

JEFFERSON TOWNSHIP COUNCIL
MEETING LOCATION: JEFFERSON TOWNSHIP MUNICIPAL BUILDING
1033 WELDON ROAD
LAKE HOPATCONG, NJ 07849
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MARCH 8, 2022
BUDGET MEETING – 7:00 PM
MINUTES

1. CALL TO ORDER

Council President Senatore called the meeting to order at 7:01 pm and read the meeting statement: This Special Meeting (for the purpose of holding a discussion regarding the 2022 budget as well as to discuss or act upon public business) is called pursuant to the provisions of the Open Public Meetings Law. Notice of this meeting was sent to the official newspapers of the Township, the Daily Record and the Star Ledger, on **March 3, 2022**. In addition, notice was posted on the bulletin board in the Municipal Building on **March 3, 2022** and is and has been available to the public and is on file in the office of the Municipal Clerk.

2. ROLL CALL

	Present	Absent
Mr. Birmingham	X	
Mr. Kalish	X	
Mr. Smith	X	
Vice President Dunham	X	
President Senatore	X	
Mr. Ryan, Township Attorney		X
Ms. Reilly, Township Clerk	X	

Ms. Reilly called the roll. All Council members were present. Also in attendance were Mayor Eric Wilsusen, Administrator Debi Millikin, and Chief Financial Officer Bill Eagen.

3. SALUTE TO THE FLAG

Council President Senatore led the flag salute. She asked people to turn off their cell phones.

4. PUBLIC COMMENT

Council President Senatore opened the public comment portion of the meeting with the consent of the members present and asked speakers to state their name and address for the record.

With no one wishing to be heard, Council President Senatore closed the public comment portion of the meeting.

5. COUNCIL AND MAYOR DISCUSSION

• Budget – Administration & CFO

Mr. Eagen began the discussion by handing out paperwork to Council. He said he was going to start by reviewing the water and sewer budgets, which are contingent upon last year's revenues, as well as the garbage budget, the Lake Swannanoa special assessment and the open space/recreation budget.

Mr. Eagen stated that the garbage budget went up 3% this year per the contract but that he had made adjustments on the revenue side, so the total budget increase will be 1.99%. He said it was important to keep the increase under 2% due to this year's State review of the budget, as the garbage budget is subject to the cap.

Mr. Eagen told Council that the water operating budget was difficult this year due to a \$50,000 shortfall in 2021 revenue, even with last year's rate increase. He and Ms. Millikin explained that because of Executive Orders issued during Covid, the Township was prohibited from adding interest to any delinquent accounts, and that this resulted in a disincentive to pay outstanding balances. Ms. Millikin said this moratorium is ending on March 15th. Mr. Eagen explained that the shortfall in revenue affects the budget in two (2) ways. He said the first effect is that the Township can only appropriate what it has received in revenues from the previous year, so the 2022 budget appropriation will now be less by \$45,000 - \$50,000. He said the second effect is that the Township will have to raise the deficit from last year along with the shortfall in appropriations, so the total shortfall is almost \$90,000.

Mr. Eagen explained that the Township satisfied a 1981 Farmers Home USDA loan so he was able to use some of those monies, about \$30,000 in yearly payments, to offset this year's budget. Council Vice President Dunham asked about using surplus and Mr. Eagen said the Township has been using about \$50,000 from surplus each year to offset this budget but that the total surplus amount is dwindling and is down to approximately \$74,000. He stated that it will be possible to continue to use surplus this year, and that hopefully if delinquent accounts start to pay, the budget will rebound a little. He told Council that Administration has been working with John Perry and the long term planning consultant on a water/sewer rate study and this will be presented to Council.

Council Vice President Dunham asked how many meters are left to install and Ms. Millikin said she would get a number. Ms. Millikin announced that approximately \$330,000 in delinquent notices had been sent out and Mayor Wilsusen said people are starting to respond and pay.

Mr. Eagen discussed the sewer operating budget and said there was also a decrease in 2021 revenues, although not as drastic as in the water budget. He said there was no State moratorium on interest and penalties. Council Vice President Dunham asked about payments from the Board of Education and Mr. Eagen explained that the Township is the lead on the joint project with Stanlick School. He said that the Township makes the debt service payments on the grant but the Board of Education reimburses the Township dollar for dollar so this is not a revenue item.

Mr. Eagen said that the sewer budget has a half a million in surplus and uses \$135,000 every year to offset the budget costs. He said so far, the Township has been able to regenerate that amount every year. He said that the Township puts \$150,000 in cash towards capital improvements each year. Council Vice President Dunham asked about the increase in salaries, and Mr. Eagen said this had to do with shifting the percentages between the water and sewer budgets to 60/40.

Mayor Wilsusen mentioned that his administration is finishing the ten (10) year utility strategic plan and will be presenting this to Council. Ms. Millikin said utility will probably need a rate increase.

Mr. Eagen reviewed the open space/recreation trust budget which equates to one tax point, \$284,452. He said the turf field is paid off, and the Township had been paying approximately \$100,000 a year for the past seven (7) years. He said the budget will be used to offset a few items for recreation and parks. Council discussion ensued about the different turf fields and when they would need to be replaced and Ms. Millikin said this is included in the ten (10) year plan.

Mr. Eagen reviewed the special assessment budget for the Lake Swannanoa dam assessment. He explained the residents pay us and the Township pays the State. Mayor Wilsusen said this was a low interest loan and Mr. Eagen confirmed the rate has been locked in.

Mr. Eagen handed out more paperwork to Council. He explained that these are suggested budget changes to the operating budget made by him and administration after last week's Council meeting. He said in some cases departments were set back to last year's budget amounts and in other case administration had suggestions. He suggested some cuts to the Clerk's budget for advertising costs, as well as internet reimbursement for elected officials and for him.

Council Vice President Dunham asked when the Township would be increasing water rates. Mayor Wilsusen said once the budget is completed the administration will come back to Council with the strategic plan. He reminded Council that rates are normally raised every two (2) years.

Mr. Eagen said that the engineering retainer has been cut, now that Mr. Haack has been retired. Ms. Millikin said the amount still in the budget, which Mr. Eagen said is \$25,000, will be used for survey work. Council Vice President Dunham asked about last year's budget amount and Mr. Eagen said it was \$80,000 for last year's retainer.

Mr. Eagen explained that the police accreditation had originally been earmarked as a \$40,000 capital item, but after discussions, it was determined this was not capital and can be paid for using outside employment funds, which have been accruing in a separate account. Council Vice President Dunham asked who determined that these fees should be set aside in a special trust account and said he didn't remember making that decision. Mr. Eagen said this is a State rule called a dedication by rider. Councilman Birmingham asked for confirmation that this cost will not be paid by the taxpayers and Mr. Eagen said it would not. Ms. Millikin confirmed the car fee is \$50.00 for four (4) hours or less, and \$100.00 for over four (4) hours. She also confirmed that the Police outside detail rate is \$85.00 per hour plus a fifteen percent (15%) administrative fee. She said the outside employment account has also been used to fund some previous purchases.

Ms. Millikin said there was one item she wanted to bring to Council's attention, and that was gasoline and diesel prices. She said the Township typically budgets \$234,000 a year, and uses an average of 6,200 gallons a month in fuel. She calculated at \$6.00 a gallon, the Township will spend approximately \$37,200 per month or \$446,400 a year, in fuel costs, which could result in a budget deficit and the need for a transfer.

Mr. Eagen mentioned that HR found an error in their Recreation summer camp salary and wage calculations, resulting in \$130,000-\$140,000 that should be taken from the recreation trust fund and moved into the operating budget. He explained that summer camp salaries are charged off to camp and are offset by any camp revenues. He suggested putting this money toward gas, diesel and electric costs. Council Vice President Dunham asked if the garbage contract has a fuel escalation clause and Mr. Eagen said he does not think so. Council expressed hope that summer camp will resume normal activities this year.

Council President Senatore confirmed that, based on the new information provided by Mr. Eagen, the estimated tax on a home valued at \$319,000 will be \$84.68, \$10.31 lower than what was projected at the last meeting. Mr. Eagen said yes, the tax at the last meeting was estimated at \$94.99. As Council did not have a consensus for cuts on the internet reimbursement, Ms. Millikin instructed Mr. Eagen to include this in the budget. He said that the estimated tax on the average home will now be \$85.13. Ms. Millikin asked if Council was OK with what is being proposed for the current fund.

Some discussion ensued about healthcare costs and ways to further cut taxes. Council Vice President Dunham mentioned Township employees and said he had made a commitment ten (10) years ago to not lay off any full time employees. Mayor Wilsusen said there is only one part-time employee in the municipal building besides the receptionist, as he laid off the five (5) part-time Dial-A-Ride employees. He said the next step would be cutting services. He said Jefferson's tax issue is not so much a spending problem as it is a revenue problem, since the Township can't grow due to the Highlands. Mr. Eagen said raising some fees, like the building fees, helped offset the impact of Covid.

Council Vice President Dunham mentioned that if the Township were to receive the franchise utility tax money from the State, he hopes it is used for taxpayer relief. Mr. Eagen said he believes there is language in the bill that is structured in that way.

Council President Senatore thanked Mr. Eagen for his efforts and reiterated the tax of \$85.13 on an average home.

In reference to the capital budget, Mr. Eagen told Council that the Police Chief indicated his Department did not need a copier, but the Recreation Department was still requesting one. He discussed the need for a fire alarm system in the dog pound. Council Vice President Dunham confirmed that the cost of the 9-1-1- system had increased and that the project is necessary as Verizon won't support the current system. Ms. Millikin confirmed the cost and told Council Vice President Dunham she is checking to see if American Rescue monies can be used to fund the project.

Council Vice President Dunham asked why the ambulance for Jefferson Rescue was priced at \$210,000 and Mayor Wilsusen said the cost of an ambulance is going through the roof, like all other vehicles. He cited the public works vehicles as examples. Council Vice President Dunham asked if there was really a need for the \$90,000 bucket screener for the DPW, and it was explained that if the department does not have this equipment, the Township has to use an outside vendor.

Council Vice President asked if there was a way to forestall the purchase of at least one (1) of the two (2) trucks requested this year by the Recreation Department. Mayor Wilsusen said these purchases are within the ten (10) year plan and that there is a vehicle replacement schedule for next year in the plan as well. Councilman Smith said Council does not want to kick the can down the road and Council Vice President Dunham said he agreed that costs will continue to rise. Council President Senatore said the other problem is the departments won't take possession of these vehicles for at least a year, as it's taking that long to get them. Ms. Millikin mentioned that older vehicles will be auctioned off. Mayor Wilsusen told Council that the Township has been auctioning off vehicles and equipment every few months instead of every two (2) years.

Council Vice President Dunham asked about the possibility of a lease/purchase agreement for the Recreation Department copier versus an outright purchase. Mr. Eagen said ultimately it's cheaper to purchase small items such as these, because a lease/purchase adds money to the operating costs even though it is spread out throughout the leasing period. Ms. Millikin said she thinks it's important for the public to know what is being bonded versus what is being paid for outright, and the "pay as you go" items are a positive for the Township.

Council Vice President Dunham questioned the \$30,000 set aside for the renovation of the nurse's cabin at Camp Jefferson and said he didn't think it would be enough money. Ms. Millikin said she would reconfirm he amounts with John Burns. In reference to the Recreation project for Kennedy Field, Ms. Millikin said the original amount of \$238,000 was for a turf field. She said that has now been reduced to \$100,000 and that will include screening the soil and drainage. Council President Senatore said the field was built in the 1970's and the Township has never put any money into it except for a fence. She said the field hasn't been used in two (2) years and this is a huge detriment to the recreation program because it is one of only three (3) fields that can be used for softball and baseball programs, including men's and ladies' leagues. She stated that the middle school field has been torn up by the carnival and that Lakeside Field is not a legal playing field. Council President Senatore said the price is high but there is no drainage at that field, and the drainage problems will continue to exist whether the field is being used or not.

Council Vice President Dunham had questions about the debt. He said the net debt analysis Mr. Eagen provided shows the debt going up, and the ten (10) year plan has the debt going down. Mr. Eagen explained that some debt drops off every year and it should level off as the Township increases its "pay as you go" plans. Councilman Birmingham said he has previously brought up concerns about debt, and that this year the Township's debt is higher than the Board of Education's debt. He stated that the strategic plan shows the spending and expenses but not the revenue.

Mayor Wilsusen said the administration can do a comparison between the net debt analysis and the ten (10) year plan. He said it's always about striking a balance. He said the Township has kicked the can down the road for many years and now is paying the bills. He mentioned that his first year in office, a \$1.2-million-dollar fire truck had to be purchased because there was no replacement plan.

Council Vice President Dunham said he agreed that Mayor Wilsusen is catching up with the leftovers, and he is simply saying that he would like to try to figure out how to reduce debt. He said he understand things are going to get more expensive, and that right now the nice thing is that interest rates are low. He stated that he does not want to kick the can down the road, as Councilman Smith said, but also doesn't just want to keep increasing debt.

Mr. Eagen pointed out that over the time on the chart the Township is increasing the amount of its debt payments from 2.8 million dollars to 3.8 million dollars, and the amount being paid is increasing every year. Mayor Wilsusen reminded Council that the capital plan is just to let everyone know what's coming up. He said decisions about what to purchase will still have to be made, but the idea is to show that for every project not done or every piece of equipment not purchased, it has to be made up down the road. He cited refurbishing/rehabbing of trucks as an example of spending wisely. Mayor Wilsusen said that the ten (10) year plan also allows the Township to plan for the "one-off's" such as the building addition or the master plan for Camp Jefferson, and to figure out where those expenses might fit in best.

Council Vice President Dunham asked if police accreditation will save money and Ms. Millikin said it will save money on insurance. Mayor Wilsusen said it also helps with liability. Council discussed the jail cell improvements required by the Department of Corrections. Mr. Eagen said accreditation helps limit exposure.

Ms. Millikin asked Council if the budget can be introduced next week and received Council consensus to do so.

Councilman Birmingham said that the bulk of the \$30 million budget, one third or close to \$10 million dollars, is for police salaries and insurance. He said this year, for some reason, it seems as though police salaries went down. Mayor Wilsusen said there are many new patrolmen. Councilman Birmingham replied that he feels there are three (3) good things working in the Township's favor: American Rescue Fund monies, debt going up and helping the tax rate, and that police salaries went down. He wondered what will happen next year when the Township doesn't have those things working in its favor. Mayor Wilsusen said the Township will have one more year of American Rescue Fund monies. Mr. Eagen said the Township has a few years to spend the funds, but to keep in mind these monies are geared more toward projects than towards offsetting taxes.

Council President Senatore announced the next meeting is March 16th at 7:00 pm. Council Vice President Dunham thanked the administration for putting the message about tonight's meeting up on the electronic bulletin board and asked if this can be done again. Council President Senatore asked Ms. Millikin to request that the library put the meeting schedule on their electronic sign and said she supported Council Vice President Dunham's suggestion of using the sign on Berkshire Valley Road. Mayor Wilsusen pointed out the meetings are blasted out on social media. Council members reiterated they are trying to communicate to the public.

Ms. Millikin told Council the back conference room will be off limits to access for two to three weeks as the court will be moving in temporarily due to construction.

6. ADJOURNMENT AT 8:54 PM

Motion made by Council President Senatore, second by Councilman Smith, to adjourn the meeting at 8:54 pm, with all members in favor signifying by "Aye."

March 8, 2022

Michele Reilly, RMC, Township Clerk

Melissa Senatore, Council President