

**BOROUGH OF WATCHUNG**

**COUNCIL MINUTES**

**SPECIAL MEETING OF APRIL 30, 2015**

**7:00 PM**

**MAYOR'S STATEMENT:** Mayor Pote called the meeting to order at 7:02 PM and made the following statement: Under the provisions of N.J.S.A. 10:4-6 et seq., notice of the time and place of this meeting was given by way of annual notice to the Courier News, Echoes Sentinel, and Star Ledger, and posted at Borough Hall.

**SALUTE TO THE FLAG, SILENT PRAYER, AND ROLL CALL**

Nehls [ P ] Black [ P ] Franklin [ P ] Joren [ P ] Gibbs [ A ] Beck-Clemens [ P ]

There was one member of the public present.

**MEETING OPEN TO THE PUBLIC – AGENDA ITEMS ONLY**

No one desired to be heard

**MEETING DISCUSSION:**

Review of 2015 Budget Requests

7:00 PM - Historic Preservation OE and Capital

Committee members Barbara Diem, Betty-Jean Aldrich, and Lynn Franklin were present to discuss their budget request. They noted that just about all of last year's allocation was spent. They said that this year they intend to have a new plaque placed on the back of the current monument, with the names of additional Watchung residents who fought in recent conflicts. Administrator Atkins asked if they could work with \$11,000. that was allocated, and they replied they could, however, this would cover the new placque that they are adding to the war monument, and not much more, They said their other plans would have to wait for another year. Councilman Franklin asked Mr. Atkins if this expenditure could be a Capital expenditure and Mr. Atkins explained that this falls into the "gray" area. Council President Nehls asked, on behalf of Councilman Gibbs, what their plans were for the \$14,000. They have in their fund, and why couldn't this money be used for new ceiling and lighting at the Texier House Museum? Mrs. Franklin said she believes that improvements to the Texier House should come from the Borough's money, and Mrs. Diem indicated that they would consider using the fund if needed. Councilman Franklin asked Mr. Hance if donations were still coming into the fund, and Mr. Hance said they are, but not as much as when the Museum first opened. Councilwoman Joren said when people donate, they do so with the intent that the money will be going toward the betterment of the Museum. Mr. Atkins said several of the Capital requests will be referred to the appropriate Council Committees.

7:15 PM (7:25 PM actual) - Recreation Commission OE and Capital

Coordinator Linda Monetti and Chairman Bill Jacques were present. Mr. Atkins explained that last year's budget was \$34,660. and this year's request was for \$32,910 and he and Mr. Hance cut that by \$1,000. In regard to Capital needs, some of the A & F Committee were not enthusiastic about improvements to Camp Endeavor at this time, and felt Mobus and Ness were more of a priority. He said one Committee member had just been to Phillips Field and thought it was in good shape. Councilwoman Joren said she thought that Little League owned the Shack, as they are very controlling with it. Mrs. Monetti explained that other than fund raising, the Shack generates their only funding. Councilwoman Joren asked if the JIF inspects the Phillips Field

location and if there were any reports. Mr. Atkins said none that he knows of, and he would ask our professionals to go there and look it over. He said most of the big Capital items were Mobus related. Council President Nehls said there was money in a bond ordinance that was and can cover the Basketball Court repairs, the roof on the Pavillion was already replaced, and there is money left over from the Mountain Drive Ordinance that can cover the drainage improvements. He requested a detailed breakdown of the Ordinance balance from Mr. Hance. Councilwoman Beck-Clemens commended Mrs. Monetti for being so cost-conscious and said she was an exemplary employee and other employees should follow her lead. Council President Nehls questioned the increase in the donation line item and Mrs. Monetti explained she knows the needs of the Youth Services Commission, one being a lunchtime soccer program for the kids who may not “fit in,” and this money would fund that. Mrs. Monetti said last year we gave Little League a \$700. donation, and she was hoping to increase that this year, and \$300. went to Project Graduation, and she is very passionate about this program, and said it would be nice to help them out. Councilwoman Joren said his was a laudable idea, but there are other towns also involved. Mrs. Monetti said she is adding a movie night in June, and if successful would like to add another in the fall. Mr. Jacques said it is the intent of the Recreation Commission to add more programs. Councilwoman Joren suggested that Mrs. Monetti attempt to obtain donations from local businesses, in particular the big box stores. Council President Nehls said on behalf of Councilman Gibbs, he has a question in regard to the concrete on the floor of the Pavillion and does it really need to be done, and all agreed it was a trip hazard and water pools on it. Mrs. Monetti also expressed the need for an industrial “grade” toilet at Mobus field. Councilwoman Joren noted that every year there is money allocated for horticulture, but never used. Mrs. Monetti explained that it is for the playground mulch, and PW usually takes it out of their budget, and she said she needs to have it covered, just in case they don’t.

7:40 PM (7:55 PM actual) - Administration OE

Administrator Atkins said he had no overview, however, he and Mr. Hance will answer questions. Council President Nehls said one question that he has every year is in regard to computer expenses, noting that it is always going up. Mr. Hance explained that it includes the fees for emails, the computer consultant, the software for various departments. Councilwoman Beck-Clemens requested a report on computer expenses from Mr. Hance, with a complete item-by-item breakdown. Mr. Hance added that the addition of 2 new employees resulted in 2 new computers, however now all should be up to date. He said another expense in this line is the GIS system, and said he would provide the report. Councilwoman Joren asked about the Community Relations line item and Mr. Hance explained that this entails the set-up cost for the Credit Card system for tax payments, the Green Team expenses including the Farmer’s Market, the Seniors’ donation, and the Holiday and Re-org Parties. Councilwoman Beck-Clemens said this is an example when she said she has no knowledge of what each line consists of and several members of the Council have been going through the draft Operating Expenses and believe that a conservative estimate of at least \$100,000. can be cut from this budget, and she said she would like to make a motion to “that the Administrative and Finance Committee, with the Administration, review the draft and within 2 weeks reduce the present Operating Expenses by at least \$100,000. and report back to the Council.” Councilman Black seconded this motion and said this was a great idea. Administrator Atkins asked if these cuts are to be in specific areas? Councilwoman Beck-Clemens said Councilman Nehls has 4 pages of suggested cuts and she had 30 items. Mayor Pote said he believes in going over each line item individually, but not arbitrarily cutting \$100,000. when some are not aware of what they specifically consist of. Councilwoman Joren said this is a goal to work towards. Council President Nehls said his recommendations totaled almost \$70,000. so he believes it can be done. Councilman Franklin asked if this recommendation is for straight cuts, or to move money to cover some areas that may be “skinny” or tight? He said he has no problem moving monies where needed but if the objective is to cut the budget and in turn cut the levy, he is against it. Councilwoman Beck-Clemens said they are talking about cutting expenses, not the levy, and she found \$60-80 thousand that she feels can be cut. Council President Nehls clarified that this Council is stating that they all want money cut from the budget. They are setting a goal of \$100,000. and he said this is do-able, and if the Administration and Finance Committee wants to move monies around, that too can be looked at. Councilman Nehls said there is a motion on the floor and it needs to be acted upon. Mayor Pote asked for a clarification of the motion. Councilwoman Beck-Clemens said “that the

Administrative and Finance Committee, with the Administration, review the draft and within 2 weeks reduce the present Operating Expenses by at least \$100,000. and report back to the Council.” She said this is less than 1% of the total operating budget and as a team, we can do this.

Councilman Franklin said he was uncomfortable with setting a specific figure as a goal without analyzing it. This goal may be unattainable, and recommended to keep the amount to be cut “open.” Council President said his recommendations are very lenient and this is what the Administration has asked us to take out of the old bond ordinance, so we will no longer have to touch that, and I will have a comment on that recommendation later. Councilwoman Beck-Clemens said this will send a message to all the people who work in Watchung, that this Council really cares about what we are spending. Councilman Black said he seconded this motion the first time, and will second it again, but added that while he believes this is a good concept, we need to rely on our Administrator and CFO. He said his concern was with the surplus and felt we need to be proactive rather than reactive, and he has lived through this once before.

Councilman Franklin said when working with a predetermined figure, imprudent cuts are made.

Councilwoman Joren said the intention is to work toward a goal, it does not mean it’s a mandate, it is just a goal. Mayor Pote said he can agree with that. Council President Nehls said this is less than 1% and we need to start looking to cut now, because as Mr. Atkins reminds everyone, next year is going to be worse.

Councilman Franklin said his concern is where the monies go after they have been cut. If they go to a reduction in the mandated State cap, then I am against it. Council President Nehls said this is where we have philosophical differences. Councilman Franklin said the Moody’s credit rating downgrade was symbolic and when the economy started to tank, we used appropriation surplus. This was looked down upon by Moody’s as they are concerned with risks. He said budgeting to cap and relying on less surplus will reduce the 2% cap, but create a double-whammy with the credit agency because the more you cut the levy, the more likely you are to have to depend on appropriation surplus making all more risky. He said when you don’t budget to cap, you are leaving money on the table and the credit agencies consider it poor management, because you are leaving money on the table that you could have had as the State mandated, and it is frowned upon. Councilwoman Beck-Clemens said we have been spending from 2000 to 2008. We were fat-cats. We had a lot of money from investments and State aid. Then we had a recession. She said we do not have the revenue to cover our expenses and it is time to stop budgeting to the cap. Councilman Franklin said when you budget under cap, you are cutting revenue, and the levy is our main source of revenue. Councilwoman Beck-Clemens said if you have less expenses, you will need less revenue – they go hand in hand. Councilman Franklin said in subsequent budgets you will not be able to guarantee that you will have sufficient revenue because when expenses increase – and things are not going to get less expensive, and you have permanently cut your revenue source, you may be ok for one or two years, but in the future you will put yourself in a hole. Be careful in the future, I have seen this happen before in other jurisdictions – you will be laying off staff. Council President Nehls said the Board of Ed, the County, and Warren Township all brought their budgets under cap, and if this Council cannot find 1% to save, then we all should go home. Councilman Franklin said he wanted to address one more factor in regard to Moodys and said our debt to assessed value ratio went up because in 2008 the economy went down and so did our assessed values and this put a red flag up. Right now, our assessed value is at the pre-2008 level and we have fully recovered. Administrator Atkins referred to 2 charts prepared by Bill Hance, beginning with the year 2000. Moody’s concern with Watchung was the use of surplus, and explained the experts think taxes should be raised. He said no one in the Borough (departments) spend money just because it is there. He said when things happen, and they will although not intestinally, you will say to Bill and I, find the money and this will result in emergency appropriation. Councilwoman Beck-Clemens said she appreciates the 5 “drafts” prepared by Mr. Atkins and Mr. Hance, and said this is the Council’s second draft. Mr. Atkins said Administration & Finance will look at your specific recommendations for cuts. Mayor Pote said there is a motion on the floor, and it has been seconded, and asked the Clerk for roll call. Upon roll call the vote was as follows: Nehls, Black, Franklin, Joren, Beck-Clemens, “aye.”

Council President Nehls said he intends to use the monies left in Ordinance 01/10 to fund projects that need to be done. He said most of these monies were for Buildings and Grounds and Borough facilities, and he said there is close to \$600,000. left in the balance. He said I just spent \$400,000. of it so I'm leaving \$200,000. He said some of the ordinance was originally to go to an elevator at the Library, now we can do that plus drainage at Mobus, Camp Endeavor, concrete work, sewer manhole repairs on Orchard and Valley, work on the Texier House, and possibly tearing down the 3 buildings at Ness, including asbestos removal. At this point in time, we can easily spend \$400,000. on these projects and we won't have to bond for these. Mr. Atkins asked if Councilman Nehls said we have been using this bond for surplus? Councilman Nehls said he said we have been using it when needed for project. Mr. Atkins said it has been used very wisely. Councilman Franklin asked Council President Nehls if it is the Council's intention to put the \$100,000. toward debt-service, as recommended by the Administration and Finance Committee? Councilman President Nehls asked if the \$100,000. was found, could we use it to pay off debt? Mr. Hance said there was a few ways to do that – you allocate it as a deferred charge to pay off existing ordinances that are not funded or you can put it in the Capital Improvement fund so you don't have to borrow for projects. Council President Nehls said, so his answer to you (Councilman Franklin) is to find the \$100,000. and then we have additional discussion on how to use it.

### **PUBLIC PORTION**

Ira Dicken, Scott Drive, said the Moody's report's #1 criticism was budget imbalance and the most critical critique was that we were using our surplus. He said now is the time to act because we will literally have no where to turn and will have to take drastic steps to balance the budget. He commended the Administration for having 5 drafts of the budget and said that now is the time to listen to the Council. In regard to making drastic reductions, Councilman Franklin responded that the Borough employs a very small pool of non-union personnel that do not draw large salaries. So in order to make a dent in expenses of the budget you'd have to make a lot of lay-offs. He also noted that our Police Department is the second busiest in Somerset County.

### **ADJOURNMENT**

There being no further business to come before the Council, the meeting was adjourned at 8:45 P.M. to the Call of the Chair and the next regularly scheduled meeting to be held at 7:30 PM on Thursday, May 7, 2015.

Respectfully submitted,

Michelle DeRocco, RMC  
Clerk