

**BUDGET MEETING OF THE MAYOR AND COUNCIL
HELD AT THE
MUNICIPAL COURT /COUNCIL CHAMBERS
10 LAWLOR DRIVE, OAKLAND, NEW JERSEY
THURSDAY MARCH 19, 2015**

MEETING CALLED TO ORDER: By Mayor Schwager at 4:09 pm.

ROLL CALL: Mayor Schwager called the meeting to order and the Clerk called the roll. Present: Mayor Schwager, Councilmembers Coira, Jensen, Kulmala, Pignatelli, Talamini, Visconti. Absent: None. Also Present: Lisa M. Duncan, Borough Clerk; Richard Kunze, Borough Administrator; Donna Mollineaux, CFO; Frank DiMaria, Borough Auditor.

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 and included in the schedule of regular meetings.

Borough Auditor Frank DiMaria advised that the financial condition of the Borough is solid and stable. There are no draw-downs on fund balances, the revenues realized are exceeding what is anticipated, appropriations are not being over-expended and the utilities are self-liquidating. The 2015 budget to be introduced contains a modest increase.

Mr. DiMaria explained that in 2015, we are going to move the date of the notes from February to the end of the year. It is going to fix the cash crunch in capital. It is going to fix items that are ready to go to bond. There is one piece of debt that is falling off. Mr. DiMaria is hopeful that the Borough will have a fruitful and beneficial sale. The debt service should be stable.

Councilman Pignatelli advised that in the past, the Borough has been able to pay cash for small capital purchases. He is concerned about replenishing that money. Mr. DiMaria responded that there is a number built in the budget already but the Council can add to it. He explained that we are overstating the number in debt service for interest. Mr. Kunze explained that there are two competing goals. We have had a policy of pay as you go for \$ 100,000. That requires a lot of cash. The other goal is to pay down debt in the future. He explained that long term, the amount of cash in capital should be increasing. He explained that we are increasing funding to the capital improvement fund in this year's budget.

Councilman Jensen asked what actions have led to the Borough's current financial condition. Mr. DiMaria responded that the Mayor and Council have listened and implemented recommendations. The rating system has shifted more to management policies such as surplus policies and up-to-date contracts. The Borough has been implementing these policies. There are no real interfund balances and tax appeals are under control. The decisions the Mayor and Council have been making are sustainable long-term.

Councilman Visconti explained that the debt service number is \$ 1,350,000 but \$ 600,000 of that debt is coming off. He explained the Borough is refinancing the debt from Bond Anticipation

Notes to a formal bond. Mr. DiMaria explained that the goal for the bond sale is to free up cash by getting a good rate. The cash could be used to pay for small capital items. Councilman Visconti explained that the Borough has been allocating more money to capital projects. Doing the bond sale does not change the overall capital plan. Mr. DiMaria commented that Oakland has been super conservative with capital. This bond sale is replenishing items that go back ten years. Think of it as a refinance to lower everything. This will help the overall plan. The Borough will get a great rate and lock it in for 15 years.

Mr. Kunze gave a summary of the budget to be introduced. Overall appropriations are \$ 18,216,619 which is an increase of 1.7% over 2014. This budget is compliant with the appropriation cap. The budget will be introduced at the next Council meeting. He explained that recurring appropriations are up 1.5%, Other Expense budgets are up 1.4%, departmental budgets are up 1.66% and Salaries and Wages is up 2.1%. Mr. Kunze explained that the Borough is facing a number of retirements this year so it would be prudent to increase the accumulated absence trust. Mr. Kunze explained that the two biggest cost drivers are pension, which has an increase of \$ 53,000, and health benefits, which has an increase of \$ 45,000;

The draft Capital Budget calls for a spending authorization of \$ 2.6 million. The amount the Mayor and Council decide to spend is going to drive future debt numbers. The draft amount does not reflect full funding for the Library. The draft Capital budget shows the net amount the Borough is expected to pay on the Phase 2 flood buyouts. That amount will be offset by grants that come in.

This budget will allow the Borough to maintain the existing level of services as well as add additional programs by Recreation and the Senior Center. There is money included for a new website and \$ 25,000 for a master plan update. There is a small increase in the DPW budget to handle pothole repairs due to the harsh winter. There is an increase in the Accumulated Absence Trust and the Tax Appeal Trust which is offset by surplus. The Library is receiving an increase in their appropriation this year. The Water and Sewer utility budget appropriations are flat.

In regards to Revenue, the Finance Committee is recommending use of \$ 400,000 surplus and an additional \$ 270,000 to cover temporary expenditures. Mr. Kunze explained he is waiting for the final surplus figures. He advised that State Aid is flat. There was an aggregate decrease in local revenues with the biggest decline coming from recycling revenues. Mr. Kunze explained that he and the Borough Attorney are working on a cell tower bid for the Police site. That should generate revenue in the 2016 budget.

The tax levy increase is \$ 228,544 which is 1.72%. The increase including the Library is 1.67%. The total tax on the average assessed home is \$ 44. He thanked the Finance Committee and the staff for all the work on the budget.

LIBRARY BUDGET

Peter Havel, the new Library Director, was in attendance to discuss the Library budget. He explained that the Library uses its budget to pay for books and digital materials. There is an e-book service and a service named Zineo which has 200 magazines digitally and is available to anyone with a Library card. He explained that the Library is hoping to bring Hoopla to its users so they will be able to stream movies and videos online by using the Library card.

He explained that the Library building is a valuable resource even if it is not finished. It offers space for the community to use. He is hoping when the renovations are complete, the Library will be able to offer even better meeting space for the community. Councilman Pignatelli

advised he recently met with a community organization who complained that they can't use the Library as a meeting space because the closing time is a problem. He asked if there was any possibility of expanding Library hours. Mr. Havel advised that there needs to be flexibility as to how the working day is defined and there should be no budget impact. He would like to see the Library open until 9 pm but he will explore the option. Mayor Schwager asked about the possibility of opening on Sunday. Mr. Havel responded that opening on Sunday will be a cost incurred directly on the budget. He explained that many Libraries hire people that don't work in their Library to work on Sundays. He does not think it is prudent at this time because there is not enough in the budget. Councilman Pignatelli commented that maybe a cost projection could be done for next year's budget. Mr. Havel advised that there are other funding avenues to explore.

Councilman Kulmala asked if there are adequate technology resources in the Library. Mr. Havel responded that it is adequate to a degree. There is free wi-fi but the Library does not have a state of the art computer lab. He explained that students can do research through the Library even when they are at home. Councilman Kulmala asked if bandwidth is an issue. Mr. Havel does not think it has been an issue but he will review. Mr. Havel advised that he is looking forward to working in Oakland. Oakland has a great reputation and the community really supports the Library. He is appreciative that the Library Board gave him this opportunity.

OPENED FOR PUBLIC DISCUSSION:

On motion of Councilman Jensen, seconded by Councilman Visconti, this portion of the meeting be opened for public discussion.

ROLL CALL: All yeas, Councilmembers Coira, Jensen, Kulmala, Pignatelli, Talamini, Visconti.

PJ Belardino, 12 Shoshone Path, asked when Court is held in session.

CLOSED FOR PUBLIC DISCUSSION:

On motion of Councilman Pignatelli, seconded by Councilwoman Coira, this portion of the meeting be closed to public discussion.

ROLL CALL: All yeas, Councilmembers Coira, Jensen, Kulmala, Pignatelli, Talamini, Visconti.

MEETING ADJOURNED:

On motion of Councilman Jensen, seconded by Councilman Pignatelli, the meeting be adjourned at 5:00 pm.

ROLL CALL: All yeas, Councilmembers Coira, Jensen, Kulmala, Pignatelli, Talamini, Visconti.

Lisa M. Duncan, Borough Clerk
April 8, 2015

Mayor Linda H. Schwager

Date Approved