

BUDGET MEETING OF THE MAYOR AND COUNCIL
HELD VIA ZOOM VIDEO CONFERENCE
MUNICIPAL COURT /COUNCIL CHAMBERS
10 LAWLOR DRIVE, OAKLAND, NEW JERSEY
MONDAY MARCH 22, 2021

MEETING CALLED TO ORDER: By Mayor Schwager at 8:05 am.

ROLL CALL: Mayor Schwager called the meeting to order and the Clerk called the roll. Present: Mayor Schwager, Councilmembers Biale, Kulmala, Pignatelli, Slasinski, Talamini, Van Eck. Absent: None. Also Present: Lisa M. Duncan, Borough Clerk; Richard Kunze, Borough Administrator; David Young, Chief Financial Officer.

SALUTE TO THE FLAG:

MOMENT OF SILENCE:

MEETING ANNOUNCEMENT Mayor Schwager announced this meeting is being held in accordance with the Open Public Meetings Law, duly announced, submitted to the newspaper and advertised more than 48 hours in advance of the meeting and notice posted in the Municipal Building and on the Borough website.

Mr. Kunze advised that the budget is going to be introduced on March 24th. He and CFO David Young need final direction on how the Mayor and Council want the budget introduced. He explained that they looked at various suggestions from the last budget meeting including reducing the amount for fire apparatus, delaying the Chief's vehicle, utilizing more surplus and reducing the Reserve for Uncollected taxes. He explained that the CFO put together an analysis and removed body cams from capital. Mayor Schwager thought the law was passed that we have to get body cams. Mr. Young stated we need them by June.

Mr. Young explained if we get to a 2% increase, we saved the average assessed household \$ 45.75. By reducing the Reserve for Uncollected Taxes, we increase the risk for next year. Mr. Young thinks it will have to be pushed back up next year based on the collection rate of the last five years. Councilman Kulmala asked what the tax collection rate is now. Mr. Young stated it is slightly below last year. He stated that this past year, we went into the December tax sale slightly better than the previous year. Councilman Biale stated that we will have to make this up two years down the road. Mr. Young responded we would based on the law of averages.

Mr. Young advised that surplus utilization can be increased because the Borough had a good year with replenishment. The challenge is that we will dig into the balance if we increase utilization. Three or four years down the road, surplus will be reduced because it won't regenerate. He explained if the Reserve for Uncollected Taxes is reduced, it won't replenish surplus next year. By 2024 we would be below the 15% minimum. However, it is manageable to use an additional \$ 50,000. Councilman Talamini stated it is kicking the can down the road. Mr. Young responded that all the actions taken today are moving it to the future. Councilman Biale does not want to utilize surplus. Mr. Young agreed and stated there may be an alternate option to get to the 2%.

Mr. Young spoke about Capital. He explained that we can take the fire vehicles out of the Capital budget but what we take out now creates an increase down the road. Mr. Kunze advised that this year's Capital requests are on the low side. He stated we would expect larger Capital programs moving forward. Councilman Biale asked if this is reducing the fire apparatus by \$ 100,000 or taking out the whole \$ 200,000. Mr. Young advised between all Capital items, \$ 170,000 would be taken out. Mr. Young stated we are not going to know about funding for body cams until later. He thinks it would be a good risk to take the allocation down from \$ 40,000 to \$ 20,000.

Mr. Young explained that if we did these changes, we can get this year's budget to 2% but it increases from 2.4 to 2.9% the next five years. He spoke about the option of keeping the \$ 200,000 funding in for the fire truck and moving the Chief's vehicle into the funding pool. He explained \$ 70,000 would come out of this year's budget. He spoke of pushing replacement vehicles to future years. Councilman Pignatelli asked how much a Police vehicle costs. Mr. Kunze responded it depends on the make and model but it could be \$ 60,000 all outfitted. He explained that with the Fire Chief's vehicle, it requires a lot of customization once the vehicle is in hand. Councilman Kulmala asked if the fleet were standardized would it make sense to just move the equipment instead of outfitting the vehicle each time. Mr. Kunze responded that in this case we are replacing a vehicle that is 8 or 9 years old. There are new vehicle designs. He explained there are times when the Police equipment can be used over because we are replacing those vehicles more frequently.

Mr. Young explained that an alternate option to get to the 2% would be to defer the payment of the reassessment over the next five years. The \$ 200,000 from the reassessment could be taken out as well as \$ 40,000 from the Reserve for Uncollected Taxes to get to 2%. He explained that they could take out the Chief vehicle from Capital, reduce the amount for the spillway and reduce the amount for body cams. He explained if the American Recovery Plan money could be used for roads, the tax increase would be 2% for the next four years. Mr. Kunze and Mr. Young recommend reducing the RUT by \$ 40,000 and moving the special reassessment charge of \$200,000 for a \$ 240,000 savings. Councilman Biale stated that they thought outside the box to cut the tax increase down without making the cuts outlined in the beginning of the presentation.

Mr. Young advised that the Borough can take advantage of the five year payment for the reassessment and advised if the ARP money can be used for roads, there is no debt. Councilman Talamini asked what happens if the ARP money cannot be used for roads. Mr. Young explained that the increase will be slightly higher the next couple of years. Mr. Kunze advised that he is hearing the American Recovery Plan legislation talks about using funds for capital projects. It cannot be used for a tax decrease. He explained that the Borough is getting 1.25 million each year for two years. Guidance will be issued in the next 60 days.

Councilman Kulmala asked if we are still moving towards pay as you go. Mr. Young advised that if the ARP funding can be used for the road program, there will be two years of not paying for that out of debt. He spoke of when the last payment will be for the 2015 debt. He advised that will be a huge move toward pay as you go.

Councilman Talamini thanked Mr. Kunze and Mr. Young for all their hard work. Councilman Van Eck was very comfortable with what was presented. Councilman Biale thanked Mr. Young for listening to the Council and getting the increase down to 2%. Councilman Kulmala thanked Mr. Young and Mr. Kunze for putting the presentation together.

OPENED FOR PUBLIC COMMENT:

On motion of Councilman Kulmala, seconded by Councilman Van Eck, this portion of the meeting be opened for public comment.

ROLL CALL: All yeas, Councilmembers Biale, Kulmala, Pignatelli, Slasinski, Talamini, Van Eck.

No comments made.

CLOSED FOR PUBLIC COMMENT:

On motion of Councilman Kulmala, seconded by Councilman Van Eck, this portion of the meeting be closed to public comment.

ROLL CALL: All yeas, Councilmembers Biale, Kulmala, Pignatelli, Slasinski, Talamini, Van Eck.

Mr. Kunze advised that they will prepare the State budget documents which is what the Council will be voting on.

MEETING ADJOURNED:

On motion of Councilman Pignatelli, seconded by Councilman Van Eck, the meeting be adjourned at 8:36 am.

ROLL CALL: All yeas, Councilmembers Biale, Kulmala, Pignatelli, Slasinski, Talamini, Van Eck.

Lisa M. Duncan

Lisa M. Duncan, Borough Clerk
April 14, 2021

Date Approved

Linda H. Schwager

Mayor Linda H. Schwager