In The Matter Of:

In RE: Nutley Board of Commissioners

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Budget Meeting

March 6, 2020

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*** BUDGET WORKSHOP ***

DATE: March 6, 2020

BOARD OF COMMISSIONERS:

JOSEPH P. SCARPELLI, MAYOR

STEVEN L. ROGERS, COMMISSIONER

MAURO G. TUCCI, COMMISSIONER

THOMAS J. EVANS, COMMISSIONER

ALPHONSE PETRACCO, COMMISSIONER

Also Present:

ALAN GENITEMPO, TOWNSHIP ATTORNEY

ROSEMARY COSTA, TREASURER/CFO

JOHN MOONEY, CPA, TOWNSHIP AUDITOR OF

NISIVOCIA & COMPANY
(Recording begins)

MAYOR SCARPELLI: Call the meeting to order, Madam Clerk?

THE CLERK: Yes.

COMMISSIONER EVANS: It's good to see you guys in good spirits.

THE CLERK: Board of Commissioners Budget Workshop Meeting, Friday, March 6th, 2020. The time is 9:06. Pursuant to the requirement of the Open Public Meeting Act, Chapter 231, Public Law 1975, notice of this meeting was posted on the TAP Into Nutley dot com on March 2nd, 2020, and published in the March 4th, 2020 issues of The Herald News, and the March 5th, 2020, issues of The Nutley Sun. A copy of this notice has been posted on the Nutley Town Hall bulletin board, and a copy is on file in the Municipal Clerk's office. Commissioner Rogers is absent, excused.

Commissioner Tucci?

COMMISSIONER TUCCI: I am here.

THE CLERK: Commissioner Evans?

COMMISSIONER EVANS: Definitely here.

THE CLERK: Commissioner Petracco.

COMMISSIONER PETRACCO: Here.

THE CLERK: Mayor Scarpelli.

MAYOR SCARPELLI: Here.
THE CLERK: All present, Mayor, except for Commissioner Rogers. He's absent, excused.

MAYOR SCARPELLI: All right. This is a workshop meeting for the budget. I'll turn it over to the Finance Commissioner, Commissioner Evans.

COMMISSIONER EVANS: Before we start, I'd like to introduce John Mooney from --

COMMISSIONER TUCCI: Hi, John.

MR. MOONEY: Hello.

COMMISSIONER EVANS: -- Nisivoccia & Company. John is going to be stepping into the Nutley role for Ray Sarinelli who is adjusting his work hours to something that's less stressful. So he decided that one of those stressful points --

COMMISSIONER TUCCI: He never looked stressed.

MAYOR SCARPELLI: Nutley was one of those?

COMMISSIONER EVANS: Nutley was one of those. But John and Ray will be working together on -- from the standpoint of our outside audits, and any issues that we have coming up that are frequent in many -- anyway. In front of you guys, you have a first look at your budget. You have a budget recap sheet, all right, which I'd like you to take a quick look at.

Overall, if you look at the left side, down
about three-quarters of the way, you'll see it says
"Tax Levy Impact." Right now this budget reflects a
3.8 percent increase on the tax levy over last year, or
an increase -- and when that increase is comprised of
400 -- $1,462,000 of cost increases, net, as well as an
overall drop in revenue of 120 -- almost $128,000.

Things that are in the budget that we just
need to be sensitive to, one, this obviously reflects
an update on the salary side reflecting the cumulative
effect of a 3 percent salary increase, the effect --
impact of a 3 percent salary increase for '18 and '19,
as well as the 2 percent increase for the Fire
Department in '17. So that's in this budget. So when
you look at your detail, you'll note comparatively
there's significant increases in some cases for the
salary line.

Other things that are in the budget that
we're impacted by are the usuals. The sewer bill is up
$166,000, pensions up $116,000. To reflect the
increased salaries, Social Security tax is up $25,000,
and because of the municipal election costs this year,
up an additional $30,000. Every four years, the
election line doubles from 30 to 60 to cover the costs
of all of those things.

You note that our debt service is up 218,000,
and it's not really debt, it's actually deferred charges, one of which is the deferred charge related to the revaluation costs, which we're picking up one-fifth at a time, and also money we set aside for the pilot that are due to the school, which we have to further evaluate how we're going to deal with that going forward.

So overall -- and the other big thing that's in here, other than the details, overall the other things in here is it reflects a $313,000 decrease in costs for paying the school and the county for transitional aid. That is down because of the statutory reduction of 15 percent year over year. So those are the big things that are in here. The others relate to various departmental costs that -- as this is a first look for all of you to see where we are.

We do need to make a decision around how we're going to -- or when we're going to introduce the budget. Statutorily, March 30th, budgets need to be introduced, and that means that we can either do it March 17th, or move the March 17th meeting to the 24th, or do it the first meeting in April, which would be allowed by statute for us to introduce the budget, and then after that we would have to hold a public hearing on the budget, which if we do it in either the late
March or April timeframe, you're looking at a public hearing on the budget the first week of May. So which -- just look -- when you look at the timing, those are the things that we face.

I think some of the other things that are important, understanding where we have the transitional aid discussions starting as we do every year, it's important to understand that it takes time to negotiate that. It also takes time for it to become effective. Simply one of the major drivers is that we're a calendar year town, so we run from January to December. And the state's a fiscal year state, which runs from July 1st to June 30th, so they don't adopt a budget until July, which causes us to wait for the final determination of our budget.

I also want to be clear that at no time were we close to, nearing, or even considering or discussing shutting down the government last year as it relates to transitional aid.

COMMISSIONER TUCCI: You check with Rogers?
COMMISSIONER EVANS: Yes. So just to be clear, that was never on the table. This budget also reflects further costs because the -- now that we're beyond the litigation for Ciccolinis, the study is being completed, and I understand it's been completed
by the planning board, regarding the Ciccolini property, so the work that's going to be -- that we can now move forward on can begin in earnest regarding the redevelopment of that area. That's been delayed a little bit because of the litigation posture that we took.

We do have further costs that will ultimately be reimbursable, but they have to be in the budget relating to the work -- the ongoing work that is a -- targeted at the ON3 site, given the redevelopment activity there, and ultimately when the Diamond Springs matter is resolved.

So those are the big things that are in the budget. What I ask you guys to do is just so you can -- if you want to share, we can talk about where you are with your budget, but I really would like you guys to take a look because of where we are. And it's no different than where we were last year. Last year we introduced at 3.86 percent. We were completely aligned on the fact that we would not adopt our budget at 3.86 percent, and we didn't. We adopted it at 2 percent, and we continued to work through the process for the -- until the aid was resolved.

But ultimately, you know, this is our starting point as we start every year. So those are
some summary comments. Ro, did I leave anything out?

   MS. COSTA: No.

COMMISSIONER EVANS: John?

MR. MOONEY: No.

COMMISSIONER EVANS: Okay.

MS. COSTA: You did a good job.

MAYOR SCARPELLI: Commissioner, I just have one question. Does it matter if we just hold the introduction until the first meeting in April?

COMMISSIONER EVANS: No. No, it says --

MAYOR SCARPELLI: No, no --

COMMISSIONER EVANS: -- we're statutorily allowed to do that. If we were to do it sooner, March 17th is definitely too soon, so we would have to cancel the 17th meeting and move it to the 24th, or continue the 17th meeting and then do an evening meeting sometime, another date after the following week, either closer to the end of the month or just use the April 7th meeting as the introduction date.

MAYOR SCARPELLI: Well, that's a decision we have to make, but that'll give us a little bit more time if we do it in April, to sharpen the pencils, and get down to an -- get down to a reasonable budget.

Uh-oh, I almost said something I didn't want to say.

COMMISSIONER PETRACCO: No kidding.
COMMISSIONER EVANS: So, yeah, it's just --
again, as we do every year, this is your -- you know,
our first look to see the compiled budget. You know,
each of us have to -- you know, are accountable for our
individual departments. We roll it all up, thank you
very much. I'm happy to do that for you guys every
year. And this is just basically where we're at.
There's -- absent the 15 percent reduction in our
transitional aid, which we have to have by statute, in
reality revenues would actually be up a little bit.

Things that we're going to start to see that
will ultimately come out in the wash is the application
when the pilots start to become effective. Because
what happens, and if you recall, we -- you know, we had
a lot of debate and a lot of good discussion, and we
talked about this, is that the pilot agreements that we
have on the LaRoche site are not the normal traditional
pilots. They cover a hundred percent of the municipal
tax, the school tax, and as you know, they include a
2 percent -- included a 2 percent administrative fee.
They also include a 2 percent escalator. So it puts
them -- in effect, other than they don't have to pay
part of the county, which is money we never kept, it
actually keeps them on par with a regular taxpayer as
part of the (indiscernible).
There's a lot of technical stuff that's in there, but that's the reality of what that is. The -- in applying a pilot, one of the things that does happen is those assessment values come out of the assessed value of the town, which affects the tax rate. But what happens is, when it -- because it's the levy, when it comes together, you have the assessed value going down, but you have revenue going up, and the net effect for us is zero. So the mechanics, when you look at the individual components, you have to sort of follow it through, which we can go through in more detail, but the reality is it has a -- no effect on ultimately what the tax increase is. It just is how you get it.

So we're still working it in that realm of, you know, negotiating state aid as well as looking at how we move forward with identifying additional revenues as part of the redevelopment effort that's ongoing in town. So on the revenue side, you'll see some stability in our revenues, and the rest of it is take a hard look.

MAYOR SCARPELLI: Okay. I encourage everybody to go back, look at your budgets, see what you can scrub.

COMMISSIONER EVANS: Like a dollar maybe on yours.
COMMISSIONER TUCCI: I'm pretty much flat. I think I'm up $13,000.

COMMISSIONER EVANS: Yeah, you are. Yeah.

COMMISSIONER TUCCI: But I'll go back and look again because we're looking at a reorganization in my department, so we'll be changing some jobs, maybe eliminating some jobs and maybe adding some. I know we've been speaking about a Human Resources person, which I think we need. But I didn't want to, quite frankly, spend the money. All right. And I also have some money in here, if you look on the -- under my line item [Parks and Public Property], under other expenses, it's gone up significantly from like 25,000 to 60 some odd thousand, and that we need to talk about because that -- I put dollars in there to do a study of Franklin Avenue. All right. In conjunction with what Topology's doing and everything else, so -- but obviously that's not something that one person does by themselves. We will do that together, but I thought that would be a good starting point, to put the money in here.

MAYOR SCARPELLI: I see the mayor's budget is up, mostly due to my increase in salary. No, no.

[Laughter]

COMMISSIONER TUCCI: (Indiscernible) 500.

MAYOR SCARPELLI: No, due to our litigation
costs, correct?

COMMISSIONER EVANS: Yeah. Yeah. Yeah, ongoing. And you -- and the Municipal Alliance shows as an increase in there because the grant monies didn't come through until after the budget was adopted last year, but it came through sooner this year, so just it's -- from a technical standpoint, it looks like a new spending item, but it's just not. It just wasn't in the budget by the time we adopted it; therefore, it's not comparable this year. That's about it.

MAYOR SCARPELLI: And those litigation costs hopefully will be reimbursed, correct?

COMMISSIONER EVANS: Yeah. I think we have to stand firm and aggressive that the matters that will come up should be reimbursable.

COMMISSIONER TUCCI: One other thing I wanted to note in here. As our work force town wide gets younger, you're seeing a drop in the health insurance, all right, because of -- partially because of experience, partially because of a bit more due diligence, and there are less factors that we felt we needed to build in hedges against, you know, people getting terminally sick and getting hit with high expenses at the end, something we didn't anticipate. We still have to anticipate for children being born and
people getting married, and changing from single to
married spouse, member of family and all that stuff,
but that's why you're seeing a little bit of a
difference there, too.

COMMISSIONER EVANS: Yeah. And mine's just
-- I'm -- my budget reflects a $413,000 increase, but
that's the -- if I look at that, it's $30,000 in
election costs that'll come up once every four years.
It's a $116,000 increase in the pension liability,
which is a bill we get from the state, so we pay the
bill, you know, and I haven't -- you know, that's not a
bill that you can negotiate or be flexible with. And
our sewer bill is up by $166,000.

What's interesting about that, we're billing
Prism at ON3 for additional sewer charges, which is
roughly $97,000, which actually offsets a good chunk of
that bill, but under the budgeting process for the
state, the revenues are on the left, the spending is on
the right, and they -- they're parallel. They don't
cross over, so you don't see that -- the net of that
additional billing, but -- so it's a gross increase.
And then that -- and after you get through all of that,
the net increase in my department is about 71,000,
which I will continue to look at.

MAYOR SCARPELLI: Anything else,
COMMISSIONER PETRACCO: I just want to add that on my budget, I -- we do -- we are anticipating some retirements this year, but with that grant that we took for especially the police officers, we're locked into that number, 71, I believe. So the only good news that I might have moving forward is that as you replace the top earners, you know, you replace them with, you know, academy pay and all that stuff, so -- but I am -- we are committed to that grant, too. I think we have another two years left on that.

And, you know, quite frankly, with the LaRoche site being developed and all that stuff, I don't see how we could not continue to grow there, because as the Chief's been telling me, that should really be just another separate zone. So right now we have four zones in Nutley that we cover, and really part of our wish list, you know, when we go back and forth with impact fees and so forth and so on, and even with -- when it comes to the Fire Department, you know, as we know, Roche had their own little fire station there and all that. These years, you know, even the apparatus that we have to get to those bigger buildings, it would need to be an investment of some sort where we --[indiscernible] in that? I don't exactly
know right now, but, you know -- and even when it comes
to the fire department, as we all know, you know,
there's been a lot of talk, all volunteer, 30 years,
all that stuff.

But, you know, with this rash of fires -- and
they do come in as rashes, you know -- Mutual Aid has
been used more and more and more. And not to mention
that we have an obligation to the surrounding
communities, too, with that. So, you know, I'm -- as I
look at my budget, I see what's driving it is the
salaries and, you know, being locked into that grant,
which I think it was a great move by the town, and as
we all know, it's -- you know, receiving that award has
paid dividends to the town. You know, the crime rates
are all down, you know, in our region, you know,
tremendously compared to other towns in our area.

However, you know, it's an investment. I
know that, you know, we took a lot of that money out of
the budget last year, Tom, you know, which was your
starting point with me here, so I know what kind of --
what I need to do? Did you go on last -- after we
stripped it out, did you -- are those the numbers you
used?

COMMISSIONER EVANS: It's budget to budget,
so we'll talk.
COMMISSIONER PETRACCO: Okay.

COMMISSIONER TUCCI: What you want to think about, just so people can understand why there are increases and where the increases are, maybe you want to ask the chiefs to break out exactly what that dollar amount is in the increased activity at Roche, and that may --

COMMISSIONER PETRACCO: Yeah.

COMMISSIONER TUCCI: -- be a negotiating point for us as we go back and forth with those --

COMMISSIONER PETRACCO: Well, that's a very easy -- very easy information to gather because it's calls of service.

COMMISSIONER TUCCI: Yeah.

COMMISSIONER PETRACCO: And already who's, you know, backing into a car, even though Roche property has security there, a police report still needs to be generated and, you know, we're back and forth there all the time already.

MAYOR SCARPELLI: Anything else?

COMMISSIONER PETRACCO: But we'll do that.

MAYOR SCARPELLI: Okay.

COMMISSIONER PETRACCO: That's good advice.

COMMISSIONER TUCCI: A suggestion.

COMMISSIONER EVANS: To -- we looked at --
obviously, as you know, I'm always available, Ro and the team is always available. So take a good look and we'll talk further. All right? But just a sense of the action. April 7th, to do the intro, what you said?

MAYOR SCARPELLI: Yeah, I think so. It gives us a little bit more time to work on it and --

COMMISSIONER TUCCI: Yeah, because we're just in the beginning of our reorg, and where everything's going to fall, and where the dollars will fall, so that would be helpful.

COMMISSIONER PETRACCO: That's fine with me.

COMMISSIONER EVANS: All right. So we'll target April 7th, Ro. Okay? So -- and at that hearing, it's an introduction, but we usually -- most towns would just say, here's the budget, we'll talk about it at the public hearing. We usually are more open and transparent about what's going on with the budget. We'll continue to follow that model until the -- as part of the introduction, and then we'll do the -- we'll schedule the public hearing.

COMMISSIONER TUCCI: And I think that's even more important this year. I mean, I know it's a common practice for us, but this being an election year and people, you know, having different ideas about what's going on and where the dollars are being spent and, you
know, whether or not they feel we're being reasonable or unreasonable --

COMMISSIONER EVANS: Yeah.

COMMISSIONER TUCCI: -- it's important to be as transparent as possible and get as much information out there, and people will then understand that there's Nutley people on top of it.

COMMISSIONER EVANS: Yeah. Just one thing we haven't talked about, it's capital. You know, your capital needs. We need to get that to Ro because that needs to be included in the budget, a document that we submit. So to the extent that you haven't done that yet, please get that to Ro.

COMMISSIONER TUCCI: Monday.

COMMISSIONER EVANS: Get that to Ro.

COMMISSIONER TUCCI: A lot of my crew are wrestling.

COMMISSIONER PETRACCO: I want to see that list.

COMMISSIONER TUCCI: I know.

MAYOR SCARPELLI: If there's nothing further --

COMMISSIONER TUCCI: It doesn't help your capital budget --

MS. COSTA: No.
COMMISSIONER TUCCI: -- the wrestling doesn't.

COMMISSIONER EVANS: Mayor, I'm --

MS. COSTA: I wrestle every day.

COMMISSIONER EVANS: I'm finished, Mayor.

COMMISSIONER TUCCI: And you're a state champion, Ro.

MAYOR SCARPELLI: If there's nothing further?

UNIDENTIFIED: Okay.

MAYOR SCARPELLI: A motion to adjourn.

COMMISSIONER PETRACCO: Second.

THE CLERK: Commissioner Tucci.

COMMISSIONER TUCCI: Aye.

THE CLERK: Commissioner Evans.

COMMISSIONER EVANS: Aye.

THE CLERK: Commissioner Petracco?

COMMISSIONER PETRACCO: Here. Aye.

THE CLERK: Mayor Scarpelli.

MAYOR SCARPELLI: Aye.

THE CLERK: The time is 9:38.

MAYOR SCARPELLI: Have a good weekend, everybody.

(End of recording)
CERTIFICATION

I, Ilene Watson, do hereby certify that the foregoing is a correct transcript from the electronic sound recording provided for transcription and prepared to the best of my professional skills and ability.

______________________________  April 1, 2020

Ilene Watson

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