

## **MINUTES**

### **SPECIAL MEETING AGENDA**

SPECIAL MEETING, WEDNESDAY, APRIL 6, 2011 AT 7:00 P.M. OR AS SOON THEREAFTER

#### **OPEN PUBLIC MEETINGS ACT.**

BOROUGH CLERK: this special meeting is being held in accordance with the rules and regulations of the Open Public Meetings Act of the State of New Jersey. Adequate notice of this meeting was provided by forwarding a Sunshine notice which included the time, date and location of this public meeting of the Mayor and Council.

#### **ROLL CALL:**

COUNCIL MEMBERS: Councilman Yampaglia, Councilman Bianchi, Councilman Hughes, Councilman Johnson, Councilman Tanelli, and Councilman Kearney

ALSO PRESENT: Mayor Peter C. Massa, Borough Clerk, Terence M. Wall, Borough Attorney, Randy Pearce

PRESENT: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

#### **PLEDGE OF ALLEGIANCE**

#### **PUBLIC COMMENTS**

Mayor Massa - At this time I would like to open the meeting to the hearing of citizens for public comments, anyone wishing to be heard please come forward state your name and address for the record and please confirm your comments to municipal business. Also, we would appreciate it to keep your comments to 5 minutes to give everybody an opportunity to be heard. Either myself nor members of the Council will comment on the hearing of citizens until it is completed.

No one wishing to be heard at this time we will entertain a motion to close the hearing of citizens.

#### **MOTION TO CLOSE PUBLIC COMMENTS**

INTRODUCED BY: Councilman Tanelli

SECONDED BY: Councilman Kearney

ROLL CALL:

AYES: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

#### **RESOLUTIONS ON CONSENT**

R-112-11 RESOLUTION AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$4,500,000 TAX ANTICIPATION NOTES OF 2011 OF THE

BOROUGH OF NORTH ARLINGTON, IN THE COUNTY OF BERGEN, NEW JERSEY.

Mr. Wall asked Mr. Mangin to come forth and explain the tax anticipation note and answer any questions the Mayor and Council have and then if you wish there will be an order to have a motion and second.

Mr. Mangin – We did a cash flow analysis which is a projection of what our cash flow is going to be for the entire year from the start of 2011 right through the end of 2011. We are at a point right now where we have a cash shortage that we need to address with the issuance of the Tax Anticipation Notes. Same thing happened last year. You had issued \$4,500,000 million of Tax Anticipation Notes last year as well. What the TANS are its money that we are borrowing against the taxes that are coming in. Tax Anticipation Notes have to be redeemed within 60 or 90 days of the start of the next fiscal year so the resolution that is front of you calls for a maturity date of February 28, 2012. We are looking for \$4,500,000 the reason that we came up with \$4,500,000 million-is because when we do a cash flow analysis which is nothing more than we take last year's cash that came in versus last year's bills that went out and we look at the monthly balances. We are projecting a deficit or a potential deficit in October which is why we want the \$4,500,000 million now because it will make sure that we don't have that problem when October rolls around. Reason we have this problem right now is twofold actually three-fold. First, you had Tax Anticipation Notes last year \$4,500,000 million that came due February 28, 2011 so February 28, we are paying out \$4,500,000 million April 1<sup>st</sup> is also the annual pension payment for PFRS, PERS to the tune of \$1,200,000 million. In addition we have the school taxes that are every month roughly \$1,700,000 million and then this year we have this extra little wrinkle that we never had before and what that is the Homestead Rebates are now rolled in the 2<sup>nd</sup> quarter tax bills. What happens is instead of people getting a check like they use to in the past now they get a credit on their second quarter tax bill. So, what happens is when they pay their tax bill they are paying less because of the amount of the homestead rebate. We will be reimbursed from the State on May 1<sup>st</sup>. Meanwhile we have to live without the revenue. This is the first time it's ever been done, I am sure that nobody anticipated I have the exact same problem in another town for the exact same reason. That is it. If anyone has any questions on the matter of TANS?

Mayor Massa – Any questions or comments for the CFO?

Councilman Tanelli – I was just curious what is the cost?

Mr. Mangin – What happens we will sell the notes and they will be sold at par and depending on the interest we receive. The TANS that sold last year I don't know the rate but I do know that the interest cost I think \$3,500.00 which is included n the 2011 budget. The interest on these TANS would then have to be included n the 2012 budget. One other point, if you manage your cash flow properly OK, let me change that. If you are pro active in your cash flow management, we will not need TANS. We are in a bit of a jam this year because an abandoned note sale that you were scheduled to have in December did not happen. What is happening the current has been funding your capital purchases. We had the note sale yesterday I will have a report for you for the next council meeting but that will take care of that problem plus there were a fair number of inter-funds that existed on December 31 and they will all be settled this year. Point is this time next year we won't have the same problem.

Mayor Massa – Any other questions or comments? Thank you James.

INTRODUCED BY: Councilman Hughes

SECONDED BY: Councilman Kearney

Mayor Massa - If Mr. Mangin would like to comment on a question I will have that at this point.

Bob McClintock – 98 Rutherford Place. We just went through a reval. I would anticipate a lot of people filing appeals. If those appeals are granted would that affect the cash flow next year does the Borough have less money coming in if that does happen?

Mr. Mangin – Just going on the assumption that just you got hit with a ton of tax appeals speaking hypothetically how would we do that in terms of cash flow? If tax appeals were really,

really significant what we could do we could tap into our surplus to pay it off. What would happen it would have to be paid off in the subsequent budget year. Some municipalities set up a reserve for tax appeals, not a bad idea something we should look at in time. There are different tools in municipal finance, if that should happen if we did get hit with a lot tax appeals there are vehicles that would allow us to still manage our cash. We always have to take care of our cash.

Mayor Massa – thank you James.

Mr. McClintock – thank you.

ROLL CALL: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

R- 113 -11 RESO RE: DECISION NOT TO PROCEED WITH A REFERENDUM TO SEEK VOTER APPROVAL TO EXCEED THE PROPERTY TAX LEVY CAP FOR 2011

INTRODUCED BY: Councilman Hughes

Councilman Hughes – Mr. Mayor I would like to introduce that with a comment. Working with yourself and our professionals in the last couple of days we have been going through the budget with a fine tooth comb and we have been able to identify probably in excess of \$400,000 additional cuts that we can utilize know to offset to cancel this referendum. I am very pleased to report that we have been able to do that, it's going to put a strain on all of our department's budgets more so then they have been experiencing but we have to do what we have to do. I am pleased to report that we can do that tonight and as I said last month the budget is a work in progress we are not done with it we still have things to identify before we do the final adoption on the budget hopefully by the end of May and we looking to target more cuts so that we can bring the tax rate down to as low as absolutely possible.

SECONDED BY: Councilman Johnson

Mayor Massa – I would like to comment on the very hard work that was put into this project so far by Council president Hughes and the Borough Administrator. We all had a meeting myself, the council president, auditor, CFO we burned the late afternoon oil well past supper time well past supper until 4:00 pm close to 8:30 last night as I recall. Came up with a number of different issues in the budget on a line by line basis. As the Council president mentioned the budget process is a work in progress, it is a very difficult and painful process we will be having to evaluate how we deliver our services, have to evaluate what impact any other cuts we make on services and we will have to make decisions as to what services might be impacted and what services cannot be impacted because of the need in example in a public safety arena at least. As the Council president did say the process is going forward the final budget will be the end of May and by that time we expect to have a very comprehensive budgetary process to present to the community. Anyone else want to comment?

Call the roll.

ROLL CALL:

AYES: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

R-114-11 RESO RE: EXECUTIVE SESSION

WHEREAS, the Open Public Meeting Act, Chapter 231 permits the exclusion of the public from a meeting in certain circumstances, and WHEREAS, the Mayor and Council is of the opinion

that such circumstances presently exist; and WHEREAS, the Mayor and Council wish to discuss:  
[Personnel; Collective Bargaining]

Mr. Wall asked Borough Attorney will there be just a clarification Borough Attorney or are we also discussing anticipated or pending litigation or not this evening? Personnel and Collective Bargaining. "Public release of the discussion will only occur after counsel approval. Action may or may not occur after discussion".

INTRODUCED BY: Councilman Hughes

SECONDED BY: Councilman Tanelli

ROLL CALL:

AYES: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

Now therefore be it resolved that the Mayor and Council are now in executive session.

MOTION TO RETURN TO REGUAR ORDER OF BUSINESS

Councilman Tanelli made a motion to go back to regular order of business

Seconded by: Councilman Yampaglia

ROLL CALL:

AYES: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

R-115-11 The governing body just has passed a resolution canceling the referendum question they were able to make more aggressive cuts to eliminate the need to go out to the public for a referendum. With that said there is approximately \$500,000 in additional tax relief that is required to bring the endeavored 2% total budget into fruition for the pubic for the tax payers of North Arlington.

R-115-11 RESO RE: LAYOFFS AND FURLOUGHS

WHEREAS, the Mayor and Council is endeavoring to adopt a municipal budget in 2011 that does not exceed 2%; and

WHEREAS, the Mayor and Council have worked aggressively to enact further budget cuts and on April 6, 2011 it passed a resolution cancelling a public referendum to exceed budget caps; and

WHEREAS, the Mayor and Council requires further budget relief on behalf of the North Arlington taxpayers in the amount of approximately \$500,000; and

WHEREAS, the Mayor and Council believe the dedicated employees of the Borough must be more active participants during this difficult economic time in securing the required relief expected and demanded by the taxpayers.

NOW THEREFORE BE IT RESOLVED, that the Mayor and Council direct the Borough Administrator and Borough Attorney to meet with the Union representatives to discuss Layoffs and Furloughs and other tax relief measures.

BE IT FURTHER RESOLVED that in the event that additional budget cuts must be acquired through Layoffs and Furloughs, a plan for Layoffs and Furloughs will be prepared for consideration of the Governing body no later than April 28, 2011 at the regular meeting.

Mayor Massa – Motion to introduce?

Councilman Hughes – I'll introduce that Mr. Mayor. Not happily but I will introduce it.

Seconded by Councilman Kearney.

Mayor Massa – anyone want to comment on this?

Councilman Tanelli – We all feel the same way. The Borough is in terrible financial shape. Everybody knows that we say it at every meeting. We have to explore this resolution gives us an opportunity to explore finding other cuts or other means to save money and help the taxpayers, that is what this resolution does. It does not do anything other than give the power to the attorney and the Borough Administrator to explore possible savings to the community.

Mayor Massa – Harry Truman once said “the buck stops here” and that stops with me tonight. This is part of my responsibility as the Mayor of this community and the Chief Executive Officer, ultimately responsible for the day to day operation. The policy is set by the Council the general business of the taxpayers is conducted by the various department under my supervision and it is my responsibility to make sure that they are functioning and responsibly, economically. This is one of the most difficult times in my 45 year's career in government to have to preside over a resolution that addresses layoffs and furloughs for municipal employees. However, due to a number of economic issues that are far beyond the control of the people that sit here, it is our responsible to be accountable to the taxpayers. We had wished that the State of New Jersey would have looked more favorably upon our application for transitional aid. We would have wished that the State of New Jersey had taken other steps to help municipalities in this time of financial crises. I have made no secrets about the fact that I strongly supported the millionaire's tax which has been before the Governor and Legislature for the past year which would raise nine hundred million dollars to help schools and possibly some of that money might be used to help municipalities. We are in very difficult financial straits and we are encumbered by the State of New Jersey to maintain a 2% cap irrespective of the fact that there are budget areas that are outside the cap, there are budget areas that come within the cap. We still have to be concerned about the taxpayer ultimately and that is a serious issue we have to deal with the fact that so many people not only on North Arlington but across the State of New Jersey and across this country are unemployed. We look at 12,000,000 million people that are unemployed in America it is unprecedented, We look at a 9% rate here in New Jersey which is unprecedented and we look at very difficult economic times to run our governments here in North Arlington. We have people that are having a difficult time paying their bills, paying their mortgages, paying their income taxes, their residential taxes, paying for their prescription medication senior citizens. More and more we hear about the pain that these people are feeling, so now it comes to the point where that pain has to be shared by everyone. We will endeavor to have the Borough attorney and Administrator engage in very difficult and very hard bargaining with our collective bargaining units, we will be examining every department to see where saving can be made. Ultimately it my object to see that the layoffs and furloughs would be the last step that we have to take to contain course but we have given this authority to the Administrator and Attorney under this resolution to take whatever steps they have to take during the negotiation process to save as much money to come down to the saving of \$500,000 we are addressing tonight. I want to say to the gentlemen on this body it has been a very difficult project that has been very challenging for all of us. I respect everyone's dedication and purpose to deal with this problem with the help of our employees hopefully we will be able to see our way through this crises and to protect as many jobs as we possibly can but from the practical side there has to be consideration for whatever cuts that will have to be made and with that said call the roll.

INTRODUCED BY: Councilman Hughes

SECONDED BY: Councilman Kearney

ROLL CALL: All council present vote in the affirmative

ABSENT: Councilman Bianchi

Mayor Massa- Any further business Mr. Clerk?

**ADJOURNMENT:**

MOTION TO ADJOURN

INTRODUCED BY: Councilman Hughes

SECONDED BY: Councilman Yampaglia

ROLL CALL:

AYES: Councilman Yampaglia, Councilman Hughes, Councilman Johnson, Councilman Tanelli, Councilman Kearney

ABSENT: Councilman Bianchi

(\*AGENDA IS SUBJECT TO CHANGE AS A RESULT OF THE MATTERS NOT KNOWN AT THE TIME OF PRINTING)