TOWNSHIP OF NUTLEY, NEW JERSEY

BOARD OF COMMISSIONERS

PUBLIC MEETING

TRANSCRIPT OF PROCEEDINGS:

Budget Workshop
March 29th, 2012

1:00 p.m.

BEFORE:
Mayor Mauro G. Tucci
Commissioner Alphonse Petracco
Commissioner Joseph P. Scarpelli
Commissioner Thomas J. Evans

Township Clerk Rosarie
Sharon L. Bozza, Municipal Clerk's Office

Job No. NJ392138

Veritext/NJ Reporting Company
800-227-8440 973-410-4040
March 29th, 2012

1:00 p.m.

BEFORE:

Mayor Mauro G. Tucci
Commissioner Alphonse Petracco
Commissioner Joseph P. Scarpelli
Commissioner Thomas J. Evans

Township Clerk Rosario
Sharon L. Bozza, Municipal Clerk's Office

Job No. NJ392138
P R O C E E D I N G S

MADAM CLERK: Pursuant to the requirements of the Open Public Meeting Law, Chapter 231, Public Law 1975, notice of this meeting was e-mailed to the Nutley Sun and Herald News on Monday, March 26, 2012. This notice has been posted on the Nutley Town Hall bulletin board, Nutley Web site, and the Nutley Town Hall electronic board. A copy is on file in the municipal clerk's office.

COMMISSIONER EVANS: Here.

MADAM CLERK: Commissioner Petracco?

COMMISSIONER PETRACCO: Here.

MADAM CLERK: Commissioner Scarpelli?

COMMISSIONER SCARPELLI: Here.

MADAM CLERK: Major Tucci?

MAYOR TUCCI: Here.

MADAM CLERK: Everyone's here.

MAYOR TUCCI: Thank you.

Well, while we have all now submitted our budgets, and Commissioner Evans, I'm sure, has put them in a form that we can all easily understand and has all that information, I will turn it over for Commissioner Evans to begin his presentation. And then, I'm sure we'll each go over our individual budgets.

COMMISSIONER EVANS: I would first like to start
out with a discussion of how nice it is outside.

MAYOR TUCCI: Beautiful. And how was that soup?

(Laughter)

COMMISSIONER EVANS: And, in fact, I apologize for my tardiness. But I have to apologize. We were notified that the FEMA reimbursement is lower than what it normally is. So they're making adjustments. And the schedule's going to be up here in a couple minutes.

MAYOR TUCCI: Well, and, before we begin, I was contacted by Posaic (phonetic) Valley. And they, actually, came and presented me, on behalf of the township, with a mock check in the amount of $5,308.19. It's our rebate for SOAR (phonetic) connections, all right, which are reported through the Code Enforcement Department. So I want to congratulate you and your group down there for a job well-done.

COMMISSIONER EVANS: Thank you.

MAYOR TUCCI: We're one of five municipalities that, in fact, received what they're calling a substantial rebate. So every little bit helps.

COMMISSIONER EVANS: When it comes to money, they will go after it. So it's, actually, they asked us to report on sewer connections.

MAYOR TUCCI: Right.

COMMISSIONER EVANS: And sewer connections. And
we, actually, bring those so that they can keep - it’s, actually, an incentive to keep their records, you know, current. So it’s like -

MAYOR TUCCI: And, while you would think that every municipality would jump on this -

COMMISSIONER EVANS: Want to, right.

MAYOR TUCCI: -- for whatever reason, they don’t. But we did, and job well-done.

COMMISSIONER EVANS: So you get it. $5,000, is $5,000; right?

MAYOR TUCCI: That’s right.

COMMISSIONER EVANS: There’s two things we have to do. One is we’ll review the rollup of the budget. And I thought that I would do, actually, three things today.

One is see if we can agree on the capital plan, which we have to do a little bit of adjustment to, in order to meet our goal. And also, I’d share a little bit of what’s going on with just the assessed values in town. And then, we can go through the operating budget. And, by then, with that dancing, I think we can go then through the budget.

And the reason they’re delayed is because we were notified that, with the ongoing reimbursements for FEMA, for the two storms, Irene and the October snow storm, we’re being notified that we normally get a 75 percent
reimbursement for that. The reimbursements are lower. So we have to fund a greater share of that.

And we are going to continue to fund that through the budget, as we talked about earlier. So they’re just making adjustments to the schedule to allow that. So it won’t have any effect on the tax rate. It’s just making sure the schedules are current for (indiscernible).

UNIDENTIFIED SPEAKER: For the capital? Is that where — or will that money come out (indiscernible)?

COMMISSIONER EVANS: Yeah. We, actually, had some flow-through, because the pension bill came in lower. It freed up some of the, you know, surplus, because we didn’t need the money, because of the lower pension bill. So we’re just reallocating that, again, the FEMA reimbursement.

UNIDENTIFIED SPEAKER: I mean, is that state-wide, they’re reducing it?

COMMISSIONER EVANS: Yeah.

UNIDENTIFIED SPEAKER: Or is Nutley being —

COMMISSIONER EVANS: It’s just federal government, you know, lowering the reimbursement formula for that particular storm. And it’s by storm.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: You go through a negotiation. Tom Nicoletti (phonetic) is in the middle of all that.

UNIDENTIFIED SPEAKER: Yes.
COMMISSIONER EVANS: And you know about all that that's going on.

MAYOR TUCCI: Uh-huh.

COMMISSIONER EVANS: So I just added that. We wanted to make sure we were adjusted.

So, just on the capital, the reason why I wanted to get this done is that, if we submit a good number with the budget, we then move into introducing the ordinance on capital spending early in the year and get that finished. And, in the past few years, we've, actually, had a delay in, actually, getting the number resolved, which, Congress said, "We're not approving this stuff until November."

You know, it, kind of, puts us a year behind on our capital plan. So, this way, if we do this right, we have an opportunity. Let's get it done. And it'll be done before the summer. And it's all nice and clean. So we'll have spending.

So, if I look, everybody has included their request. So one of the things that's important is that the renovations to the Police Desk are $300,000 has previously been introduced as an ordinance. So that's already part of the capital planning.

It's not new capital. It's just here, so it's listed as part of our capital budget. But it was done by a separate ordinance.
The fire truck, which is $265,000, is, actually, covered by a grant. And there’s a down-payment on that truck that we have to fund, which is about $26,000 to $30,000, which we’re taking care of outside of this.

UNIDENTIFIED SPEAKER: And is that part of the matching, you know, part of it?

COMMISSIONER EVANS: Yeah, that’s your matching piece.

UNIDENTIFIED SPEAKER: So is that the number?

COMMISSIONER EVANS: Yeah. You’re 10 percent. So it’s, roughly, 26,6.

UNIDENTIFIED SPEAKER: Okay.

COMMISSIONER EVANS: So we’ll take -- but, if you can see, it just comes in the total that it comes out as a net grant. So you’re not seeing that as part of the net total. And then, we have additional requests, which total, basically, if I keep the fire truck, the police desk in there for a moment, the total capital request is $1.4 million.

And we try to keep it at $1.2. So we’re a little bit over the mark. So, I think, we’re close. You can adjust those two to get it where it needs to be.

So, Al, just, from your side, the $300,000 on the police desk.

COMMISSIONER PETRACCO: Right.
COMMISSIONER EVANS: You got your capital this year. So congratulations, and thank you very much. And I am --

UNIDENTIFIED SPEAKER: And then, it was accelerated.

UNIDENTIFIED SPEAKER: Let me ask you a question, Tom. What else do we have in there from the -- I mean, obviously, the police side. But did you have anything else in capital?

UNIDENTIFIED SPEAKER: Well, last year, we had $30,000. So --

UNIDENTIFIED SPEAKER: Okay, so we're --

UNIDENTIFIED SPEAKER: But that's 30 allocated from last year. So --

UNIDENTIFIED SPEAKER: So we're fine with that? And the truck is all we have? So we're in good shape. Thank you.

UNIDENTIFIED SPEAKER: So you're good.

UNIDENTIFIED SPEAKER: Commissioner, thank you.

COMMISSIONER EVANS: You're welcome. So I was trying to figure it, and you were good.

Revenue and Finance and Public Affairs don't have any capital requests, except the renovations to the basement, which, I think, have been previously funded.

UNIDENTIFIED SPEAKER: So does that mean you don't
want to reduce the building renovations and equipment line?

COMMISSIONER EVANS: Well, yeah, I don’t think we can. But I’m just respectfully requesting that maybe we use it.

(Laughter)

UNIDENTIFIED SPEAKER: Absolutely. Absolutely.

COMMISSIONER EVANS: So I know we’re keeping it safe.

So the rest of it, then, really, is more between Joe, you and Mauro to look at the balance and balancing out. So the things I saw in here that were, sort of, new was the jet vac truck for $220,000, and then, the tree purchasing and planting -- were things I normally don’t see. So I thought those were --

COMMISSIONER SCARPELLI: Well, there’s, actually, two big pieces of equipment that we’re going to need over the next couple of years. And one is the jet vac truck that we know. And then, --

UNIDENTIFIED SPEAKER: What does that do? Is that the leaves, or no?

COMMISSIONER SCARPELLI: It’s, basically, the sewer truck.

UNIDENTIFIED SPEAKER: And you can’t use a dump truck?

COMMISSIONER EVANS: Does that help you blow out
the sewer lines?

COMMISSIONER SCARPELLI: Yes. And keep the mains clean.

COMMISSIONER EVANS: Yeah.

COMMISSIONER SCARPELLI: See, it’s an important piece of equipment. If it’s down, we’re in trouble. It’s a safety issue. And we’ve been, kind of --

COMMISSIONER EVANS: Do we have one truck now?

COMMISSIONER SCARPELLI: We have one truck now. And we’ve had some issues with it. And we’re Band-Aiding it together. And we don’t need that tomorrow, but we’re going to need it. So I wanted to put that in there.

The other big piece of equipment is a front-end loader we’re going to need. So, I mean, and that’s less expensive than the jet vac. So let me get some prices on that to see how much further that brings that down. But those two are definitely -- we’re going to need both of those pieces of equipment in the next two years.

COMMISSIONER EVANS: So can we fund part of it this year and part of it next year?

COMMISSIONER SCARPELLI: That we would be able to do, yeah.

COMMISSIONER EVANS: And just trim it? And so --

COMMISSIONER SCARPELLI: So it stays there?

COMMISSIONER EVANS: Yeah, because we won’t have
the police desk next year.

    COMMISSIONER SCARPELLI: I mean, if I had to
choose between the front-end loader and the jet vac truck to
reduce costs, let’s go with the front-end loader. And I’ll
get a price, and we’ll go for half. Does that sound
feasible?

    COMMISSIONER EVANS: No, I’m just saying if we
were to, Joe, drop that down to $120, right?

    COMMISSIONER SCARPELLI: Yeah.

    COMMISSIONER EVANS: Right? Then, that would get
you either the front-end loader or your --

    COMMISSIONER SCARPELLI: Part of our
(indiscernible). That’s fine.

    COMMISSIONER EVANS: Part of that? Right?

    COMMISSIONER SCARPELLI: I could do that. I
could do that.

    COMMISSIONER EVANS: All right. And so, it’s not
a thing I would just -- it’s like when we were funding the
fire truck.

    COMMISSIONER SCARPELLI: The truck. That’s fine.

That’s fine with me.

    UNIDENTIFIED SPEAKER: How much is a front-end
loader?

    COMMISSIONER SCARPELLI: I’m going to say it’s
less expensive than a jet vac. I’m going to say around 180.
UNIDENTIFIED SPEAKER: Wow.

COMMISSIONER EVANS: Okay.

UNIDENTIFIED SPEAKER: Caterpillar?

COMMISSIONER SCARPELLI: Yeah.

UNIDENTIFIED SPEAKER: Cat? Yeah. They last.

COMMISSIONER EVANS: Okay.

COMMISSIONER SCARPELLI: If I could just say that the Michigan that we're looking to replace we just had a bucket made for it. We could not get a radiator for it, because they don't make them anymore.

UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER SCARPELLI: So we had to, like -- I don't know, they welded something together to keep it. But that's where we're getting with some of this equipment, though.

UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER SCARPELLI: You can't get parts. And if you can't get parts, you're done.

COMMISSIONER EVANS: I mean, that one's 20 years old?

COMMISSIONER SCARPELLI: At least, 25.

UNIDENTIFIED SPEAKER: We have one of those, also, a Michigan. And we use it as a backup now, because we bought a new Cat a couple years ago. And he's absolutely right. You can't get the parts. So you're always modifying
something. And -

COMMISSIONER SCARPELLI: And I thank God we have
the kind of mechanics that can do that kind of work.

UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER SCARPELLI: I mean, you know, that
can put bubble gum on stuff to make it work.

COMMISSIONER EVANS: Caterpillars are standard;
right?

UNIDENTIFIED SPEAKER: Yes.

COMMISSIONER SCARPELLI: Cat, Komatsu, yeah.

COMMISSIONER EVANS: And they’re reliable?

COMMISSIONER SCARPELLI: Oh, yeah.

COMMISSIONER EVANS: Yeah, because both of them -

COMMISSIONER SCARPELLI: Industry standard, yeah.

COMMISSIONER EVANS: Yeah. Anything other than
that is just buying trouble.

COMMISSIONER SCARPELLI: Right. And the Michigan,
like, that’s 25 years old. Baldwin makes that.

UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER SCARPELLI: So they’re high-end
pieces of equipment. And --

UNIDENTIFIED SPEAKER: And, at the time, it wasn’t
an off-brand. It was one of the brands.

UNIDENTIFIED SPEAKER: No.

UNIDENTIFIED SPEAKER: Yeah, yeah, yeah, yeah,
yeah.

COMMISSIONER SCARPELLI: It's just a matter that they don't make parts for 25-year-old pieces of equipment.

COMMISSIONER EVANS: Okay.

COMMISSIONER SCARPELLI: All right. So I could go for 120, yeah. That would work for us.

COMMISSIONER EVANS: And, Mauro?

MAYOR TUCCI: All right, I'm going to start with the bottom. I, typically, don't put vehicle purchases in here. But I have two Durangos that are over 10 years old that are beginning to break down and become costly. So I really need to replace at least one of them.

And I have, I believe, it's two light dump-trucks that are in excess of 15 to 18 years old. I may be able to trim this a little bit. Let me see if I just replace one of the Durangos. I can save some money there. But I'm going to need something in that line.

So I'll look to shave, like, $25,000 off of this, if I can. And I'm relatively certain that I can. But I just want to go back and check, before I, actually, commit.

The tree purchase and planting: the 50,000 that I have in here, for whatever reason, the grants for tree plantings have dried up. I mean, money that we used to get through the state is no longer available. And, basically, what this planting does -- we usually do two plantings. We
do a spring planting and a fall planting.

This replaces trees that have just aged out and have been damaged, on the streets. And then, a few in the parks. So that, I really can’t touch, because I need to do that, in order to maintain the tree canopy and the character of the town.

Underground tank removal and replacement: I’m hoping that this is the end, because it seems like I’ve been doing this since I got here. But, I think, we’re coming to the end of the line.

I think, we only have one tank left, maybe, Joe, at your garage. So I need that 50,000. That’s per the consultant, Mr. Morrissey (phonetic), that we use on that.

Building renovations: I may be able to trim a little bit off of that. All right? I’m going to go back and look. Only because what we’ve done is, over the years, we’ve become a little more sophisticated at charging things to the proper areas.

And, I think, a lot of the improvements that we’ve made and charged to operating, rightfully, should be charged to capital. So what I’ve done -- and, when we go through the operating budget, you’ll see I’ve scaled down my other expenses on both buildings and parks in anticipation of spending that capital money. But I’ll go back and see if I can reduce that.
And the same thing with parks and playgrounds, because we are at bare bones with that. You know? In the building renovations and equipment, you know, our buildings are old. We’ve done some things, pretty much, everywhere. But we still have a long way to go.

We have a roof replacement. That’ll probably cost us $300,000 or more.

UNIDENTIFIED SPEAKER: Where?
MAYOR TUCCI: In Public Works.
UNIDENTIFIED SPEAKER: Wow.
MAYOR TUCCI: We did some improvements in Public Safety. We continually do them in this building. We want to finish the basement here, so that becomes much more useable, attractive space.

So let me go back and look. But, I mean, what are we looking at, as far as a target? Because I know I still have some capital dollars that are there.

COMMISSIONER EVANS: If we can get another total of 75. So you’ve identified 50?
MAYOR TUCCI: Uh-huh.
COMMISSIONER EVANS: If you’ve identified 25, --
MAYOR TUCCI: I’ve got 25.
COMMISSIONER EVANS: -- I need another 50. And that’s probably close enough (indiscernible).
MAYOR TUCCI: Another 50? (No audible response)
All right. Then, you know what? Let's --

COMMISSIONER EVANS: You know, with the change in the rules, it, basically, said, you know, later in the year --

MAYOR TUCCI: Right.

COMMISSIONER EVANS: -- you can earmark a release of an account, so it drops. Right? I think, we can locate that as a way to fund that, you know, fund these trees.

MAYOR TUCCI: Uh-huh.

COMMISSIONER EVANS: Right, through that.

MAYOR TUCCI: Well, this I was going to ask if we could accelerate this, because I'm going to try and get these in now.

COMMISSIONER EVANS: Yeah, I think, we can.

MAYOR TUCCI: You know? Because I know a lot of people are looking forward to that. And, because of the damage that we've had, I think, that it behooves us to do that.

COMMISSIONER EVANS: Yeah, I think, we can work that through.

MAYOR TUCCI: Beautiful. All right, then.

COMMISSIONER EVANS: So we move that, then, we can settle on this, if we're close enough to the 1.2?

MAYOR TUCCI: Right. If we need another 50,000, then, let's reduce them both by 25. We'll go to 175 each,
and we’re at our target.

COMMISSIONER EVANS: Okay.

UNIDENTIFIED SPEAKER: So the trees will go to 25?

MAYOR TUCCI: No, no, trees stay.

COMMISSIONER EVANS: Yeah, 175, 175.

UNIDENTIFIED SPEAKER: All right.

UNIDENTIFIED SPEAKER: The equipment and the renovations; right?

UNIDENTIFIED SPEAKER: Right. Parks and playground goes to 175. And building renovations and equipment goes to 175. So there is our additional 50, plus the vehicles went from 75 to 50. Yes.

COMMISSIONER EVANS: Yeah. Right. And so, we’ll be at $1,235,000. And that works fine with the plan. Because it’s not an exact science that we have to be on the numbers. But we’re close enough.

MAYOR TUCCI: Uh-huh. Right. And, if we need to tweak it a little more, I’m sure we can do that.

COMMISSIONER EVANS: We’re not far enough off for it to matter.

MAYOR TUCCI: Okay.

COMMISSIONER EVANS: So that’s good. The interest rates are very favorable right now. (Indiscernible) are very favorable. So debt years (indiscernible) are very favorable. So, I think, that’s fine. All right? Which is
great.

So I wanted to share with you. And I’m just going to put that on the table, because we didn’t make copies -- as you can see is --

UNIDENTIFIED SPEAKER: Is that good?

MAYOR TUCCI: I’ll be going with 275. Don’t go too far.

(Laughter)

I’ll need the Hubble Telescope.

(Laughter)

COMMISSIONER EVANS: So, you know, when you look at it the way we’re managing capital, right, is, basically, you can see, is, in 2006, at the municipal level, we had, you know, basically, $12 million worth of debt outstanding at the municipal level. We have borrowing capacity up to $120 million. Right?

But we’re well below that. And the reason why we don’t go up there is we just can’t afford the payments. Right? So we just couldn’t afford doing it.

Managing capital the way we’ve been managing it we’re, basically, down to $10 million. So we cut it, basically, $2 million over six years, which is the work we’ve been doing to manage our way through. With the way interest rates are and the terms, we’ve been able to cut that a year and almost a percentage on the interest rate,
which, basically, says our capital’s costing us less money. See?

So, in the budget, you, actually, see a decrease in funding of the debt service. So it’s helping us, you know, manage it. So I just wanted to share that with you. And, as a result of this, we had a bond rating increase from A+ to AA-. So that’s how this all comes in.

UNIDENTIFIED SPEAKER: And what’s the --

COMMISSIONER EVANS: So I thought I’d show you that all this work we’re doing, actually, is contributing to manage that.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: Right? Which puts us really in good shape.

UNIDENTIFIED SPEAKER: And what’s the difference, when you go from an AA in the rate that you’re able to obtain? Is it substantial, Tom?

COMMISSIONER EVANS: Yeah. Yeah.

UNIDENTIFIED SPEAKER: What kind of rate interest are we paying on it?

COMMISSIONER EVANS: So our average interest rate right now is 2.8 percent on $10 million worth of debt. And it’s, basically, 11 years. Right? So it enables us to shorten the term at a lower interest rate.

A change in this, actually, is a beneficial change
that we got a half a percent reduction on our interest rate. So, on $10 million, a half a percent is a nice piece. And, as a result, we’ve been able to manage to a shorter term, which says we’re not funding the interest on that.

You know, in a simple sense, it’s like a mortgage. Right?

UNIDENTIFIED SPEAKER: Absolutely.

COMMISSIONER EVANS: You know, the amount, the term, and the rate. So we’re lower rates, shorter term, less money outstanding. That’s good for us.

UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER EVANS: And so, we’ve been managing that. So I wanted to share that with you.

UNIDENTIFIED SPEAKER: You know what would be a good comparison, Tom? Because I know we’re doing a great job. Just to look at the surrounding municipalities and see what kind of debt they’re carrying and if there’s a sharp contrast to what we’re doing.

COMMISSIONER EVANS: Yeah. Yeah. We can just go to Montclaire (phonetic).

UNIDENTIFIED SPEAKER: Good point.

COMMISSIONER EVANS: Take a look at Montclaire.

UNIDENTIFIED SPEAKER: Very good point. Yeah.

That’s what I’m saying.

COMMISSIONER EVANS: Yeah. Because Montclaire has
over $100 million worth of debt outstanding.

UNIDENTIFIED SPEAKER: While, at the same time, maintaining the infrastructure, the services, and the equipment of everything we need to keep the town at the level that we want to keep it at.

COMMISSIONER EVANS: And, when you think about it, and that's where the value of this comes into it. It says, one, we're able to manage. The way we're doing the town, capital improvements in the town are being managed. Everybody's getting what they need.

We negotiate the timing, the ins and outs. And so, you know, the oil tank, we said you had to wait last year. It's in this year. And so, it goes.

You know, you had to spread out your fire truck. We spread out the police desk. We're just doing it in a way that says we're managing the growth in that debt service, which allows us flexibility to do a lot.

UNIDENTIFIED SPEAKER: Absolutely.

COMMISSIONER EVANS: We get a lot done for a little bit. And that's really good. And it took a while to do that. And so, it isn't flashy, but it works.

(Laughter)

Okay. So that's one. You know? And I'm glad we were able to get that done.

The other thing I wanted to share with you is, you
know, so what's going on with the assessed values in town, since the reval. and where we are today. So this schedule, which I didn't have a copy of, but I can do it this way.

In 2005, before the reval., the town was fully assessed commercial, residential, and everything together was assessed for, roughly, a half a billion dollars. At the time of the reval., the evaluation of the town went up to $4.1, almost $4.2 billion, which was really -- you know, houses here were, basically, assessed at $30,000. Here, they were assessed, you know, on average, you know, $300,000.

So you see the value going up. Today, this valuation is now down to $3.5 billion, given reductions in sale prices and the way property is going.

But what was interesting about it -- so to, sort of, take a look at what's going on. If you look here, the residential taxpayer was, roughly, paying -- represented 75 percent of the values. Right? And, after the reval., they, actually, were almost 80 percent of the values. So there was a shift, a five-point shift. Right?

And commercial, industrial, and the apartments, roughly, was 25 percent. Right? Before and after, they went down to about 20 percent. So you saw that's when a shift occurred, mostly in the commercial area. Right?

They were at 20, went down to 15. So that's where
you saw the big shift. And, in commercial, that includes Okmarosh (phonetic).

The industrial is just a smaller, little industrial things we have in town. Right? I’m leaving out vacant land (phonetic) because there’s just a little bit of that.

Today, given the shifts of the assessed values, you’re seeing that the residential component is up to almost 77 percent again, and that the commercial piece is 17 percent. So it’s below where it was in 2005.

Commercial assessed value apportionment is rising a bit. But it’s still below where it was in 2005. And the residential taxpayer, although they’re not at 80, they’re still above the 75 percent that they represented.

So it, basically, just acknowledges that back before the reval, there was, sort of, an explosion going on, as we all know, in residential home prices.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: The commercial side, because it’s pretty much based on income values. Right? This is based on sales price, right, and price sold. Commercial is based -- they call it the income approach. So there’s two different methods that are used.

So the volatility in residential prices is, actually -- we’re seeing that volatility, because they’re
coming down. Whereas, with commercial, because of the
income method, you’re seeing it stay flatter.

UNIDENTIFIED SPEAKER: Less fluctuation, yeah.

COMMISSIONER EVANS: Right. And now, if you also
notice -- is that here, you’re seeing a change in the
apartments in town. And it’s interesting. You know,
apartment valuations have gone down.

We had the ads for East Center Street and River
Road. But we had a significant reduction in value for, No.
1 River Road. The valuation at the time of the reval. was
$33 million. After Tax Court settlement, $16 million.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: So you had a huge hit in
those values. So you see --

UNIDENTIFIED SPEAKER: And where did the majority
of that go? Did it hit mostly residential? Or was it split
evenly residential/commercial?

COMMISSIONER EVANS: Well, it reduces that class.
Right?

UNIDENTIFIED SPEAKER: Uh-huh.

COMMISSIONER EVANS: And so, the effect of that
would, actually, have an impact on the residential side and
the commercial side. Whether it’s even or not, I haven’t
done the analysis.

UNIDENTIFIED SPEAKER: Right.
COMMISSIONER EVANS: But you see it's spread. Just respreads the percentages in the relationships.

UNIDENTIFIED SPEAKER: Right. Right.

COMMISSIONER EVANS: But that's what we've seen a lot that's going on in that particular space.

UNIDENTIFIED SPEAKER: So I understand this correctly, you're saying that apartments, as far as their value, have decreased significantly?

COMMISSIONER EVANS: Yeah, through Tax Court judgments.

UNIDENTIFIED SPEAKER: Uh-huh.

COMMISSIONER EVANS: At Tax Court, well, the way George explained it to me, we disagree with the method that the Court is applying. Right?

UNIDENTIFIED SPEAKER: Which is?

COMMISSIONER EVANS: Because it's an income approach that they're supposed to be applying. They're applying a market approach. So apartments were being purchased at, like, a peak. A great apartment was being purchased at a value of almost $80,000 a unit. Purchase price has gone down to almost half that.

So the Court's applying a reduction in that purchase price, not the income value of —

UNIDENTIFIED SPEAKER: Right. But the rent for that apartment has gone up.
COMMISSIONER EVANS: Yeah, the rent has gone up. And so, it shouldn't go down that much.

UNIDENTIFIED SPEAKER: How could that not increase the value, then, of the property?

COMMISSIONER EVANS: It doesn't. On the purchase price, through that revenue stream, so that you're seeing the adjustment from 2006 to 2012. The value has gone down. So what we're fighting on, and to your point, is, if the income is going up, right, George is still going to push on raising those assessed values. And we're probably going to wind up back in court again.

But, as long as the Court is applying a different method, we're in jeopardy. So, overall, it's not pervasive. It just happens to be with that particular property we took a pretty good hit for that. And it's, basically, we added, roughly, $15 million in new assessed values because of East Center Street and River Road.

And that offset, substantially, the hit we took with the other apartment unit, which, basically, went beyond the Essex County Tax Court and, actually, went to the Tax Court. So we're fighting it in Tax Court. But you're seeing some of that go on in these assessed values.

UNIDENTIFIED SPEAKER: Well, I mean, moving forward with something like that -- and I don't know how much latitude we have with some of these zoning regulations.
But, as far as building new apartments, under this new court ruling, as far as how they're going to assess, I mean, you know, my philosophy on that is, if we're collecting less rateables per apartment, and, if people are using our schools -- you know, I mean, I think, the number to educate a pupil is now $13,500 in Nutley, or thereabout. So, I mean, if we're going to allow apartments to continue to be built in Nutley, are we going backwards, through this new rating?

COMMISSIONER EVANS: No, it's a function of the formula on how you calculate the assessed value. It hasn't changed. It's just in the particular case, this one piece of property, the judge applied a different method that we disagreed with. So we appealed it to the Court, and we lost.

So I don't agree with the finding of the Court. And we're going to continue, actually, to have discussions about whether or not we're going to appeal it. But, as long as he applied that different -- this particular judge applied a different method, we took a hit on that. So it's not impacting how they're assessed.

And, on the two new properties -- they were assessed using the income approach. There's no appeal on those. They're fine.

UNIDENTIFIED SPEAKER: And how have the townhouses
held up, as far as that? I mean, are they declining at the same rate --

COMMISSIONER EVANS: Yeah.

UNIDENTIFIED SPEAKER: -- as the apartments have? Or --

COMMISSIONER EVANS: The townhomes are really less like apartments, more like residential. So they're proportionally the same. And, by the way, Nutley has done, actually, pretty well in holding value, compared to other towns. So we only saw -- this last year, we saw a significant hit on the values of Nutley's -- the assessed value is washing out, in this past year.

UNIDENTIFIED SPEAKER: I guess, your question goes more to what we want the town to look like and what we're looking to maintain, as far as a residential community, right, with single-family homes and two-family homes versus apartments. But, if I'm hearing what Tom's saying correctly, this was an isolated incident, where we took the hit.

COMMISSIONER EVANS: (Indiscernible.)

UNIDENTIFIED SPEAKER: And, just to be clear on what I'm saying -- is that, are we moving in the right direction. Because, you know, we have some open land now that, you know, I'm sure we're going to be looking to build on. But, again, you know, if the formula is going down, if
we’re going to allow apartments, maybe we should be looking into townhouses.

Because, you know, my fear is this: If we build new construction and people rent them and they send kids to the school system and, you know, most cases, apartments paying a $10,000 rateable. And you have a couple of kids going to school, or just one, are we going backwards, or are we going forwards, from a business perspective?

UNIDENTIFIED SPEAKER: I think, you’re mixing. I think, you’re mixing the two, only because what he’s saying is this was just an isolated incident. I understand what your concern is. And I share that concern, to some degree, as to, ultimately, what we want the township to look like and what we would like to see built here and where and how, and all that.

But, as far as a dollar-to-dollar comparison -

UNIDENTIFIED SPEAKER: You can’t.

UNIDENTIFIED SPEAKER: -- you can’t, because this was isolated. Because, if it was across the board, then, yes, that’s a no-brainer. Then, the answer is no, we don’t want that. You know? But do we want the $80,000 value, or do we want the $40,000 value?

COMMISSIONER EVANS: No municipality in the state would allow that, because they would say, you know - the other thing is, just to keep the conversation open, is that
the growth in school numbers isn't particularly from the townhomes and the apartments. Right? We turn over somewhere between 200 and 230 homes a year, single-family homes a year.

And where you have a family leaving, exiting, with two people, two adults, you’re having families move in. So, even with the residential housing, you have an impact on the school, which you can never cut. So, to look at one category versus the other, in effect, we’re not going to be able to control that, because it is what it is.

And so, it’s not a conversation where you, sort of, necessarily narrow it down to one thing, that that’s going to solve. It’s a very complex issue.

UNIDENTIFIED SPEAKER: You can’t over-simplify it. We’d love to, but it just doesn’t work.

COMMISSIONER EVANS: No. I sat in on a meeting just -- and you guys were here, which is great. I can stop dancing.

(Laughter)

UNIDENTIFIED SPEAKER: He was doing very well, by the way.

(Laughter)

It was informative dancing.

COMMISSIONER EVANS: Real quick was that the addition on East Center Street, right, added four children
to the school. Two residential homes were sold on that block. And, between those two homes, five kids were added to the school in Washington School, because of the changes. So, when you see it and you start to look at it and you’ve got to dig into this, is that you start to see is that the churn in single-family homes has a very significant impact on our school system, as well as these others.

And Cambridge Heights today has 112 children coming out it from the school system. It was projected to have over 260, when it was built. So it’s well below what was even projected for it. So we’re seeing that.

The last thing I wanted just to give you a quick on the Okmarosh. The demolition of the buildings on the Kingsland site, you know, that reduced the assessed value there by $5 million. Okay? But I wanted to also say remember when we talked about how we were going to spread the temporary abatement and we were going to spread the increase of the improvements on there?

Well, the good news is is that that strategy is working well, because we know that they’ve been doing these demolitions. But, as that’s coming onboard, it’s offsetting. So it completely offset that.

So, if I look at where the assessed values were in 2006 versus where they were in 2012, with the demolitions, this says value on the property is up $4 million. So, in
our planning to how we were going to manage that, and the
work that you guys did to focus on the subterranean sewer
system, which fit the rehab code, right, that is working out
well to manage the changes that are going on.

UNIDENTIFIED SPEAKER: Do we add any value with
the sky bridge? Or was that minimal?

COMMISSIONER EVANS: No, the sky bridge, actually,
cost about $3 million. It’s not done yet, so it’ll hit the
tax books. So we’ll get a pickup from that. And we’re not
fully funded on the five-year abatements.

The one piece is at 40 percent. The other one
other piece is at 20. So we’re going to have three years on
one, and we’re going to have four years on the other. And
the one piece of property adds $4 million a year.

UNIDENTIFIED SPEAKER: Right. Do you anticipate a
partial on the sky bridge?

COMMISSIONER EVANS: Yes. Yeah.

UNIDENTIFIED SPEAKER: About what?

COMMISSIONER EVANS: Probably a million-and-a-
half. You figure half, at least, half.

UNIDENTIFIED SPEAKER: In this year?

COMMISSIONER EVANS: No. It’ll be next year’s tax
book.

UNIDENTIFIED SPEAKER: Okay.

COMMISSIONER EVANS: Because that’s
(indiscernible). The reason why I, again, keep this in play is Building 85.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: Right? And Building 100 are slotted for demolition this year, later in the year, which we’ll lose assessed value for that. But, with the abatement coming on, we’ll stay pretty close to that. So we’re going to equalize the value there.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: So it’s just managing (indiscernible).

UNIDENTIFIED SPEAKER: And that includes the correction that we made on the building?

COMMISSIONER EVANS: Uh-huh. Yep, absolutely.

UNIDENTIFIED SPEAKER: Good.

COMMISSIONER EVANS: Absolutely. So I just wanted to -- I know there was some questions that we will, actually, go through.

So I’m done. Thank you very much for attending today.

UNIDENTIFIED SPEAKER: It’s our pleasure. We thought you were going to bring us soup. But, obviously, maybe the next one.

COMMISSIONER EVANS: Okay. So you guys have the budget?
UNIDENTIFIED SPEAKER: Yep. There is a set for each of the commissioners on the Revenue side and a set of the Appropriations side.

UNIDENTIFIED SPEAKER: Thank you.

UNIDENTIFIED SPEAKER: Mr. Evans, do you want me to, like, just give the 50,000 of the summary, or are you going to do that?

COMMISSIONER EVANS: No, you are.

(Laughter)

UNIDENTIFIED SPEAKER: Okay. So some of these—

UNIDENTIFIED SPEAKER: Excuse me. I just want to acknowledge, for the record, that Ray, Sarah, and Ellie our outside order (phonetic), has joined the meeting. And so, is Ray Costa (phonetic), our Treasurer.

UNIDENTIFIED SPEAKER: So, just to give you the real 50,000-foot level, if you look at the Revenue side of the budget, and go to the second page, in the middle of the page, you’ll see the total budget is at going from $48,442. You see where it says, “Total General Revenue,” sort of, in the middle of the second page?

UNIDENTIFIED SPEAKER: Yes.

UNIDENTIFIED SPEAKER: It’s going from $48,442,000 to $49,244,000. Now, again, this is all subject to changes that we might make today.

You can see over in the right-hand column is the
difference column. It’s up $802,000. And, if you look up
along that difference column, you’ll see that the other
special items, the biggest increase there is $109,000. And
then, if you go all the way to the top, the surplus
anticipated is going up $754,000.

So, if you combine those two amounts, that’s, more
or less, what your total budget’s going up. You can see
that the tax levy is, right now, is going down slightly,
from 2011 to 2012.

So there’s a lot of little pluses and minuses all
along the way. But the two big items are the FEMA money
that came in. And we lost a couple of other smaller items
of revenue. And we increased the use of surplus by
$754,000.

Now, you know, you can say, “Well, why are we
doing that”? Well, the surplus is up $754,000 from last
year. Last year, at the end of 2010, you were at
$5,157,000. At the end of 2011, you were at $5,912,000.
It’s a difference of $755,000.

To fund the ’11 budget, you used $3.9 million.
But you don’t have this. I’m reading it. You regenerated
$4,654,000. The reason that, you know, you’re, kind of,
looking at this as a one-time anomaly, so to speak, because
the surplus had been very stable over the last five years.

The reason it went up so much was you got some
one-time reimbursements for FEMA from the 2010 storm of
$82,000. You had the employee health reimbursement come in,
for the first time, of $100,000. You collected some prior-
year grant funds of $182,000.

And, most importantly, you collected 98.3 percent
in taxes. Where the year before, you collected 97.9. So
that’s only .4 of a percent increase in tax collections.
But that equates to over $400,000. So, between a few of
those one-time items and the fact that your percentage of
tax collections went up by so much, that’s really what
generated so much of the increase.

So you’ll see a $754,000 increase in the use of
surplus, so that the same unexpended balance gets rolled
forward. It’s a solid plan to do that. And the $754,000
increase in the use of surplus is going to offset, for the
most part, one-time expenses. And I’ll take you right to
those now.

So it’s not going just to reduce taxes, to reduce
taxes. It’s going to one-time revenues. Because, if you
look at -- I’m going to take you there. Except for a few
items, the entire rest of your budget, basically, has no
increase, when you net all of the regular appropriations.

UNIDENTIFIED SPEAKER: So, if you go through --
just to be clear. If you take all of municipal departments
and you add them together, departmental budgets, I think,
they're, actually, down a little.

UNIDENTIFIED SPEAKER: Down a little bit.

UNIDENTIFIED SPEAKER: So, collectively,
everything that we control, year-over-year on appropriations
side, we're down. Okay?

UNIDENTIFIED SPEAKER: And the way you get there
is, if you go now to the Appropriation page. It's the
little thicker packet.

UNIDENTIFIED SPEAKER: Excuse me. Just let me --
how much are we down?

UNIDENTIFIED SPEAKER: How much are you down?

UNIDENTIFIED SPEAKER: Approximately. Is it a
half a percent?

COMMISSIONER EVANS: $150,000. $150,000.

UNIDENTIFIED SPEAKER: $150,000?

UNIDENTIFIED SPEAKER: Yeah.

UNIDENTIFIED SPEAKER: All the --

UNIDENTIFIED SPEAKER: All the departments
combined?

COMMISSIONER EVANS: Yeah. Which is about .4
percent.

UNIDENTIFIED SPEAKER: Excellent. Excellent.

COMMISSIONER EVANS: Again, this is the good news
that's associated with this. Everything that we can
control, we've flattened out.
UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER EVANS: We've flattened out.

UNIDENTIFIED SPEAKER: I'm sorry.

UNIDENTIFIED SPEAKER: Yeah. Sure. No, ask questions as you go. I think, that's important that you're getting your answers as you go.

So, if you go all the way to the last page of the Appropriations side, this little thicker, where it has all of your individual budgets.

UNIDENTIFIED SPEAKER: Uh-huh.

UNIDENTIFIED SPEAKER: You go to the last page. Again, we're looking at a budget of $49,244,000. You have the '11 and '12 comparison. But, if you just flip back one more page -- so that's the $800,000.

You know, the Appropriations have to match the Revenues. The Revenues are up $850,000. Now, we go to the Appropriation side. And they're up the same amount.

But, if you go back one page to the bottom of the previous page, you'll see deferred charge for Hurricane Irene: 275, deferred charge for the snowstorm: 280, and the special emergency appropriation, five-year retirement payout: 355,000. Those three line items alone are $900,000, exactly.

COMMISSIONER EVANS: So just let me interject.

All right?
UNIDENTIFIED SPEAKER: Yeah.

COMMISSIONER EVANS: So the Hurricane Irene and the - what'd you call it?

UNIDENTIFIED SPEAKER: The Snowtober.

COMMISSIONER EVANS: Snowtober, yeah, that.

Right. Which we had to do the special emergency appropriation for. Right? We do not have to fund that for this year's budget, because we're, actually, funding it, and we, actually, are using surplus to offset it.

UNIDENTIFIED SPEAKER: Right.

COMMISSIONER EVANS: So the increase in the use of surplus to offset that. So, on a budget basis, year-over-year, the effect of that is zero.

UNIDENTIFIED SPEAKER: And correct me, if I'm wrong. Didn't we put, actually, more dollars aside, in the event that we needed them and used substantially less? What's coming to mind is something like an $800,000 appropriation that --

COMMISSIONER EVANS: In establishing, before you get to the fund surplus, we gave a $1.6 million liability for accrued sick and vacation.

UNIDENTIFIED SPEAKER: Uh-huh.

COMMISSIONER EVANS: We were able to, actually, regenerate the Acuvac (phonetic) account and fund $800,000 of that.
UNIDENTIFIED SPEAKER: That piece I understand. I'm not talking about that. I'm talking about how much we put aside, in the event that we would need it.

UNIDENTIFIED SPEAKER: When we, originally, had the storms, we appropriated approximately — we canceled unexpended of what we appropriated 500 and change.

UNIDENTIFIED SPEAKER: Right. I know it was substantially more than the numbers that I'm seeing here.

COMMISSIONER EVANS: Yeah, yeah.

UNIDENTIFIED SPEAKER: Absolutely.

COMMISSIONER EVANS: It almost doubled.

UNIDENTIFIED SPEAKER: Right. Okay.

COMMISSIONER EVANS: The assumed almost doubled.

But you guys worked it out.

UNIDENTIFIED SPEAKER: Well, basically, that was a function of everybody working together and taking out of our budgets what we could and just charging to these accounts what we absolutely needed to.

COMMISSIONER EVANS: That's right. That's right.

UNIDENTIFIED SPEAKER: Okay.

COMMISSIONER EVANS: That's right.

UNIDENTIFIED SPEAKER: I just wanted to make that point.

COMMISSIONER EVANS: No, that's what we were able to do. And, on this page, where you see — it just goes
(indiscernible) 29,550, top of the page. Do you see that?

UNIDENTIFIED SPEAKER: I do. Okay.

COMMISSIONER EVANS: That's funding the truck.

UNIDENTIFIED SPEAKER: The grant.

COMMISSIONER EVANS: And so, you're covered on that. And the East Center Street building -- it's --

UNIDENTIFIED SPEAKER: Second-to-last page.

UNIDENTIFIED SPEAKER: Yeah, it's second-to-last page.

UNIDENTIFIED SPEAKER: Wait. When you say the $754,000 surplus, one-time.

UNIDENTIFIED SPEAKER: Uh-huh.

UNIDENTIFIED SPEAKER: How does that affect us moving forward, you know, into the prior year? Like, if that's a one-time, you know, buy-in, how does that affect us for next year, if we don't have that $754,000?

UNIDENTIFIED SPEAKER: Okay. And that's a good answer (sic). And that's why --

UNIDENTIFIED SPEAKER: I answered it?

UNIDENTIFIED SPEAKER: I have a question.

UNIDENTIFIED SPEAKER: I mean, that's a good question. But there is a good answer. And, I think, I started there with you added to the Revenue side.

I think, your budget's up, mainly because of just a few things. I mean, all of the rest that all of you work
on all year long, when you net that all out, it’s down a little bit.

The reason for the increase in the budget is these three line items: the Hurricane Irene, the Halloween snowstorm, and to pay back the five-year emergency for the payout.

So, next year, when that $754,000 doesn’t recur and your fund balance comes back to about where it normally has been, you would go back to using $3.9 million or $4 million, which is what you’ve been using for years. And, on the Appropriation side, those three line items are funded now. So that’s a non-recurring expense being funded for the non-recurring revenue.

So this is not a one-year gimmick, because it’s an election year, and you want to do the right thing with taxes. You worked hard all year getting your cuts in order, so that your total budget on the Expense side really didn’t increase. It, actually, decreased a little bit.

UNIDENTIFIED SPEAKER: And, Ray, from your perspective, I know your firm works with quite a few municipalities in New Jersey.

MR. COSTA: Uh-huh.

UNIDENTIFIED SPEAKER: Just, from your perspective, how does Nutley compare?

MR. COSTA: Well, on the tax levy and the increase
in budget, this is the best, or one of the best we’ve seen. We deal with over 50 towns. And almost all of them are up slightly. I’d say the average increase that I’m seeing in most tax levies, are in the 2 to about 6 percent range. So the fact that, right now, if we don’t make any other changes, your tax levy is about the same, or slightly down.

UNIDENTIFIED SPEAKER: So, again, by comparison, we’re doing pretty well.

MR. COSTA: Well, you know, you can see it. And a couple of, you know, big line items, if you want to get into them. You know, when I looked, I tried to, like, pick out the biggest items, you know, where were the savings. You know, Police and Fire, total appropriation for salaries and wages last year were $11,932,000. And, this year, total together are $11,934,000. So that’s only a $2,000 increase from one year to the next. I mean, if you look back over other years, when, you know, you were able to negotiate with the strength and power and some of the things that you’ve done in the last two or three years to try and bring those expenses in, you know, those increases alone could have been anywhere from 4 to 7 or $800,000.

The health insurance is only up $153,000 from $5,771,000 to $5,924,000. Your pension expenses, actually, down from last year. It was almost exactly $4 million last
year. And, this year, it’s $3,465,000. And that’s as a result of the recalculation and pension reform — the state calculations on what the future liability would be.

So those were, by far, the biggest. There’s a whole lot of other smaller, you know, plus 50 here, minus 40 there, plus 30, less 10 all throughout the budget. But, for the most part, if you look at all of the line items, there is a lot more cuts than there are increases.

UNIDENTIFIED SPEAKER: So, if I was to -- I heard you. If I was to, sort of, my words, what I heard was that there’s extraordinary items in here, one-time items that we’ve been affected by two storms.


UNIDENTIFIED SPEAKER: Plus, we’ve had the master plan funded, as well as, last year, in order to get through the budget process, the state allowed us to capitalize, or spread over five years sick and vacation payouts.

MR. COSTA: Right.

UNIDENTIFIED SPEAKER: So we had to do a half a million dollars of that last year. This budget includes accelerating the payout of that, because that increase of money is going to take that liability off of our books. So it keeps us strong. Right?

If you take those one-time items, that really relates to how that surplus, extra surplus get used. So
one-time items against one-time items.

If we go to the recurring budget, year-over-year, which what I'm hearing is we're able to be slightly down, because of the work that we did on contributing health care, the salary adjustments that we did, and the head count adjustments that we did, the lower pension bill, lower sewer bill.

MR. COSTA: Yeah.

UNIDENTIFIED SPEAKER: Right? And I'm thinking that those kinds of items -- that we didn't have those extraordinary hits, that are helping to keep us (indiscernible). So that's where you get into it, say, from the management standpoint overseeing how we're managing our share of the property tax bill. That's how we stay at, you know, 35 percent.

And I, actually, think that, if we can pull this off, we'll probably go our share, the 35 percent share of the total property tax bill, will probably go down, in relation to the (indiscernible).

UNIDENTIFIED SPEAKER: And, I think, it's also important to note that, while we all work year-in, year-out in maintaining flat budgets or slight decreases, dollars that we don't spend that are appropriated at the beginning of the budget period cycle, all right, are, in fact, returned.
UNIDENTIFIED SPEAKER: That's right.

UNIDENTIFIED SPEAKER: All right? Because they are spent wisely. And we only spend what we absolutely need to spend. And I know everyone returned, you know, money. And, specifically, in health benefits, because of insurance and Worker's Comp., and those areas, because of the diligence of the professionals that we have onboard, you know, with focused claims and getting people back to work and monitoring how many people we're bringing on, as far as full health benefits are concerned.

I mean, it's a substantial decrease, I mean. Because, I think, initially, we used a little bit of it well. But, I mean, just from my department -- and I know everyone shares in this -- I mean, we returned over a half a million dollars that wasn't spent.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: So that goes back into the pot. And, again, it's a team effort.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: It's a team effort with everyone contributing.

UNIDENTIFIED SPEAKER: And what's important is that generates the surplus.

UNIDENTIFIED SPEAKER: Yes.

UNIDENTIFIED SPEAKER: And so, two things occur,
big things that we always have to keep in mind about the surplus. The surplus is not there as free surplus. It's not just, kind of, hanging out in a savings account. It's used.

There's two ways it's used. And they're used consistently, every year. One is 75 percent of that surplus goes back into the budget every year; two, for tax relief. We reapply it every year.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: Right? So, if we generate less, we apply less. Right? And that's the way it works.

The other piece of it -- this is the 25 percent piece. We, actually, use that money, because that keeps us out of tax anticipation notes, because we only collect money four times a year.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: But we run a business 12 months a year. So, especially when you get into the November to February timeframe, you're tight on cash. And that's what keeps us -- like other towns, have to do that. Nutley doesn't have to do that.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: And so, that's how that surplus is managed.

UNIDENTIFIED SPEAKER: So it's surplus/working
capital?

UNIDENTIFIED SPEAKER: Yes. Yeah, yeah. It’s just it keeps us sound. And it contributes to our bond rating. It goes to the fact that the rating agencies say that we’re a financially stable and secure town, because of these different plays (phonetic). But I don’t want anybody to be thinking that, because that surplus is there, that it’s there as a free reserve that’s sitting on the bench waiting to be used for something.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: It’s just the title of it, which is geared to the state-mandated charter accounts.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: The only account you can put it in is that line item.

UNIDENTIFIED SPEAKER: The surplus.

UNIDENTIFIED SPEAKER: If I could put it someplace else, I’d put it someplace else.

UNIDENTIFIED SPEAKER: And call it something else, yeah.

UNIDENTIFIED SPEAKER: And I’d call it something else. But that’s just you’re stuck with that account.

UNIDENTIFIED SPEAKER: right.

UNIDENTIFIED SPEAKER: Well, I like the working capital title.
UNIDENTIFIED SPEAKER: Yeah.

UNIDENTIFIED SPEAKER: I think, that’s probably the most accurate statement.

UNIDENTIFIED SPEAKER: I think, over the years, what we’ve employed here is a very smart approach and a very prudent approach to how we spend taxpayers’ dollars. And, obviously, with the work that we all do, we’re seeing the fruits of that labor here.

UNIDENTIFIED SPEAKER: Absolutely. You know, anybody can make a good budget one year in a row. But, as all of you know, because you’ve been here long enough, next year happens.

UNIDENTIFIED SPEAKER: That’s right.

UNIDENTIFIED SPEAKER: So, when you take a longer term approach to budgeting, you have much better results, over a long period of time. And, I think, that’s what you’re seeing. The debt has been reduced. You know, you continue to pay down every year – and included in this budget, you’re paying down more debt than you’re authorizing.

UNIDENTIFIED SPEAKER: Uh-huh.

UNIDENTIFIED SPEAKER: In most cases and most municipalities, that’s significant and different, especially now. It’s probably the opposite. And even your total debt. I mean, you look around at other municipalities. You don’t
have to look all that far.

And, for a town the size of Nutley, to have, like, a total debt outstanding of only $10 million is unheard of. You know, and, you know, your state of affairs, your infrastructure and town is in good shape, because you’ve done it consistently (indiscernible).

UNIDENTIFIED SPEAKER: So that’s what we do.

The last thing is we don’t have the appeals that other towns have, because we’re staying on top of maintenance on assessed values. So that keeps us down. It also helps us manage the county rate increase. So just two-fold benefit of it.

One last thing, because you’re going to be asked these questions, just as I’m asked these questions. Just that the assessed values we’re keeping current on is, if we lose a Tax Court judgment, or the Appeals Board level, the municipality pays 100 percent of that. It doesn’t get shared with the county or the school, because we are, by statute, obligated to pay them 100 percent. And we take the exposure risk. So we manage it closely. So, having, generally, 50 to 60 tax appeals a year is good, compared to what other towns are experiencing with exposure.

UNIDENTIFIED SPEAKER: Just an article in the paper yesterday about that. Yeah.

UNIDENTIFIED SPEAKER: So we’re good. So that’s
where we are.

MAYOR TUCCI: So compliance-wise, date-wise, we’re in good shape. I know we had a little disappointment at the submission of my late budget. But, I think, we caught up. And, I think, the governor’s best practice checklist, while we always want to comply with that and adhere to that, was trumped by the Nutley best practices.

And, I think, by taking that little extra time, at least in my case, and then, be able to go back and squeeze the numbers a little more and reduce them. So I’m just happy that, once again, we’ve all come together. We’ve done the best that we can. And, you know, at the end, you know, our Nutley taxpayers are going to benefit.

UNIDENTIFIED SPEAKER: So, Mayor, you can write the governor and tell him about Nutley best practices.

MAYOR TUCCI: And I will do that. Absolutely.

(Laughter)

And I’m sure he’ll be happy to hear our story.

(Laughter)

UNIDENTIFIED SPEAKER: Tom, I just like to add that, obviously, it wasn’t an easy task, getting to this point, either, because I can remember past years, when Commissioner Evans has come to me, as a Public Safety Director, and said we needed to shave off $2 million. And, obviously, all that went into play when it was time to
arbitrate awards, and stuff like that.

But I'm very proud and pleased to say although, you know, that process was very difficult and, maybe, you know, our town-workers didn't get the raise that they're accustomed to getting, you know, I think, it's safe to say that, moving forward, and the municipality side, that, you know, we're not looking at layoffs right now. And everybody, you know, is going to hold onto their job, which, to me, that's good planning.

And, you know, looking down the road, yeah, we all went through a little pain as a community. But we also stuck together, as well. And, you know, everybody held onto their job, which is -- you know, I know we've all worked hard.

UNIDENTIFIED SPEAKER: It's important.

UNIDENTIFIED SPEAKER: Because, like, you've said, Mauro, you know, these people are our mayors, our friends -- excuse me. Are our neighbors, our friends, and so forth like that. So, you know, I think, we've all done a good job of, you know, keeping people in work, which will improve our global economy, as well.

UNIDENTIFIED SPEAKER: Yeah. And we've done that through attrition, rather than, you know, not replacing anybody. And we did have people who left.

UNIDENTIFIED SPEAKER: Right.
UNIDENTIFIED SPEAKER: So --

UNIDENTIFIED SPEAKER: Right. And using temporary help, so we can avoid different, you know, benefit payments, and things like that. So it's all about being smart and being reasonable.

UNIDENTIFIED SPEAKER: And working as a team.

UNIDENTIFIED SPEAKER: Exactly. That's always the bottom line.

UNIDENTIFIED SPEAKER: And that gets to the last point, is whether we're mayor council forum, city manager forum, or a commissioner forum, none of the forms of government work, unless you work together.

UNIDENTIFIED SPEAKER: That's right.

UNIDENTIFIED SPEAKER: It's the people, not the government.

UNIDENTIFIED SPEAKER: It's all about the people.

UNIDENTIFIED SPEAKER: It's not structure. It's about who (indiscernible).

UNIDENTIFIED SPEAKER: It sounds like this meeting is coming to an end.

UNIDENTIFIED SPEAKER: Yeah, I'm closing.

(Laughter)

UNIDENTIFIED SPEAKER: Well, so --

MADAM CLERK: Sounds like a motion.

(Cross-talk)
UNIDENTIFIED SPEAKER: Just so we’re clear, right, so you’re authorizing this budget, with any minor adjustment, technical adjustments we need to make.

UNIDENTIFIED SPEAKER: Right.

UNIDENTIFIED SPEAKER: We’ll get it onto the state forum. And Mr. Evans will present it Tuesday night for introduction.

And you will meet the backside of the best practices, which is it needed to be adopted by the first meeting after April 20. And, I believe, your first May meeting does comply with that.

UNIDENTIFIED SPEAKER: Uh-huh. Right.

UNIDENTIFIED SPEAKER: So -

UNIDENTIFIED SPEAKER: Yeah, I have some minor adjustments, but that’s within the lines. It doesn’t affect the bottom number. Okay. We’ve got to go back and redo the capital. So -

MADAM CLERK: I need that, like, yesterday, because (indiscernible).

UNIDENTIFIED SPEAKER: I’ll follow you downstairs, and we’ll make a copy of that.

MADAM CLERK: Oh, wow. That’s the best offer I’ve had today.

UNIDENTIFIED SPEAKER: All right. Is there a motion to adjourn?
MADAM CLERK: Okay.

Commissioner Evans?

COMMISSIONER EVANS: Aye.

MADAM CLERK: Commissioner Petracco?

COMMISSIONER PETRACCO: Aye.

MADAM CLERK: Commissioner Scarpelli?

COMMISSIONER SCARPELLI: Aye.

MADAM CLERK: Mayor Tucci?

MAYOR TUCCI: Aye.

Thank you. Well done, now.

(End of audio)
CERTIFICATE OF TRANSCRIBER

I hereby certify that the proceedings in the Board of Commissioners Meeting heard on March 29, 2012, were recorded by means of electronic sound recording.

I further certify that, to the best of my knowledge and belief, page numbers 1 through 56 constitute a complete and accurate transcript of the proceedings as transcribed by me.

I further certify that I am neither a relative to nor an employee of any attorney or party herein, and that I have no interest in the outcome of the case.

In witness whereof, I have affixed my signature this 24th day of April, 2012.

Nicole Yawn
CERTIFICATE OF TRANSCRIBER

I hereby certify that the proceedings in the Board of Commissioners Meeting heard on March 29, 2012, were recorded by means of electronic sound recording.

I further certify that, to the best of my knowledge and belief, page numbers 1 through 56 constitute a complete and accurate transcript of the proceedings as transcribed by me.

I further certify that I am neither a relative to nor an employee of any attorney or party herein, and that I have no interest in the outcome of the case.

In witness whereof, I have affixed my signature this 24th day of April, 2012.

Nicole Yawn
March 29, 2012 Budget Workshop meeting transcription approved by the Board of Commissioners of the Township of Nutley at their meeting held on Tuesday June 19, 2012.

ATTEST:

Evelyn Rosario, RMC, CMC
Municipal Clerk

Abstained
Commissioner Steven Rogers

Commissioner Mauro G. Tucci

Commissioner Thomas J. Evans

Commissioner Joseph P. Scarpelli

Absent/Excused at the June 19, 2012 Meeting
Mayor Alphonse Petracco