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BUDGET MEETING OF MAYOR AND COUNCIL, MARCH 5, 2011 AT 9:05 A.M. IN COUNCIL CHAMBERS OF BOROUGH HALL.

Mayor Dempsey's statement re: Open Public Meetings Act of 1975 and that notice was given to the Coast Star and post on the Borough Website on February 28, 2011.

ROLL CALL: Present: Council Members Grasso, Lee, Lucas, and McCarthy.

Absent: Council Member Connolly and Donovan.

Also present was Municipal Administrator Joseph Delorio and Borough Auditor Allen Shechter.

Mr. Delorio advised the Council that the summary they have in front of them is for the current budget. He advised the Council that the 2011 spending plan, not including the reserve for uncollected taxes is \$8,057,857.97 which amounts to just a little over 1.1% more than the previous year. He went over a summary worksheet that was provided to the Council Members which has a comparison with last year's figures. He stated that there is only a .01% increase in salary and wages from last year. He stated that department appropriations by Major Departments was \$6,344.91 or .16% more than last year. He advised that the Debt Service decreased by \$94,591.28 from last year. He went over the health insurance appropriations increase and advised that there are certain things that are out of their control. He stated that the PFRS increased by almost 22% and PERS increased a little over 12%. He stated that the total increase in appropriations was 1.108% over last year and that the surplus decreased for the second year in a row.

There was discussion on the increase of pensions in 8.9% that will be required next year.

Mr. Delorio presented an analysis of the surplus starting from 2006 to a projected 2011. He advised that surplus can only be used for the purposes of reducing the tax rate.

Council Member Grasso wanted to know if there is a committee to investigate ways to increase revenues for the town.

Mr. Delorio stated that the Clerk's office has already started looking at ways to increase fees through licenses. He also stated that other fees will also be looked into.

Council Member Lee asked if the Borough is in the last year of the Sea Watch obligation.

Mr. Shechter stated there is still \$500,000 due and that the Borough just paid off \$300,000 in February.

Mr. Delorio stated that if the Borough continues with this trend then it should be paid off in a year and a half.

Mr. Shechter stated that the Borough received Green Acres payments in 2009. He stated that this money from Green Acres has to be voted on every year.

Council Member Lee asked if that was the Borough's only obligation from the Open Space Fund.

Mr. Shechter stated that all the payments are, except \$125,000 which was the \$50,000 surplus that is being brought over from the Beach and \$75,000 that was estimated for the Sea Watch rental of the restaurant. He advised that all the rest is paid out of the open space fund and Green Acres money. He stated that is what has been done every year so far.

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There was discussion on the Green Acre funds and Open Space Tax.

Ms. Ilaria the Municipal Clerk went over a list of licenses and permits that the Clerk's office will look into to raise revenues.

Council Member Grasso asked if the Tourism tax would generate any revenue.

Mayor Demspey stated that was something that the Council looked into adding last year and it was voted down.

Council Member Grasso stated that since there is an increase in people visiting our town wouldn't that be a source to generate some revenue.

Mayor Dempsey stated that last year it was going to be added on the certificate of occupancy fees because the majority of tourist will be renting. He stated that would have freed up some money that the town takes out of the current fund and gives to Tourism to run the programs.

Mr. Delorio stated that any taxes that the Governing Body considers, whether it is on rentals or any other source, you have to look at your surrounding communities. He stated that if it is priced to high then people will look elsewhere to rent.

There was discussion on a Tourism Tax and how and where the money would be used.

Mr. Delorio stated that a Tourism Tax could not be anticipated for this budget because there is no ordinance in place.

Council Member Grasso stated that this fee would be on the establishments not on the people coming to the town.

Council Member McCarthy stated that there are local residents that go to the establishments and that this should be discussed more at a later date.

Mr. Delorio stated that at a future date he will prepare a list of options for the governing body to consider.

Mr. Delorio continued with the surplus discussion. He stated that he anticipates next year the Borough will not be able to regenerate the amount that was anticipated this year. He stated that the surplus balance will decrease and at some point in time the Council is going to have to be diligent in anticipating the same amount each year. He continued with the summary of major revenues.

Mr. Delorio stated that the Municipal Budget presented to the Council is \$40,611 which is under the 2% property tax levy cap. He stated that the tax rate under this budget would be .353% or a little more than a cent more than 2010. He stated that it amounts to approximately a \$65 increase from last year on an average assessed home in Manasquan. He advised that the State has modified the original date of introduction of the budget. He advised originally it was March 11, 2011 and it has been amended to March 11, 2011 or the next time the Governing Body meets. He stated for Manasquan that would be March 21, 2011 to introduce.

Council Member Lee verified that it would be an increase of 3.82%.

Mr. Delorio stated that last year's increase was 4.35%.

Council Member Lee asked what a percent would be.

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Mr. Shechter stated that it would be \$160,000. He advised that if the budget was to be reduced by a penny then \$160,000 would have to be cut from expenses or raise \$160,000 in revenue or a combination of both.

Council Member Lucas asked what a penny decrease would be on a house assessed at \$500,000.

Mr. Shechter stated that it would be \$50.00 on an average assessed home.

Mayor Dempsey stated that the increase this year is lower then the total increase last year.

Mr. Delorio stated that his recommendation is that the departments were very diligent in putting their budget together and he feels that even though this budget is under the cap it is still a tight budget in respect to the department's revenue issues.

Mr. Shechter stated that the tighter the budget gets there is less appropriations that be can canceled that would go back into surplus.

Mr. Delorio advised the Council of some of the issues that came up during the Beach Committee meeting about the payment of the police vehicle. He stated that the recommendation of the beach was followed in that the beach has in its budget an allotment for a vehicle for the police department. He stated that last year there was an amount there, but a vehicle was not purchased, it was used to pay for police clothing allowance items. He also stated that the SUV that the chief recommended is in the current budget under the Capital Improvement Fund. He stated that the discussion point is the police vehicle which needs to be addressed by having the Beach Department pay for that one vehicle. He stated the SUV Ford Escape that was suggested is currently in the current budget. He advised that if the Council decides not to go with the SUV that amount would come out.

Council Member Grasso inquired about the \$29,000 being put towards uniforms.

Mr. Delorio stated that based on the recommendation of the Beach Committee that line item is now dedicated to the Crown Victoria. He stated that the Police Budget had in it the uniform allotment and it is already in the current budget not the Beach Budget.

Council Member Lee stated that the money is still appropriated it is just dedicated towards a vehicle.

Mr. Delorio stated there will not be any charges for clothing allowance in the Beach Budget this year.

Council Member Lee wanted to know if this would be the time to bring up some of the improvements to the Beach Garage. He stated the reason for this is because in the budget last year Council had agreed to rent appropriations from the Beach to the Current for \$24,000. He stated that this year there are some outstanding painting issues, bathroom needs, and possibly adding heat to the bays. He recommended that if the Borough is the landlord then the improvements should be paid for by the Borough not the Beach. He stated that the Beach would be happy to take the improvements on but not pay rent.

Mayor Dempsey stated that the remediation should be in the current budget.

Mr. Delorio stated that the painting is incorporated in the current budget. He stated that the other parts have not been included yet. He stated if that is what the Council considers the other items can be listed.

There was discussion on the purpose for the renovations at the Beach garage.

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Beach Manager Walter Wall addressed the council on the renovations and what is needed and the type of equipment that is stored there.

Discussion continued with the Council Members and Walter Wall with regards to the Beach Garage and suggestions on what should be done first.

Council Member Grasso asked Mr. Wall how he would prioritize the recommendation for the Beach Garage.

Mr. Wall stated that it would be the paint, bathroom, and then heating.

Council Member Grasso stated that he would like to bring something up that he saw on the website. He stated that on the website was the application for employment and it also stated that there are many employees that worked last year that will be coming back. He asked Mr. Wall if he knows exactly how many people are coming back.

Mr. Wall stated that the Lifeguard letters went out yesterday and the badge checkers, etc will go out this week. He stated that he has to wait for their responses. He also stated that he received over 120 applications to work at the beach this year.

Council Member Grasso asked how many of them are repeats 2 years, 3 years, whatever.

Mr. Wall stated that he believes that there were 12 or 13 new hires last year. He stated that he would have a better idea in a couple of weeks who would be returning this year.

Council Member Grasso stated that after he broke down the beach payroll he was wondering, outside of the old people coming back or the people that have had the jobs in the past, when hiring new people should the town be paying them \$10 or \$11 an hour rather than minimum wage.

Council Member Grasso added outside of the managers, supervisors and the lifeguards he is asking about beach collectors, and parking lot attendants.

Mr. Wall stated that there is a 3 or 4 year scale. He also stated that a new badge checker would only get \$7.50 an hour.

Council Member Grasso stated that this is a 3 month job not a full time job that people would receive the same amount of money working at McDonalds. He wanted to know how to establish a new set of salary wages so that the Borough can start making some money. He stated that the Borough is spending \$700,000 in salaries and another \$600,000 plus in insurance.

There was discussion on the starting salary of the new hire at the beach and how the beach can make more money by paying less to the employees.

Mr. Delorio stated that the discussion is moving towards Beach Operations and not the Budget. He made a recommendation to look at this issue in Committee because it will not affect the current budget.

Mr. Delorio stated that Council will consider major renovations and re-construction at the Beach Office and if the Council moves forward on that the bathrooms and heat in the garage can be incorporated into that Bond. He stated that in the Beach Budget there is an amount for the consideration of an architectural plan for the Beach Office which is in the Beach Utility Budget. He advised that would be discussed on Monday at a meeting. He asked for feedback from the Council where they would like to be as far as the percentage is.

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Mayor Dempsey stated that he is comfortable with the figures that were brought before him. He also stated the total budget is lower than last year.

Council Member McCarthy asked that when the budget is introduced on the 21<sup>st</sup> are additional cuts allowed to be made after that.

Mr. Shechter stated that you would have to wait and have the hearing a month later and after the hearing closes then changes can be made. He also stated that depending on the dollar amount to be changed is whether it would need to be re-advertise and have another hearing.

Mr. McCarthy asked that if the budget is introduced is there a percent of how much is allowed to be cut without having to re-introduce.

Mr. Shechter stated that it is 10% of any line item change.

There was discussion on the process if there were to be changes to the budget after introduction.

Mr. Delorio advised the Council that they can look at the budget again and decide where they would like to cut or they could advise what amount they are looking to get to and then he and the department heads would look at the best places to make those changes.

Council Member Lee asked if the budget was going to be introduced at 2% what would that dollar figure would be.

Mr. Shechter stated that about \$112,000 more would need to be cut from the budget to get to the 2%.

Mr. Shechter explained the Levy Cap to the Council.

There was discussion on where the additional money can be taken from.

Council Member Lucas inquired about the other departments that Mr. Delorio did not meet with regarding their budgets.

Mr. Delorio stated that some of the other departments that were not met with for example, the Library requested the same amount that they requested last year, there was no modification to that. He stated that if the Council is looking for cuts that could be a possibility. He stated that the Shade Tree Commission asked for more money to complete elevations of \$11,000. He advised that if there is going to be cuts it would be his recommendation to cut this out. He stated that Recreation went up slightly and he suggested bringing that back to last year's appropriations. He stated that if this is the goal of the Council he will present it that way and he will give them his warnings.

Mr. Shechter stated that he could actually get it to the percentage without the RUT (reserve for uncollected taxes) which would probably be around \$90,000 to \$92,000.

Council Member McCarthy asked to get to the 2% the Council would have to cut about \$92,000.

Mr. Delorio stated yes or increase anticipated revenues, which is not advisable. He asked the Council what their consideration is with regard to the two (2) vehicles for the Police Department.

Council Member Lucas stated that he spoke with Chief Scimeca and he believes that if the two (2) police vehicles are not purchased this year, next year there will be even

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more vehicles to purchase. He stated that one (1) vehicle should have been purchased last and now the Council is faced with purchasing two (2) this year.

Mr. Delorio stated that Mr. Shechter revised his numbers because of the reserve changing. He recommended that the Council give himself and Mr. Shechter an opportunity to get some options and come back next Saturday and present those changes.

Mayor Dempsey and the Council were in favor of Mr. Delorio's recommendation to have a presentation next week.

Mr. Delorio stated that the SUV is in the current budget and if that is taken out there is a savings of about \$25,000, but then you run the risk of needing more vehicles next year.

Mr. Shechter advised that since the SUV has a 5 year life we could bond the vehicle and it would not be in the regular budget it would come through the Debt service.

Mr. Shechter went over the process of bonding a truck.

Mr. Delorio stated that he will go over the budget with Mr. Shechter and bring back some options for the Council to choose from next week.

There was discussion on the amount of money that could be taken from the other smaller departments that did not come before the Council.

Mr. Delorio stated that he would like the Budget introduced on March 21, 2011.

#### **AUDIENCE PARTICIPATION**

Council Member McCarthy made a motion to open the meeting up to the public, seconded by Council Member Lucas. Motion carried unanimously.

There being no audience participation.

Council Member McCarthy made a motion to close the audience participation, seconded by Council Member Lee. Motion carried unanimously.

Council Member McCarthy made a motion to adjourn the budget meeting at 10:22 p.m., seconded by Council Member Lee. Motion carried unanimously.

Respectfully submitted,



Barbara Ilaria  
Municipal Clerk

**DATE APPROVED** 6-6-11