

TOWNSHIP OF WASHINGTON
BERGEN COUNTY, NEW JERSEY
BUDGET MEETING
Tuesday, March 26, 2019

CALL TO ORDER – 7:30 p.m.

STATEMENT

Welcome to the Special Public Meeting of March 26, 2019 of the Township of Washington Township Council. Adequate Notice of the meeting was given in accordance with the Open Public Meetings Act by the township Clerk to at least two (2) newspapers on March 21, 2019, and this notice has been posted on the Township Bulletin Board and on the Township Web Site.

Please notify the Municipal Clerk for any disability requirements necessary for attendance at Mayor and Council meetings. The fire exits are located through the double doors to your right and through the door on your left. Please silence all cell phones

SALUTE TO FLAG - led by Council President DeSena

ROLL CALL

Councilmen Cascio, Cumming, Ullman, Council President DeSena
(Also, in attendance Peter Calamari, Mayor; Robert Tovo, Administrator; and Susan Witkowski, Township Clerk) Councilman Bruno arrived at 7:36 p.m.

GENERAL PUBLIC DISCUSSION

A motion was made by Councilman Cascio, seconded by Councilman Cumming, to open the general public discussion

Ayes: Councilmen Cascio, Cumming, Ullman, Council President DeSena.

Nays: None.

Absent: Councilman Bruno.

Seeing none.

A motion was made by Councilman Cascio, seconded by Councilman Cumming, to close the general public discussion

Ayes: Councilmen Cascio, Cumming, Ullman, Council President DeSena.

Nays: None.

Absent: Councilman Bruno.

DISCUSSION

2019 Budget

Administration has distributed two hand-outs, one being the revised budget, the second being for the 2019 road program funding from prior years. A conversation followed on Ordinance No. 13-06 Road Program, the \$136,000 number that is left over. Ms. Curran explained the balance that was left over in the bond ordinance is what is left that you can actually spend on the ordinance, all the money was not spent, you would have to look at the six-million-dollars in BANS, that consists of all of those ordinances, that would tell you how much is borrowed against that ordinance. Administration will double check. Ms. Curran stated the confusion is when there is a bond ordinance, it is not cash sitting in the account, it just means all of the ordinance was not spent. She stated when we go to renew the BANS, you have to have the minimum pay down of those BANS, if you read where the bond is actually structured, it will state six-million-dollars in BANS to be renewed, minus x which is what we are paying down and adding new borrowing. You would have six-million-dollars, and you would pay fifty-thousand down, that is a required payment, and then you would borrow the six-million, minus the fifty-thousand, but now if you were to borrow new money, that would be written in that bond that you are borrowing this amount of money, but you would not want to do that, you would renew those BANS, you would pay that down. Once these ordinances are cancelled out, there would only be monies left over if that portion was funded, if it was not funded, there would be no monies. Council President DeSena requested Ms. Curran look into this to see if the \$407,000 was left over and if so, can be put in the road program.

The third page Administration provided is a letter from the Township DMF Superintendent regarding the status of a vehicle which was requested, the third truck will be needed to collect leaves and plow roads. A lengthy conversation followed on sharing a town-wide communication optics installation plan with surrounding towns, which was brought up at a Shared Services Meeting. Councilman Cascio explained the \$250,000 investment, at 5% down, which will increase more band width communication, assist in public safety, communication with schools, drop zones and the carrier can also offer the service to the residents. In three to four years it will pay for itself. Currently, there is no target date, and a memo from the shared services meeting will be provided to Council. This will have no impact to the current radio system that is being installed for the police department. \$250,000 will be added to "Town-wide Communications Fiber Network."

A discussion followed on policies and SOP (Standard Operating Procedures) in the Police Department. In the course of 2019, many of the police policies can be updated so they are in compliance with the accreditation process, which will be better funded in 2020. Once it is funded, the two-year clock will begin for grant

money to offset. Once policies are developed, they will need to be proven for utilization, which takes time. DMS (Document Management System) has also been funded, and it is in current.

DMF Class 2 pick up has been moved back to 2019. The current Class 2 truck (Truck #34) is from 2004, the floors are rotted out, there are holes in the driver's side floor, the truck is not currently on the road. The Class 2 pick-up will be needed for leaf pick-up, as well as snow plowing. For the DMF to be efficient, nine (9) trucks would need to be on the road. The truck is a stock item, State contract, and can be delivered within two (2) months. A Class 7 truck would take about a year and a half to get, a Class 5 truck was ordered. A conversation followed on the list which was provided by the DMF Superintendent, additional information that can be built into the list for there to be an understanding of what stock the DMF currently has. Preventative maintenance on the vehicles and mileage are not necessarily the indicators of the use of the vehicle(s). Placeholders were discussed for purchasing of additional trucks and staggering the vehicles.

A vote was taken for putting \$49,000 in for the purchase of a Class 2 Pick-up truck – DMF.

Ayes: Councilmen Bruno, Cascio, Cumming, Ullman,
Council President DeSena.

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9-01-25-241-000	Police Vehicle Leasing	Reduce to \$10,000
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A conversation followed on the above line item, which is the Chief and Detective vehicles, expiring 2/2020 and 3/2020. Quotes were received with different options for Ford vehicles, 3/4/5-year term, with a buyout of \$1.00 at the end, currently the vehicles are Hyundai's, they would now be Fords, which is recognized by New Jersey Police. Equipment would need to be transferred at a cost of \$1,000 per vehicle. Two vehicles are funded in current, with one in capital. Vehicles last five years plus, warranty on the vehicles is short term. Currently there are no vehicles in capital for 2019. Currently the above line item is budgeted for \$16,800, but can be reduced to \$10,000. Council President DeSena stated the budgeted amount will be \$10,000, not \$16,800, since they will be done late in the year, deducting \$6,800. Council is in agreement.

Ms. Curran will send out an email regarding Town Day.

Council President DeSena stated Councilman Bruno did have a question on the salary line item for Finance, he would like to know what the actual salary was in 2018. Administrator Tovo stated the W-2 reflects what is shown in the budget for that line item, \$60,000 was the annual salary moved in late 2018, that

number was never realized, that was his misunderstanding. The payroll register did show \$60,000, there was a notation on the side noting \$60,000, that's what the salary went to, due to the lateness of the year, it was not realized. The annualized salary on December 31st was the higher number, the last three months (2018) was prorated at the \$60,000, 2019 salary is \$60,000. The actual and the W-2 reflect the \$45,000, the annualized on 12/31 was \$60,000, which has continued forward. A conversation followed on how this was approved, and who approved it. Councilman Bruno stated this is a serious violation of procedure, since the Council approves the salary, who approved the increase. Council President DeSena stated one position falls on the bottom of page 10 (9-01-20-130-160) \$10,000 and the other position falls on the bottom of page 12 (9-01-20-145-100) for \$45,168, new salary being \$55,168. Councilman Ullman spoke of the seriousness of the issue, which is in our control environment, money had to be moved at the last meeting to support an outside consultant to do a tax reconciliation that was not done, who was responsible, we don't know. He stated when the budget began, there was a question raised how the budget is being done, The Canning Group, which was a major expense, was put over three different line items, where the money was, it was easier, but he feels it was not proper. Administrator Tovo replied if it was not budgeted for, where would it have been put. Councilman Ullman replied a reclass could have been done. Councilman Bruno stated we found it because we go through the budget painstakingly. He stated the Council controls the budget that has been proposed by the Administration, with checks and balances, control accounts, line items cannot be exceeded. He stated it is the same with Town Day, why do we need this information, he feels as a Councilman he can ask that, and it is not unreasonable. He stated we don't know where the \$45,000 number came from, and it does need to be further investigated. He stated one of the reasons he ran for office is his background in finance. He stated we have a new auditor, new CFO, new Administrator, and he is not laying this on the feet of anyone at the table, since this occurred earlier in the year. He does have a few control issues noted, will be bringing them to the attention of the auditor to be reviewed in more detail. Council President DeSena spoke of his concern of other spending issues that we have, and haven't fully dug deep enough. He stated he hopes the checks and balances are there going forward. He does understand Ms. Curran has a lot of catch-up work to do, he hopes we don't have this issue in 2020, and hopes she has been given the authority to make sure that does not occur. He stated we know things are going in the right direction, and things do come up from the past that need to be dealt with, but hopes everything we have done going forward is the way it is supposed to be done. He stated it is worrisome that the auditor did not catch this, it is worrisome since a lot of time is spent going through this. Ms. Curran stated this happened in 2018, and that audit has not been done yet. Councilman Bruno stated it is wrong that \$45,000 disappeared and we have no clue why, that is wrong, and unconscious able that someone took \$45,000 out of a reserve and transferred it somewhere else should be fired. Councilman Cascio stated Council has three functions, pass ordinances, approval of budget,

and investigatory powers. If this remains unsolved, we may have to use the third option, this should have never happened, not knowing where taxpayer's money goes reflects badly on the Council. This budget was 150 pages, and it is down to 78 pages as things were reclassified, and lines eliminated, but we have to make sure what we are doing is the best for the taxpayers. He stated we may have to use a forensic accountant. Councilman Bruno stated in his mind; he does not have any intention on passing the budget. He stated there a dozen plus accounts that number are incorrect, invoices are missing, too many accounts with errors. He stated we have to look at everything that is paid, but this year is probably the worst. Councilman Cascio stated in the past years it didn't take this long, and we need to find out why, because a budget should not take this long. A conversation followed on what was provided at the sessions. Councilman Cumming stated he agrees with Councilmen Bruno and Ullman, there are concerns with salary and town day. He stated Council is not supposed to be the auditor, council is to approve the direction of the general budget. He feels very unsure by the information that has been provided by the former administration through the current administration, it is not the fault of the new Administrator or CFO, but he hopes next year we will have a much straighter and more accurate path, and easier job.

PAGE 10

9-01-20-130-160	Deputy Treasurer Benefits Coordinator	-	Reduce to \$5,000
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Councilman Bruno motioned, Councilman Cascio second the reduction to \$5,000 in line item number 9-01-20-130-160.

Council was all in favor and agreed to reduce above line item to \$5,000.

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Ms. Curran spoke of bills which came in late. Curbside recycling was charged to a grant. Ms. Curran stated regarding donations, she would like to set up trust account to cover donations for Town Day, charge expenditures there. She stated there can be some monies in current. She stated for example one year you can get \$10,000 in donations, it would stay in the trust account and grow, you may spend \$5,000, and the following next year you only get \$1,000, you still have money in reserve. Council President DeSena stated this would show how much we received in donations, what was spent at this time, it is all over. Ms. Curran stated we will be setting up a separate trust account for each project. She stated whenever someone puts monies in for a project, an individual account should be opened up, it would be an interest-bearing account, a W-9 would have to be filed, it has not been done here and is required by the State. Currently, it is not a question on Best Practices. Ms. Curran stated there should be a separate account and escrow modules, which has been done correctly since January 1st.

She stated she would like to be involved in the escrow process, as it is a CFO function. A conversation followed on escrow monies that are currently sitting there, and the current subledger, but there are not individual accounts. Anything over \$100 needs to be in an interest-bearing account, with the resident/developer receiving 2/3 and the town receives 1/3.

Ms. Curran provided new impact figures, all capital was removed, two print-outs were provided, the surplus amounts are different. Page 1 has a 1.2 surplus anticipated and page 2 is 1.9 surplus anticipated, which includes all of items that were pulled from the capital to the current, to fund the projects. Page 75, Capital Improvement Fund, \$550,000 (9-01-44-902-200). A conversation followed on putting -monies in reserves, such as \$50,000 in reserve current fund, for trees, remembering after two years it will go into surplus. Capital Improvement Fund was discussed. Currently there is \$254,000 in surplus, putting \$550,000 in the Capital Improvement Fund. If the \$407,000 exists, it will give the Township over one million for roads. Ms. Curran stated in the surplus anticipated, if the 1.2 million is used, there would be a \$289 increase, if the 1.9 million is used, there would be a \$86 increase, total year. Appropriations are similar to last year, but still does not factor in debt service. The budget does not include the down payment of the ten million and not having to make a payment this year. Mr. Mai, Mr. Beinfield, and Ms. Curran will be meeting on Thursday, March 28th, at 2:00 pm. Council President DeSena stated Mr. Mai did ask what scenarios Council wanted him to run, and he replied the first scenario is a recommendation from Mr. Beinfield, do we keep the BANS for a little longer, or pay some of them off, or do we pay the BANS off totally with a separate bond ordinance? Second scenario would be turning some of the BANS into short five, ten-year bonds, and paying them off that way. The third scenario would be to pay off all six-million-dollars right now, into a five, ten-year bond, and see the cost. Council President DeSena stated Mr. Beinfield was going to do is come up with different scenarios of 20 years as the maximum, number of what the 10 million would like with all the existing debt schedules and the BANS, there is a correlation. Whatever Council does with the BANS, it will get less and less every year, if Council goes with a 10-year payout, leave the BANS as they are, it is \$440,000 this year, and \$390,000 next year, it gives another \$70,000 to put towards the 20-year bond. Mr. Beinfield will work on these different scenarios and will send it to Council for approval. The Township Clerk did put in a call to the State for an extension of the budget, but has not heard back. Council President DeSena stated Mr. Mai requested what is Council trying to accomplish, and he stated it was paying down the BANS, and looking for 10 million dollars of permeant bond for 20 year. Councilman Ullman stated if the Fire Department and DMF move forward, those would be twenty (20) years, and his concern is putting money into some of the other things that are not twenty (20) years. Council President DeSena stated when you go out for 10 million, it is different than when you go out for 5 million, there would be different interest rates on them, five (5) years for the Class 7 truck you will not get 2 or 3 percent, you may

get the 7 or 8 percent, and it does not make sense. Councilman Ullman stated clearly, assuming it is the consensus of the Council, the Fire Department will want the ladder truck, sooner rather than later, and if we are in a rate environment, and we feel taxpayers can absorb it, add the million-and-a-half to it. Councilman Bruno stated Ms. Morrone did a ten-million-dollar principle bonding for 11 years, at a rate of 3.25%, and she did it with a payment of 1.3 million, every year. Council Presidents DeSena stated Mr. Mai's goal was to look at the 10 million at 20, and possibly doing the BANS on a shorter term, five or ten, and seeing where that puts the Township. Councilman Bruno stated at this time we have 4.2 million plus 1 million, making it 5.2 million, using 1.2 million, leaving 4 million, keeping 1.5 million in surplus. Councilman Ullman stated 10% is 1.5 million, and he feels that is very tight, he would like to keep 2.5 million. Councilman Bruno stated 5.2 million less 1.2 million is 4 million, if you keep 2 million you have 2 million, if you keep 2.5 million you have 1.5 million in cash, plus unfunded items, and reserves, the school money is in there. A conversation followed on the tax increase to residents of \$289 per year, no tax increase in the past four years and use of the school money. A discussion followed on the March 28th meeting with Mr. Mai, Ms. Curran, and Mr. Beinfield, and what Council members can/will attend. Councilman Bruno stated we have done what we could, now the money needs to be used. Councilman Cascio stated we have done a very good job over the last few years keeping it to a flat number, there are many capital projects, it would add a good value at the 1.2 million. Councilman Ullman agrees. Councilman Cumming stated it is infrastructure and does agree.

At the April 1st meeting, Mr. Robbie Conley will be presenting the renderings of the Firehouse with the layout of the building. The estimate will be provided to Council tomorrow. There will be a Closed Session also on Monday night to have a quick presentation by Administrator Tovo on the contract negotiations with the Police Department. As per Mr. Poller's request, Closed Session will also include the Viviano project.

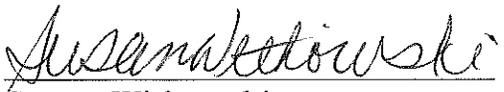
Ms. Curran will be sending Lerch, Vinci the budget information, and the Township Clerk will reach out to the State for a budget extension.

A motion was made by Councilman Cascio, seconded by Councilman Ullman to adjourn.

Ayes: Councilmen Bruno, Cascio, Cumming, Ullman,
Council President DeSena.

Nays: None.

Time noted: 9:26 p.m.


Susan Witkowski
Township Clerk


Michael DeSena
Council President

Approved: June 5, 2019