

In The Matter Of:

In RE: Nutley Board of Commissioners

Budget Meeting

March 6, 2020



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1 TOWNSHIP OF NUTLEY BOARD OF COMMISSIONERS
2 ONE KENNEDY DRIVE
3 3RD FLOOR COMMISSION CHAMBERS
4 NUTLEY, NEW JERSEY 07110

5

6 *** BUDGET WORKSHOP ***

7

8 DATE: March 6, 2020

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10 BOARD OF COMMISSIONERS:

- 11 JOSEPH P. SCARPELLI, MAYOR
- 12 STEVEN L. ROGERS, COMMISSIONER
- 13 MAURO G. TUCCI, COMMISSIONER
- 14 THOMAS J. EVANS, COMMISSIONER
- 15 ALPHONSE PETRACCO, COMMISSIONER

16

17 Also Present:

- 18 ALAN GENITEMPO, TOWNSHIP ATTORNEY
- 19 ROSEMARY COSTA, TREASURER/CFO
- 20 JOHN MOONEY, CPA, TOWNSHIP AUDITOR OF
- 21 NISIVOCCIA & COMPANY

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1 (Recording begins)

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

4 THE CLERK: Yes.

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

7 THE CLERK: Board of Commissioners Budget
8 Workshop Meeting, Friday, March 6th, 2020. The time is
9 9:06. Pursuant to the requirement of the Open Public
10 Meeting Act, Chapter 231, Public Law 1975, notice of
11 this meeting was posted on the TAP Into Nutley dot com
12 on March 2nd, 2020, and published in the March 4th,
13 2020 issues of The Herald News, and the March 5th,
14 2020, issues of The Nutley Sun. A copy of this notice
15 has been posted on the Nutley Town Hall bulletin board,
16 and a copy is on file in the Municipal Clerk's office.

17 Commissioner Rogers is absent, excused.
18 Commissioner Tucci?

19 COMMISSIONER TUCCI: I am here.

20 THE CLERK: Commissioner Evans?

21 COMMISSIONER EVANS: Definitely here.

22 THE CLERK: Commissioner Petracco.

23 COMMISSIONER PETRACCO: Here.

24 THE CLERK: Mayor Scarpelli.

25 MAYOR SCARPELLI: Here.

1 THE CLERK: All present, Mayor, except for
2 Commissioner Rogers. He's absent, excused.

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

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

8 COMMISSIONER TUCCI: Hi, John.

9 MR. MOONEY: Hello.

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

15 COMMISSIONER TUCCI: He never looked
16 stressed.

17 MAYOR SCARPELLI: Nutley was one of those?

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

25 Overall, if you look at the left side, down

1 about three-quarters of the way, you'll see it says
2 "Tax Levy Impact." Right now this budget reflects a
3 3.8 percent increase on the tax levy over last year, or
4 an increase -- and when that increase is comprised of
5 400 -- \$1,462,000 of cost increases, net, as well as an
6 overall drop in revenue of 120 -- almost \$128,000.

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

17 Other things that are in the budget that
18 we're impacted by are the usuals. The sewer bill is up
19 \$166,000, pensions up \$116,000. To reflect the
20 increased salaries, Social Security tax is up \$25,000,
21 and because of the municipal election costs this year,
22 up an additional \$30,000. Every four years, the
23 election line doubles from 30 to 60 to cover the costs
24 of all of those things.

25 You note that our debt service is up 218,000,

1 and it's not really debt, it's actually deferred
2 charges, one of which is the deferred charge related to
3 the revaluation costs, which we're picking up one-fifth
4 at a time, and also money we set aside for the pilot
5 that are due to the school, which we have to further
6 evaluate how we're going to deal with that going
7 forward.

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

17 We do need to make a decision around how
18 we're going to -- or when we're going to introduce the
19 budget. Statutorily, March 30th, budgets need to be
20 introduced, and that means that we can either do it
21 March 17th, or move the March 17th meeting to the 24th,
22 or do it the first meeting in April, which would be
23 allowed by statute for us to introduce the budget, and
24 then after that we would have to hold a public hearing
25 on the budget, which if we do it in either the late

1 March or April timeframe, you're looking at a public
2 hearing on the budget the first week of May. So which
3 -- just look -- when you look at the timing, those are
4 the things that we face.

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

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

20 COMMISSIONER TUCCI: You check with Rogers?

21 COMMISSIONER EVANS: Yes. So just to be
22 clear, that was never on the table. This budget also
23 reflects further costs because the -- now that we're
24 beyond the litigation for Ciccolinis, the study is
25 being completed, and I understand it's been completed

1 by the planning board, regarding the Ciccolini
2 property, so the work that's going to be -- that we can
3 now move forward on can begin in earnest regarding the
4 redevelopment of that area. That's been delayed a
5 little bit because of the litigation posture that we
6 took.

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

13 So those are the big things that are in the
14 budget. What I ask you guys to do is just so you can
15 -- if you want to share, we can talk about where you
16 are with your budget, but I really would like you guys
17 to take a look because of where we are. And it's no
18 different than where we were last year. Last year we
19 introduced at 3.86 percent. We were completely aligned
20 on the fact that we would not adopt our budget at
21 3.86 percent, and we didn't. We adopted it at 2
22 percent, and we continued to work through the process
23 for the -- until the aid was resolved.

24 But ultimately, you know, this is our
25 starting point as we start every year. So those are

1 some summary comments. Ro, did I leave anything out?

2 MS. COSTA: No.

3 COMMISSIONER EVANS: John?

4 MR. MOONEY: No.

5 COMMISSIONER EVANS: Okay.

6 MS. COSTA: You did a good job.

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

10 COMMISSIONER EVANS: No. No, it says --

11 MAYOR SCARPELLI: No, no --

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

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

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

25 COMMISSIONER PETRACCO: No kidding.

1 COMMISSIONER EVANS: So, yeah, it's just --
2 again, as we do every year, this is your -- you know,
3 our first look to see the compiled budget. You know,
4 each of us have to -- you know, are accountable for our
5 individual departments. We roll it all up, thank you
6 very much. I'm happy to do that for you guys every
7 year. And this is just basically where we're at.
8 There's -- absent the 15 percent reduction in our
9 transitional aid, which we have to have by statute, in
10 reality revenues would actually be up a little bit.

11 Things that we're going to start to see that
12 will ultimately come out in the wash is the application
13 when the pilots start to become effective. Because
14 what happens, and if you recall, we -- you know, we had
15 a lot of debate and a lot of good discussion, and we
16 talked about this, is that the pilot agreements that we
17 have on the LaRoche site are not the normal traditional
18 pilots. They cover a hundred percent of the municipal
19 tax, the school tax, and as you know, they include a
20 2 percent -- included a 2 percent administrative fee.
21 They also include a 2 percent escalator. So it puts
22 them -- in effect, other than they don't have to pay
23 part of the county, which is money we never kept, it
24 actually keeps them on par with a regular taxpayer as
25 part of the (indiscernible).

1 There's a lot of technical stuff that's in
2 there, but that's the reality of what that is. The --
3 in applying a pilot, one of the things that does happen
4 is those assessment values come out of the assessed
5 value of the town, which affects the tax rate. But
6 what happens is, when it -- because it's the levy, when
7 it comes together, you have the assessed value going
8 down, but you have revenue going up, and the net effect
9 for us is zero. So the mechanics, when you look at the
10 individual components, you have to sort of follow it
11 through, which we can go through in more detail, but
12 the reality is it has a -- no effect on ultimately what
13 the tax increase is. It just is how you get it.

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

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

24 COMMISSIONER EVANS: Like a dollar maybe on
25 yours.

1 COMMISSIONER TUCCI: I'm pretty much flat. I
2 think I'm up \$13,000.

3 COMMISSIONER EVANS: Yeah, you are. Yeah.

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

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

24 [Laughter]

25 COMMISSIONER TUCCI: (Indiscernible) 500.

 MAYOR SCARPELLI: No, due to our litigation

1 costs, correct?

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

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

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

16 COMMISSIONER TUCCI: One other thing I wanted
17 to note in here. As our work force town wide gets
18 younger, you're seeing a drop in the health insurance,
19 all right, because of -- partially because of
20 experience, partially because of a bit more due
21 diligence, and there are less factors that we felt we
22 needed to build in hedges against, you know, people
23 getting terminally sick and getting hit with high
24 expenses at the end, something we didn't anticipate. We
25 still have to anticipate for children being born and

1 people getting married, and changing from single to
2 married spouse, member of family and all that stuff,
3 but that's why you're seeing a little bit of a
4 difference there, too.

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

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

25 MAYOR SCARPELLI: Anything else,

1 Commissioners?

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

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

1 know right now, but, you know -- and even when it comes
2 to the fire department, as we all know, you know,
3 there's been a lot of talk, all volunteer, 30 years,
4 all that stuff.

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

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

24 COMMISSIONER EVANS: It's budget to budget,
25 so we'll talk.

1 COMMISSIONER PETRACCO: Okay.

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

8 COMMISSIONER PETRACCO: Yeah.

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

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

14 COMMISSIONER TUCCI: Yeah.

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

20 MAYOR SCARPELLI: Anything else?

21 COMMISSIONER PETRACCO: But we'll do that.

22 MAYOR SCARPELLI: Okay.

23 COMMISSIONER PETRACCO: That's good advice.

24 COMMISSIONER TUCCI: A suggestion.

25 COMMISSIONER EVANS: To -- we looked at --

1 obviously, as you know, I'm always available, Ro and
2 the team is always available. So take a good look and
3 we'll talk further. All right? But just a sense of
4 the action. April 7th, to do the intro, what you said?

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

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

11 COMMISSIONER PETRACCO: That's fine with me.

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

21 COMMISSIONER TUCCI: And I think that's even
22 more important this year. I mean, I know it's a common
23 practice for us, but this being an election year and
24 people, you know, having different ideas about what's
25 going on and where the dollars are being spent and, you

1 know, whether or not they feel we're being reasonable
2 or unreasonable --

3 COMMISSIONER EVANS: Yeah.

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

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

14 COMMISSIONER TUCCI: Monday.

15 COMMISSIONER EVANS: Get that to Ro.

16 COMMISSIONER TUCCI: A lot of my crew are
17 wrestling.

18 COMMISSIONER PETRACCO: I want to see that
19 list.

20 COMMISSIONER TUCCI: I know.

21 MAYOR SCARPELLI: If there's nothing
22 further --

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

25 MS. COSTA: No.

1 COMMISSIONER TUCCI: -- the wrestling
2 doesn't.

3 COMMISSIONER EVANS: Mayor, I'm --

4 MS. COSTA: I wrestle every day.

5 COMMISSIONER EVANS: I'm finished, Mayor.

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

8 MAYOR SCARPELLI: If there's nothing further?

9 UNIDENTIFIED: Okay.

10 MAYOR SCARPELLI: A motion to adjourn.

11 COMMISSIONER PETRACCO: Second.

12 THE CLERK: Commissioner Tucci.

13 COMMISSIONER TUCCI: Aye.

14 THE CLERK: Commissioner Evans.

15 COMMISSIONER EVANS: Aye.

16 THE CLERK: Commissioner Petracco?

17 COMMISSIONER PETRACCO: Here. Aye.

18 THE CLERK: Mayor Scarpelli.

19 MAYOR SCARPELLI: Aye.

20 THE CLERK: The time is 9:38.

21 MAYOR SCARPELLI: Have a good weekend,
22 everybody.

23

24 (End of recording)

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C E R T I F I C A T I O N

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
AAERT CET/CER 447
Certified Court Transcriptionist