

SPECIAL MEETING OF THE MAYOR AND COUNCIL
HELD AT THE
MUNICIPAL COURT /COUNCIL CHAMBERS
10 LAWLOR DRIVE, OAKLAND, NEW JERSEY
TUESDAY JUNE 17, 2008

MEETING CALLED TO ORDER:

ROLL CALL: Mayor Szabo called the meeting to order and the Clerk called the roll. Present: Mayor Szabo, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti. Absent: Councilwoman Stagg.. Also Present: Lisa M. Duncan, Borough Clerk; Richard Kunze, Borough Administrator.

SALUTE TO THE FLAG:

MOMENT OF SILENCE:

MEETING ANNOUNCEMENT: Mayor Szabo announced this meeting is being held in accordance with the Open Public Meetings Law duly announced and included in the schedule of regular meetings.

Mayor Szabo advised that the purpose of the meeting this evening is to address certain budgetary issues including an amendment to the budget.

OPENED FOR PUBLIC DISCUSSION:

On motion of Councilman Burns, seconded by Councilman Di Pentima, this portion of the meeting be opened for public discussion.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

No comments made.

CLOSED FOR PUBLIC DISCUSSION:

On motion of Councilman Burns, seconded by Councilman Di Pentima, this portion of the meeting be closed to public discussion.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

Councilman Di Pentima advised that there is a resolution to amend the budget. He advised that the Council will only be taking action on the current budget this evening. We are still waiting for the Division of Local Government Services to review water and sewer. There is a slight change in some revenue items. Surplus has been reduced to \$ 445,000 because that amount is being used to cover the BAN's. There is an increase in the Homeland Security grant line because DLGS gave the approval to put it in. We are anticipating a Cap fund reserve of \$ 141,842 which is surplus from the capital account. Councilman Di Pentima advised that we have to appropriate the revenue and there is a corresponding expense.

Councilman Burns commented that the miscellaneous revenue for Uniform Construction Code went down. He thought the Council passed an ordinance to increase fees. Councilman Di Pentima responded that the Council did pass an ordinance earlier this year. The Finance Committee determined that they would not base revenues on the new fees for this year. Councilman Di Pentima assumed that the Borough would get more cash next year which would go to surplus. Councilman Di Pentima explained that on the expense side, there is a small amount to cover the deficit in the animal control account. The overexpenditures of appropriations has decreased to \$ 19,000 this year which is a reduction over 2006 and 2007. Regarding the debt service, we are appropriating \$ 141,000 in capital surplus reserve. This is going to be used to help offset payment of BAN's. The net impact will be zero but it must be separated in the budget.

Councilman Di Pentima explained that there will be no impact to the taxpayers to correct the BAN situation. By using capital surplus and reducing authorizations that need to be cancelled, it takes the amount owed down from \$ 3.8 million to \$ 3.0 million. When the \$ 3.0 million is divided by five which is the amount of years the Borough has to pay this off, there is a \$ 600,000 annual payment. This is offset by the interest expense that was budgeted for in order to pay for the short-term notes as well as capital surplus. We also released surplus revenue to help offset the cost. The Borough is replenishing surplus this year.

Councilman Burns questioned Borough Auditor Frank Di Maria about the surplus capital. He questioned if the money was left over because we bonded more than we needed to. Mr. DiMaria advised that the \$ 141,000 is a culmination of premiums received on BAN's and other miscellaneous revenues and grants appropriated and closed out. He advised that we only bonded what was necessary. Councilman Burns questioned if we decided not to do a project, would we just cancel the bond. Mr. DiMaria advised that the Council is doing that tonight by canceling authorizations. He advised that there will not be additional cash because the capital authorizations are being cancelled.

Mayor Szabo commented that the Council is cleaning up the introduced budget. Between the time the budget was introduced to today, there are a number of changes that have been done. Those changes need to be reflected in the resolution. This amendment is a function of Council's review and the State's comments and guidance.

Councilman Di Pentima advised that the expenses have been capped to under 2 ½ % of the prior year's expenses. The budget is under the new 4% tax levy cap. He explained that no municipality can introduce a levy to the taxpayers of greater than 4%. He explained that the reason the percentage goes above 4% is when certain line items such as debt service are added back. He explained that municipalities have adjustments outside the cap. In total the increase will be \$ 164.56 on the average assessed home. That is a 7.3% increase over last year.

RESOLUTION 08-125 AMENDMENT TO BUDGET

On motion of Councilman Di Pentima, seconded by Councilman Pignatelli, the following resolution be introduced, adopted and duly passed by roll call vote:

(see attached)

Councilwoman Marcalus questioned if the BAN's hadn't been paid early, would the budget have been lower. Councilman Di Pentima responded it would not necessarily have been lower since we would have had to pay interest and principal on the notes. We traded off long-term interest for a short-term payoff.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

Mayor Szabo explained that there will be a public hearing on this budget amendment on June 25th and if possible, adoption of the budget will occur as well.

RESOLUTION 08-126 CANCEL CAPITAL AUTHORIZATIONS

On motion of Councilman Di Pentima, seconded by Councilwoman Marcalus, the following resolution be introduced, adopted and duly passed by roll call vote:

WHEREAS, certain General Capital Improvement Authorization balances remain dedicated to projects which have been completed; and

WHEREAS, the balances are no longer necessary for the purpose originally created;

NOW, THEREFORE BE IT RESOLVED by the Mayor and Council of the Borough of Oakland that the following balances of unexpended General Capital Improvement Authorizations be cancelled as follows:

<u>Ord. No.</u>	<u>Description</u>	<u>Unexpended Improvement Authorization Balance</u>	<u>Allocation Def. Charges Unfunded</u>
01-418	DPW Equipment/Bobcat	\$ 16,411.00	\$ 16,411.00
01-418	Police Firearms	73.24	73.24
01-418	Senior Center Equipment	1,215.92	1,215.92
02-440	Three DPW trucks, Lawn Mower & Flagpole	35,796.03	35,796.03
02-440	2002 Road Resurfacing Program	40,549.78	40,549.78
02-440	Police Building Renovation	52.77	52.77
02-440	Purchase of Fire Truck	505.00	505.00
04-475	Fire Dept. Equipment	306.94	306.94
04-475	Sewer System Equalization Tank	232,819.89	232,819.89
05-512	Repaving & Drainage Work	<u>18,506.99</u>	<u>18,506.99</u>
		\$346,237.56	\$346,237.56

Councilman Di Pentima explained that Mr. Kunze has given a schedule of each line item of the ordinances and has given the unexpended balance. Mr. Kunze advised there were five ordinances included in the BAN and balances are being cancelled in four of the five ordinances. Most projects were completed. A couple of projects need to be reappropriated such as the sewer project. There will be a bond ordinance on the next agenda for introduction. He advised that there is a balance on the road program from 2002 and 2005 and the Council may want to look at reappropriating those projects.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

RESOLUTION 08-127 ACCEPT RESIGNATION OF ACTING CHIEF FINANCIAL OFFICER

On motion of Councilman Visconti, seconded by Councilwoman Marcalus, the following resolution be introduced, adopted and duly passed by roll call vote:

WHEREAS, Robert Miller has served as Acting Chief Financial Officer of the Borough of Oakland since May 28, 2008; and

WHEREAS, Mr. Miller has submitted a resignation effective as of July 6, 2008;

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Oakland that the resignation of Robert Miller, Acting Chief Financial Officer, effective July 6, 2008, be and the same is hereby accepted.

BE IT FURTHER RESOLVED that the Mayor and Council expresses its gratitude and appreciation for his service to the Borough.

Mayor Szabo advised that Mr. Miller is resigning so the Council can hire a full-time CFO. Mr. Miller was only filling in during the interim. Councilman Di Pentima thanked Mr. Miller because he was really instrumental in helping with some of the budget items. He appreciated Mr. Miller's expertise and knowledge. Councilman Burns commented he believed the fee would be pro-rated. Mayor Szabo confirmed that was correct.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

RESOLUTION 08-128 APPOINT FULL-TIME CHIEF FINANCIAL OFFICER

On motion of Councilman Visconti, seconded by Councilwoman Marcalus, the following resolution be introduced, adopted and duly passed by roll call vote:

WHEREAS, the Mayor and Council of the Borough of Oakland desire to retain the services of a Full-time Chief Financial Officer; and

WHEREAS, the Mayor and Council of the Borough of Oakland have considered candidates and wish to retain the services of James Mangin as CFO/Treasurer of the Borough of Oakland; and

WHEREAS, the Borough and Mr. Mangin have agreed on salary and services to be provided.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Borough of Oakland that James Mangin is hereby appointed as full-time CFO of the Borough of Oakland at an initial annual salary of \$ 80,000, said appointment to be effective for a term commencing Monday July 7, 2008 and running through December 31, 2011.

BE IT FURTHER RESOLVED that pursuant to Borough Code section 2-3.5A(c), Mr. Mangin is hereby appointed as Treasurer for a term commencing July 7, 2008 and running until the 2009 Reorganization meeting.

Councilman Burns questioned if the CFO became tenured at the second appointment. Mr. Kunze responded that it is statutorily a tenured appointment. Councilman Burns questioned if tenure was granted at reappointment. Mr. DiMaria confirmed that tenure is given at reappointment. Councilman Di Pentima commented that it was the consensus of the Council that the Borough can no longer operate with part-time people in key positions. A big portion of what we do is financial. This budget includes the impact of hiring Mr. Mangin. Having Mr. Mangin here full-time and working with Administrator Kunze will bring tremendous benefit to the Borough.

Councilman Pignatelli agreed. He has suggested for a couple of years that the Borough needed a full-time CFO. IF the CFO watches the investments of the Borough, it will make back at least a portion of the salary. The Borough needs someone full-time to look at expenditures, watch bonds and ensure Borough funds are secure. Mayor Szabo commented that he foresees a time when the State will mandate full-time CFO's. Councilman Burns agrees that we need a full-time CFO. Although the Committee did the interviewing and Councilman Burns doesn't know much about Mr. Mangin, he will support the appointment of Mr. Mangin. Mayor Szabo commented that there is tremendous competition for Chief Financial Officers. When we advertised the first time, there was an underwhelming response. When we advertised for a full-time position, we received three qualified responses. Mayor Szabo is confident we are making the right decision to hire a full-time CFO.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

Mayor Szabo advised that Resolution 08-129 will be carried to the next meeting. The water and sewer rate ordinance introductions will also be carried to the next meeting. Councilman Di Pentima explained that the State has not finished review of the water and sewer budget. Mayor Szabo thought it was an achievement to be adopting the budget in mid-June especially with the new cap law. The tax bills will be sent out on time. He commended the Finance Committee and especially Councilman Di Pentima who put in tremendous time and effort into this budget. He recognized Councilman Di Pentima for his efforts. Councilman Pignatelli commented that it is an understatement to say a lot of work in to this budget. He commended the hard work of Councilman Di Pentima and Mr. DiMaria.

MEETING ADJOURNED:

On motion of Councilman Pignatelli, seconded by Councilman Di Pentima, the meeting be adjourned at 8:48 pm.

ROLL CALL: All yeas, Councilmembers Burns, Di Pentima, Marcalus, Pignatelli, Visconti.

Lisa M. Duncan, Borough Clerk

Mayor John P. Szabo, Jr.

Date Approved