the low rate, and we would assume on top of that the benefits. Mr. Lo Dico said yes. He said what we did last year and we continued this year is we put a line item, \$100,000 for Veterans Field. One of the reasons we did that in 2014 is the state reduced the pension payment by \$100,000, and we don't want to take it out of the budget. We left it in the budget as a one time line item, \$100,000 for Veterans', we did the same this year.

Councilwoman D'Arminio said giving us \$200,000, and Mr. Lo Dico said right. Councilman Cimiluca said besides the \$400,000 we're matching the County, and Mr. Lo Dico said right. That's not part of the \$2.1 million that we bonded.

Councilman Cimiluca noted that we have close to \$700,000 that's not been earmarked. Mr. Lo Dico confirmed that.

Councilman Cimiluca mentioned the cost of the salt shed. He said it's a box with not a lot of interior work that's being done.

Council President Mazzer said there's got to be a rule of thumb for square footage. Even if you take \$200 a square foot, which is up there.

Mayor White asked Councilman Camilleri about the kitchen, and Councilman Camilleri said he took out some of the appliances. We can reuse some old stuff. There will be a lot of other little things as we go along, hopefully we can reduce the cost. He said he didn't know if we needed the porcelain tiles on the outside. Maybe we can do the whole building with the split block and be done with it. The porcelain tile may look nicer, but what's the extra cost? He discussed the truss roof and said it was more expensive, but flat roofs are bad when it rains. He said when we get the numbers in for that project, we can see where we can cut more.

More discussion of the snack stand followed. Councilman Cimiluca suggested the high school as a template.

Mr. Lo Dico said to recap we have two new police officers starting August 1st, one DPW person to replace one who is retiring starting July 1st. We have the custodian, which the Council gave permission for the town to hire. We have \$5,000 more in financial OE because we have to pay for the bank services for payroll because they cut back in the last couple of years. We added \$20,000 in police OE based on past years with repairs to the cars. We put an additional \$5,000 for community projects and activities. We upped SBC-TV from \$25 to \$35, and we added for Angels soccer because we had a request to recreation \$2500. That pretty much highlights the budget, and based on that we have our numbers from the auditor that comes out at this point in time to tentatively a \$95 increase with the additions that we put in. What we did originally – Steve was using a \$300,000 surplus, but we put it back and left it at \$150. We took about \$100 that we were collecting from the employees for the health benefits that went into surplus, and we actually are applying that now into the budget under health, so it's like a wash.

Mr. Wielkotz said the important thing is of the \$95.20 municipal tax increase, almost \$34 is due to the reduction in ratables for the tax appeals. The actual real increase based on the budget is \$61.50. Not that anybody is going to hear it, but the budget represents \$61.50. The balance of \$33.70 is because the tax point went from \$194,000 and change to \$191,000 and change because of tax appeals.

Mr. Lo Dico said we are within all caps? Mr. Wielkotz said yes. Mr. Lo Dico said when we introduce the budget we will have a cap index rate ordinance like we have done every year which allows us to bank extra dollars for future years. Mr. Wielkotz said yes. Mr. Lo Dico said usually we have a number of other resolutions, but I don't know if we need the accelerated tax. Mr. Wielkotz said he needed to look to see if we needed reserve for uncollected taxes. Mr. Lo Dico said our tax collection rate was 98.93. Mr. Wielkotz said that was using the add back of the reduction from tax appeals of \$758,000 in order to get there. In order to get something close to that percentage we need to do the resolution which allows us to do that when you introduce the budget, which I will provide.

Councilman Cimiluca said obviously you'd like 100%. Mr. Wielkotz said if we don't reduce the levy, which you're allowed to do by the cancelling because of tax appeals, the actual percentage was 97.45. Doing it the old fashioned way, by reducing the levy by the tax appeal cancellations, which is something new that the state started allowing three or four years ago, you get to 98.93. Hopefully the reassessment from '13 will begin to stem the tide of a lot of the tax appeals, hopefully.

Councilman Cimiluca said we were advised or recommended to do another reassessment. Mr. Lo Dico said the recommendation came in to do one every year or every other year because as we drop – the consensus is if we keep dropping you get tax appeals. If you stay at 100% it's harder for the other side to file a tax claim, but there's a cost.

Mr. Wielkotz said obviously there's a cost involved. Number two, it's the explanation to the homeowner as to why their value is changing every year. Not many places do that; I'm not sure who recommended it. Councilman Cimiluca said Art Carlson, the assessor. Mr. Wielkotz said he was not sure what the motivation

was; it's been a tough time. Tax appeal wise, value wise, market wise. He asked what the ratio is this year, and Mr. Lo Dico said offhand he did not know. Mr. Wielkocz said you did a reassessment in '13 for '14, so theoretically '14 should be close to 100%. He said he would look at the cost benefit. It cost \$125,000 to do the reassessment in '13. To do an annual adjustment, what are we talking about in terms of dollars? Does it make sense? Again the residential tax appeals are not the ones that hurt you. It's the commercial ones.

Councilman Cimiluca asked if we got the savings from changing the health care coverage for the year. Mr. Lo Dico said yes. He said we draw a check, \$22,000 a month; we're banking it. We have it set up in the account; we haven't used it. We'll probably save another \$100,000 in the budget, but we have it in there. We kept it as a cushion in case we need it.

Councilman Cimiluca said last year we assumed the prior year's rate, and we saved money, and this year we're also assuming the 2013 rate. Mr. Lo Dico said we have that in there. We're putting \$20,000 a month in for the self-insurance portion, the Difference Card. We're not even close to drawing out that kind of money. He said we were told we have that in the health insurance account. It's there if we need to draw from, so that's being put aside.

Councilman Cimiluca said at some point when we have \$300,000 in there - Mr. Lo Dico said we can cut back. It might be July or August, but at this point we're being conservative. We haven't been through a whole year with it yet. We did have the savings to starting in July. I think it was \$121,000 left, and that was for six months. He said he admitted he was skeptical.

Councilman Cimiluca asked if we have had a lot of problems or have those initial problems with getting people used to using it and getting the doctors to use it properly? Are those dissipating, or are we still having problems? I mean there's a person or two that every time there's a problem I get ten phone calls. Mr. Lo Dico said as far as I can tell, I've told people to come to me and nobody has. If you talk to the union reps, they claim they're getting the calls. I think they are getting used to using the card. If you're going to a specialist, you swipe it for a certain amount. If you're going to the doctor, you swipe it for the difference for the co-pay. Councilman Cimiluca said a couple people who went to the hospital - and the hospital said before we check you in you have to give us \$1500. Somebody at one point paid it and ended up getting money back. His problem was, I happened to have \$1500, but what if Joe Schmo retired guy does have it? Does he not get treated?

Mr. Lo Dico said that's not emergency room. That's a separate part of Hackensack, Hackensack radiology. They know ahead of time they're going for the tests, and we told them call us or call the Difference Card people. They can override the amount. They've done it before. We have to know ahead of time, though, don't call me when you're standing there. I need to know a little bit ahead of time so I can contact somebody. We have resolved it. He said he thought the only other problem was a couple of doctors don't have credit card machines. He said maybe \$150/\$200 a day is coming out of the Difference Card Account, so it really seems to be working. The assumption is not everybody goes to the doctor for everything, and that's where we're getting the savings. It's true. It's up in July, we'll see how the renewal - yes, there is a savings.

Councilman Cimiluca said, that money we have saved, it's in the bank someplace? Mr. Lo Dico said it's a separate account. Councilman Cimiluca asked if at some point we have \$300,000 beyond what we're budgeting for, can we pull that out and use it for something else? Mr. Wielkocz said it can only be used for health, but you can reduce the amount in the budget.

Mr. Lo Dico said we budgeted the same amount. We're taking out for the employee contributions, and we're still talking about at this point in time \$21,000 a month, that can drop to \$15 if we see we don't need the money.

Councilman Cimiluca said the money people pay for their contribution for the health insurance, does that go into that same trust fund? Mr. Lo Dico said no, that goes in

to reduce our premiums. Mr. Wielkotz said that's the law. The Chapter 78 was to be able to net fund in the budget the cost of health care.

Mr. Lo Dico said the police starting this year get their 35% when the contract came up, so now for the first time that group is in the max. Next year we will probably have a little more money.

Mr. Lo Dico said there's money if there's an emergency, and that's the whole point. We're not cutting the budget down – cut it for this year and then have a problem next year. This will help us in future years to maintain the budget and the increases that do come up.

Councilman Cimiluca asked Mr. Carnevale if we are doing okay financially, and Mr. Carnevale said yes we are.

Council President Mazzer asked for a motion to go into closed session at 7:55 PM.

TOWNSHIP OF SADDLE BROOK RESOLUTION

CR# 315-80

WHEREAS, the Township Council of the Township of Saddle Brook desires to meet for the purpose of a closed session to discuss tax appeals and negotiations; and

WHEREAS, the Open Public Meetings Act does make an exception and allows a public body to hold a closed session to discuss these items.

NOW THEREFORE BE IT RESOLVED by the Township Council of the Township of Saddle Brook that the closed session to take place on March 23, 2015 at 7:00 PM or as soon thereafter as the matter can be reached at the Municipal Building be closed to the public and the press and that the results of the discussion at the closed session will be released to the public when the reasons for discussing and acting on it in closed session no longer exists.

Motion: Councilwoman D'Arminio

Second: Councilman Camilleri

Roll Call:

Councilman Cimiluca - yes
Councilman Camilleri – yes
Councilwoman D'Arminio - yes
Councilman Accomando - absent
Council President Mazzer - yes

Council President Mazzer asked for a motion to come out of closed session at 10:23 PM.

Motion: Councilwoman D'Arminio

Second: Councilman Camilleri

Roll Call:

Councilman Cimiluca - yes
Councilman Camilleri – yes
Councilwoman D'Arminio - yes
Councilman Accomando - absent
Council President Mazzer - yes

Council President Mazzer asked for a motion to adjourn.

Motion: Councilman Cimiluca

Second: Councilman Camilleri

Councilman Cimiluca – yes
Councilman Camilleri – yes
Councilwoman D’Arminio – yes
Councilman Accomando – absent
Council President Mazzer - yes

Meeting adjourned at 10:23 PM.

Respectfully submitted,

Peter Lo Dico, RMC CMC
Township Clerk

Approved: April 2, 2015

Florence Mazzer
Council President