

TOWNSHIP OF NUTLEY, NEW JERSEY

BOARD OF COMMISSIONERS

ORIGINAL

PUBLIC MEETING

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

Job No. NJ392138

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TOWNSHIP OF NUTLEY

P R O C E E D I N G S

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2 MADAM CLERK: Pursuant to the requirements of the
3 Open Public Meeting Law, Chapter 231, Public Law 1975,
4 notice of this meeting was e-mailed to the Nutley Sun and

th

5 Herald News on Monday, March 26 , 2012. This notice has
6 been posted on the Nutley Town Hall bulletin board, Nutley
7 Web site, and the Nutley Town Hall electronic board. A copy
8 is on file in the municipal clerk's office.

9 Commissioner Evans?

10 COMMISSIONER EVANS: Here.

11 MADAM CLERK: Commissioner Petracco?

12 COMMISSIONER PETRACCO: Here.

13 MADAM CLERK: Commissioner Scarpelli?

14 COMMISSIONER SCARPELLI: Here.

15 MADAM CLERK: Major Tucci?

16 MAYOR TUCCI: Here.

17 MADAM CLERK: Everyone's here.

18 MAYOR TUCCI: Thank you.

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

25 COMMISSIONER EVANS: I would first like to start

1 out with a discussion of how nice it is outside.

2 MAYOR TUCCI: Beautiful. And how was that soup?

3 (Laughter)

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

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

17 COMMISSIONER EVANS: Thank you.

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

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

24 MAYOR TUCCI: Right.

25 COMMISSIONER EVANS: And sewer connections. And

1 we, actually, bring those so that they can keep - it's,
2 actually, an incentive to keep their records, you know,
3 current. So it's like -

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

6 COMMISSIONER EVANS: Want to, right.

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

9 COMMISSIONER EVANS: So you get it. \$5,000, is
10 \$5,000; right?

11 MAYOR TUCCI: That's right.

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

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

22 And the reason they're delayed is because we were
23 notified that, with the ongoing reimbursements for FEMA, for
24 the two storms, Irene and the October snow storm, we're
25 being notified that we normally get a 75 percent

1 reimbursement for that. The reimbursements are lower. So
2 we have to fund a greater share of that.

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

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

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

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

17 COMMISSIONER EVANS: Yeah.

18 UNIDENTIFIED SPEAKER: Or is Nutley being --

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

22 UNIDENTIFIED SPEAKER: Right.

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

25 UNIDENTIFIED SPEAKER: Yes.

1 COMMISSIONER EVANS: And you know about all that
2 that's going on.

3 MAYOR TUCCI: Uh-huh.

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

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

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

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

23 It's not new capital. It's just here, so it's
24 listed as part of our capital budget. But it was done by a
25 separate ordinance.

1 The fire truck, which is \$265,000, is, actually,
2 covered by a grant. And there's a down-payment on that
3 truck that we have to fund, which is about \$26,000 to
4 \$30,000, which we're taking care of outside of this.

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

7 COMMISSIONER EVANS: Yeah, that's your matching
8 piece.

9 UNIDENTIFIED SPEAKER: So is that the number?

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

12 UNIDENTIFIED SPEAKER: Okay.

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

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

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

25 COMMISSIONER PETRACCO: Right.

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

4 UNIDENTIFIED SPEAKER: And then, it was
5 accelerated.

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

10 UNIDENTIFIED SPEAKER: Well, last year, we had
11 \$30,000. So -

12 UNIDENTIFIED SPEAKER: Okay, so we're --

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

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

18 UNIDENTIFIED SPEAKER: So you're good.

19 UNIDENTIFIED SPEAKER: Commissioner, thank you.

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

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

25 UNIDENTIFIED SPEAKER: So does that mean you don't

1 want to reduce the building renovations and equipment line?

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

5 (Laughter)

6 UNIDENTIFIED SPEAKER: Absolutely. Absolutely.

7 COMMISSIONER EVANS: So I know we're keeping it
8 safe.

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

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

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

21 COMMISSIONER SCARPELLI: It's, basically, the
22 sewer truck.

23 UNIDENTIFIED SPEAKER: And you can't use a dump
24 truck?

25 COMMISSIONER EVANS: Does that help you blow out

1 the sewer lines?

2 COMMISSIONER SCARPELLI: Yes. And keep the mains
3 clean.

4 COMMISSIONER EVANS: Yeah.

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

8 COMMISSIONER EVANS: Do we have one truck now?

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

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

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

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

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

24 COMMISSIONER SCARPELLI: So it stays there?

25 COMMISSIONER EVANS: Yeah, because we won't have

1 the police desk next year.

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

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

9 COMMISSIONER SCARPELLI: Yeah.

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

12 COMMISSIONER SCARPELLI: Part of our
13 (indiscernible). That's fine.

14 COMMISSIONER EVANS: Part of that? Right?

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

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

20 COMMISSIONER SCARPELLI: The truck. That's fine.
21 That's fine with me.

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

24 COMMISSIONER SCARPELLI: I'm going to say it's
25 less expensive than a jet vac. I'm going to say around 180.

1 UNIDENTIFIED SPEAKER: Wow.

2 COMMISSIONER EVANS: Okay.

3 UNIDENTIFIED SPEAKER: Caterpillar?

4 COMMISSIONER SCARPELLI: Yeah.

5 UNIDENTIFIED SPEAKER: Cat? Yeah. They last.

6 COMMISSIONER EVANS: Okay.

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

11 UNIDENTIFIED SPEAKER: Yeah.

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

16 UNIDENTIFIED SPEAKER: Yeah.

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

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

21 COMMISSIONER SCARPELLI: At least, 25.

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

1 something. And -

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

4 UNIDENTIFIED SPEAKER: Yeah.

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

7 COMMISSIONER EVANS: Caterpillars are standard;
8 right?

9 UNIDENTIFIED SPEAKER: Yes.

10 COMMISSIONER SCARPELLI: Cat, Komatsu, yeah.

11 COMMISSIONER EVANS: And they're reliable?

12 COMMISSIONER SCARPELLI: Oh, yeah.

13 COMMISSIONER EVANS: Yeah, because both of them -

14 COMMISSIONER SCARPELLI: Industry standard, yeah.

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

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

19 UNIDENTIFIED SPEAKER: Yeah.

20 COMMISSIONER SCARPELLI: So they're high-end
21 pieces of equipment. And --

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

24 UNIDENTIFIED SPEAKER: No.

25 UNIDENTIFIED SPEAKER: Yeah, yeah, yeah, yeah,

1 yeah.

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

4 COMMISSIONER EVANS: Okay.

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

7 COMMISSIONER EVANS: And, Mauro?

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

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

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

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

1 do a spring planting and a fall planting.

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

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

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

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

19 And, I think, a lot of the improvements that we've
20 made and charged to operating, rightfully, should be charged
21 to capital. So what I've done -- and, when we go through
22 the operating budget, you'll see I've scaled down my other
23 expenses on both buildings and parks in anticipation of
24 spending that capital money. But I'll go back and see if I
25 can reduce that.

1 And the same thing with parks and playgrounds,
2 because we are at bare bones with that. You know? In the
3 building renovations and equipment, you know, our buildings
4 are old. We've done some things, pretty much, everywhere.
5 But we still have a long way to go.

6 We have a roof replacement. That'll probably cost
7 us \$300,000 or more.

8 UNIDENTIFIED SPEAKER: Where?

9 MAYOR TUCCI: In Public Works.

10 UNIDENTIFIED SPEAKER: Wow.

11 MAYOR TUCCI: We did some improvements in Public
12 Safety. We continually do them in this building. We want
13 to finish the basement here, so that becomes much more
14 useable, attractive space.

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

18 COMMISSIONER EVANS: If we can get another total
19 of 75. So you've identified 50?

20 MAYOR TUCCI: Uh-huh.

21 COMMISSIONER EVANS: If you've identified 25, --

22 MAYOR TUCCI: I've got 25.

23 COMMISSIONER EVANS: -- I need another 50. And
24 that's probably close enough (indiscernible).

25 MAYOR TUCCI: Another 50? (No audible response)

1 All right. Then, you know what? Let's --

2 COMMISSIONER EVANS: You know, with the change in
3 the rules, it, basically, said, you know, later in the year
4 -

5 MAYOR TUCCI: Right.

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

9 MAYOR TUCCI: Uh-huh.

10 COMMISSIONER EVANS: Right, through that.

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

14 COMMISSIONER EVANS: Yeah, I think, we can.

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

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

21 MAYOR TUCCI: Beautiful. All right, then.

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

24 MAYOR TUCCI: Right. If we need another 50,000,
25 then, let's reduce them both by 25. We'll go to 175 each,

1 and we're at our target.

2 COMMISSIONER EVANS: Okay.

3 UNIDENTIFIED SPEAKER: So the trees will go to 25?

4 MAYOR TUCCI: No, no, trees stay.

5 COMMISSIONER EVANS: Yeah, 175, 175.

6 UNIDENTIFIED SPEAKER: All right.

7 UNIDENTIFIED SPEAKER: The equipment and the
8 renovations; right?

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

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

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

19 COMMISSIONER EVANS: We're not far enough off for
20 it to matter.

21 MAYOR TUCCI: Okay.

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

1 great.

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

5 UNIDENTIFIED SPEAKER: Is that good?

6 MAYOR TUCCI: I'll be going with 275. Don't go
7 too far.

8 (Laughter)

9 I'll need the Hubble Telescope.

10 (Laughter)

11 COMMISSIONER EVANS: So, you know, when you look
12 at it the way we're managing capital, right, is, basically,
13 you can see, is, in 2006, at the municipal level, we had,
14 you know, basically, \$12 million worth of debt outstanding
15 at the municipal level. We have borrowing capacity up to
16 \$120 million. Right?

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

20 Managing capital the way we've been managing it
21 we're, basically, down to \$10 million. So we cut it,
22 basically, \$2 million over six years, which is the work
23 we've been doing to manage our way through. With the way
24 interest rates are and the terms, we've been able to cut
25 that a year and almost a percentage on the interest rate,

1 which, basically, says our capital's costing us less money.
2 See?

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

8 UNIDENTIFIED SPEAKER: And what's the --

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

12 UNIDENTIFIED SPEAKER: Right.

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

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

18 COMMISSIONER EVANS: Yeah. Yeah.

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

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

25 A change in this, actually, is a beneficial change

1 that we got a half a percent reduction on our interest rate.
2 So, on \$10 million, a half a percent is a nice piece. And,
3 as a result, we've been able to manage to a shorter term,
4 which says we're not funding the interest on that.

5 You know, in a simple sense, it's like a mortgage.
6 Right?

7 UNIDENTIFIED SPEAKER: Absolutely.

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

11 UNIDENTIFIED SPEAKER: Yeah.

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

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

19 COMMISSIONER EVANS: Yeah. Yeah. We can just go
20 to Montclair (phonetic).

21 UNIDENTIFIED SPEAKER: Good point.

22 COMMISSIONER EVANS: Take a look at Montclair.

23 UNIDENTIFIED SPEAKER: Very good point. Yeah.
24 That's what I'm saying.

25 COMMISSIONER EVANS: Yeah. Because Montclair has

1 over \$100 million worth of debt outstanding.

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

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

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

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

18 UNIDENTIFIED SPEAKER: Absolutely.

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

22 (Laughter)

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

25 The other thing I wanted to share with you is, you

1 know, so what's going on with the assessed values in town,
2 since the reval. and where we are today. So this schedule,
3 which I didn't have a copy of, but I can do it this way.

4 In 2005, before the reval., the town was fully
5 assessed commercial, residential, and everything together
6 was assessed for, roughly, a half a billion dollars. At the
7 time of the reval., the evaluation of the town went up to
8 \$4.1, almost \$4.2 billion, which was really -- you know,
9 houses here were, basically, assessed at \$30,000. Here,
10 they were assessed, you know, on average, you know,
11 \$300,000.

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

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

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

25 They were at 20, went down to 15. So that's where

1 you saw the big shift. And, in commercial, that includes
2 Okmarosh (phonetic).

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

7 Today, given the shifts of the assessed values,
8 you're seeing that the residential component is up to almost
9 77 percent again, and that the commercial piece is 17
10 percent. So it's below where it was in 2005.

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

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

18 UNIDENTIFIED SPEAKER: Right.

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

24 So the volatility in residential prices is,
25 actually -- we're seeing that volatility, because they're

1 coming down. Whereas, with commercial, because of the
2 income method, you're seeing it stay flatter.

3 UNIDENTIFIED SPEAKER: Less fluctuation, yeah.

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

8 We had the ads for East Center Street and River
9 Road. But we had a significant reduction in value for, No.
10 1 River Road. The valuation at the time of the reval. was
11 \$33 million. After Tax Court settlement, \$16 million.

12 UNIDENTIFIED SPEAKER: Right.

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

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

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

20 UNIDENTIFIED SPEAKER: Uh-huh.

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

25 UNIDENTIFIED SPEAKER: Right.

1 COMMISSIONER EVANS: But you see it's spread.
2 Just respreads the percentages in the relationships.

3 UNIDENTIFIED SPEAKER: Right. Right.

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

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

9 COMMISSIONER EVANS: Yeah, through Tax Court
10 judgments.

11 UNIDENTIFIED SPEAKER: Uh-huh.

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

15 UNIDENTIFIED SPEAKER: Which is?

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

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

24 UNIDENTIFIED SPEAKER: Right. But the rent for
25 that apartment has gone up.

1 COMMISSIONER EVANS: Yeah, the rent has gone up.
2 And so, it shouldn't go down that much.

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

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

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

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

23 UNIDENTIFIED SPEAKER: Well, I mean, moving
24 forward with something like that -- and I don't know how
25 much latitude we have with some of these zoning regulations.

1 But, as far as building new apartments, under this new court
2 ruling, as far as how they're going to assess, I mean, you
3 know, my philosophy on that is, if we're collecting less
4 rateables per apartment, and, if people are using our
5 schools -- you know, I mean, I think, the number to educate
6 a pupil is now \$13,500 in Nutley, or thereabout. So, I
7 mean, if we're going to allow apartments to continue to be
8 built in Nutley, are we going backwards, through this new
9 rating?

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

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

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

25 UNIDENTIFIED SPEAKER: And how have the townhouses

1 held up, as far as that? I mean, are they declining at the
2 same rate --

3 COMMISSIONER EVANS: Yeah.

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

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

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

20 COMMISSIONER EVANS: (Indiscernible.)

21 UNIDENTIFIED SPEAKER: And, just to be clear on
22 what I'm saying -- is that, are we moving in the right
23 direction. Because, you know, we have some open land now
24 that, you know, I'm sure we're going to be looking to build
25 on. But, again, you know, if the formula is going down, if

1 we're going to allow apartments, maybe we should be looking
2 into townhouses.

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

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

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

17 UNIDENTIFIED SPEAKER: You can't.

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

23 COMMISSIONER EVANS: No municipality in the state
24 would allow that, because they would say, you know - the
25 other thing is, just to keep the conversation open, is that

1 the growth in school numbers isn't particularly from the
2 townhomes and the apartments. Right? We turn over
3 somewhere between 200 and 230 homes a year, single-family
4 homes a year.

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

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

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

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

19 (Laughter)

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

22 (Laughter)

23 It was informative dancing.

24 COMMISSIONER EVANS: Real quick was that the
25 addition on East Center Street, right, added four children

1 to the school. Two residential homes were sold on that
2 block. And, between those two homes, five kids were added
3 to the school in Washington School, because of the changes.
4 So, when you see it and you start to look at it and you've
5 got to dig into this, is that you start to see is that the
6 churn in single-family homes has a very significant impact
7 on our school system, as well as these others.

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

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

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

23 So, if I look at where the assessed values were in
24 2006 versus where they were in 2012, with the demolitions,
25 this says value on the property is up \$4 million. So, in

1 our planning to how we were going to manage that, and the
2 work that you guys did to focus on the subterranean sewer
3 system, which fit the rehab code, right, that is working out
4 well to manage the changes that are going on.

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

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

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

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

17 COMMISSIONER EVANS: Yes. Yeah.

18 UNIDENTIFIED SPEAKER: About what?

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

21 UNIDENTIFIED SPEAKER: In this year?

22 COMMISSIONER EVANS: No. It'll be next year's tax
23 book.

24 UNIDENTIFIED SPEAKER: Okay.

25 COMMISSIONER EVANS: Because that's

1 (indiscernible). The reason why I, again, keep this in play
2 is Building 85.

3 UNIDENTIFIED SPEAKER: Right.

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

9 UNIDENTIFIED SPEAKER: Right.

10 COMMISSIONER EVANS: So it's just managing
11 (indiscernible).

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

14 COMMISSIONER EVANS: Uh-huh. Yep, absolutely.

15 UNIDENTIFIED SPEAKER: Good.

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

19 So I'm done. Thank you very much for attending
20 today.

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

24 COMMISSIONER EVANS: Okay. So you guys have the
25 budget?

1 UNIDENTIFIED SPEAKER: Yep. There is a set for
2 each of the commissioners on the Revenue side and a set of
3 the Appropriations side.

4 UNIDENTIFIED SPEAKER: Thank you.

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

8 COMMISSIONER EVANS: No, you are.

9 (Laughter)

10 UNIDENTIFIED SPEAKER: Okay. So some of these -

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

15 UNIDENTIFIED SPEAKER: So, just to give you the
16 real 50,000-foot level, if you look at the Revenue side of
17 the budget, and go to the second page, in the middle of the
18 page, you'll see the total budget is at going from \$48,442.
19 You see where it says, "Total General Revenue," sort of, in
20 the middle of the second page?

21 UNIDENTIFIED SPEAKER: Yes.

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

25 You can see over in the right-hand column is the

1 difference column. It's up \$802,000. And, if you look up
2 along that difference column, you'll see that the other
3 special items, the biggest increase there is \$109,000. And
4 then, if you go all the way to the top, the surplus
5 anticipated is going up \$754,000.

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

10 So there's a lot of little pluses and minuses all
11 along the way. But the two big items are the FEMA money
12 that came in. And we lost a couple of other smaller items
13 of revenue. And we increased the use of surplus by
14 \$754,000.

15 Now, you know, you can say, "Well, why are we
16 doing that"? Well, the surplus is up \$754,000 from last
17 year. Last year, at the end of 2010, you were at
18 \$5,157,000. At the end of 2011, you were at \$5,912,000.
19 It's a difference of \$755,000.

20 To fund the '11 budget, you used \$3.9 million.
21 But you don't have this. I'm reading it. You regenerated
22 \$4,654,000. The reason that, you know, you're, kind of,
23 looking at this as a one-time anomaly, so to speak, because
24 the surplus had been very stable over the last five years.

25 The reason it went up so much was you got some

1 one-time reimbursements for FEMA from the 2010 storm of
2 \$82,000. You had the employee health reimbursement come in,
3 for the first time, of \$100,000. You collected some prior-
4 year grant funds of \$182,000.

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

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

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

23 UNIDENTIFIED SPEAKER: So, if you go through --
24 just to be clear. If you take all of municipal departments
25 and you add them together, departmental budgets, I think,

1 they're, actually, down a little.

2 UNIDENTIFIED SPEAKER: Down a little bit.

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

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

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

11 UNIDENTIFIED SPEAKER: How much are you down?

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

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

15 UNIDENTIFIED SPEAKER: \$150,000?

16 UNIDENTIFIED SPEAKER: Yeah.

17 UNIDENTIFIED SPEAKER: All the --

18 UNIDENTIFIED SPEAKER: All the departments
19 combined?

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

22 UNIDENTIFIED SPEAKER: Excellent. Excellent.

23 COMMISSIONER EVANS: Again, this is the good news
24 that's associated with this. Everything that we can
25 control, we've flattened out.

1 UNIDENTIFIED SPEAKER: Yeah.

2 COMMISSIONER EVANS: We've flattened out.

3 UNIDENTIFIED SPEAKER: I'm sorry.

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

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

10 UNIDENTIFIED SPEAKER: Uh-huh.

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

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

18 But, if you go back one page to the bottom of the
19 previous page, you'll see deferred charge for Hurricane
20 Irene: 275, deferred charge for the snowstorm: 280, and
21 the special emergency appropriation, five-year retirement
22 payout: 355,000. Those three line items alone are
23 \$900,000, exactly.

24 COMMISSIONER EVANS: So just let me interject.

25 All right?

1 UNIDENTIFIED SPEAKER: Yeah.

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

4 UNIDENTIFIED SPEAKER: The Snowtober.

5 COMMISSIONER EVANS: Snowtober, yeah, that.
6 Right. Which we had to do the special emergency
7 appropriation for. Right? We do not have to fund that for
8 this year's budget, because we're, actually, funding it, and
9 we, actually, are using surplus to offset it.

10 UNIDENTIFIED SPEAKER: Right.

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

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

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

22 UNIDENTIFIED SPEAKER: Uh-huh.

23 COMMISSIONER EVANS: We were able to, actually,
24 regenerate the Acuvac (phonetic) account and fund \$800,000
25 of that.

1 UNIDENTIFIED SPEAKER: That piece I understand.
2 I'm not talking about that. I'm talking about how much we
3 put aside, in the event that we would need it.

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

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

9 COMMISSIONER EVANS: Yeah, yeah.

10 UNIDENTIFIED SPEAKER: Absolutely.

11 COMMISSIONER EVANS: It almost doubled.

12 UNIDENTIFIED SPEAKER: Right. Okay.

13 COMMISSIONER EVANS: The assumed almost doubled.
14 But you guys worked it out.

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

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

20 UNIDENTIFIED SPEAKER: Okay.

21 COMMISSIONER EVANS: That's right.

22 UNIDENTIFIED SPEAKER: I just wanted to make that
23 point.

24 COMMISSIONER EVANS: No, that's what we were able
25 to do. And, on this page, where you see - it just goes

1 (indiscernible) 29,550, top of the page. Do you see that?

2 UNIDENTIFIED SPEAKER: I do. Okay.

3 COMMISSIONER EVANS: That's funding the truck.

4 UNIDENTIFIED SPEAKER: The grant.

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

7 UNIDENTIFIED SPEAKER: Second-to-last page.

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

10 UNIDENTIFIED SPEAKER: Wait. When you say the
11 \$754,000 surplus, one-time.

12 UNIDENTIFIED SPEAKER: Uh-huh.

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

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

19 UNIDENTIFIED SPEAKER: I answered it?

20 UNIDENTIFIED SPEAKER: I have a question.

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

24 I think, your budget's up, mainly because of just
25 a few things. I mean, all of the rest that all of you work

1 on all year long, when you net that all out, it's down a
2 little bit.

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

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

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

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

22 MR. COSTA: Uh-huh.

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

25 MR. COSTA: Well, on the tax levy and the increase

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

7 UNIDENTIFIED SPEAKER: So, again, by comparison,
8 we're doing pretty well.

9 MR. COSTA: Well, you know, you can see it. And a
10 couple of, you know, big line items, if you want to get into
11 them. You know, when I looked, I tried to, like, pick out
12 the biggest items, you know, where were the savings. You
13 know, Police and Fire, total appropriation for salaries and
14 wages last year were \$11,932,000.

15 And, this year, total together are \$11,934,000.
16 So that's only a \$2,000 increase from one year to the next.
17 I mean, if you look back over other years, when, you know,
18 you were able to negotiate with the strength and power and
19 some of the things that you've done in the last two or three
20 years to try and bring those expenses in, you know, those
21 increases alone could have been anywhere from 4 to 7 or
22 \$800,000.

23 The health insurance is only up \$153,000 from
24 \$5,771,000 to \$5,924,000. Your pension expenses, actually,
25 down from last year. It was almost exactly \$4 million last

1 year. And, this year, it's \$3,465,000. And that's as a
2 result of the recalculation and pension reform -- the state
3 calculations on what the future liability would be.

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

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

13 MR. COSTA: Uh-huh. Uh-huh.

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

18 MR. COSTA: Right.

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

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

1 one-time items against one-time items.

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

8 MR. COSTA: Yeah.

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

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

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

1 UNIDENTIFIED SPEAKER: That's right.

2 UNIDENTIFIED SPEAKER: All right? Because they
3 are spent wisely. And we only spend what we absolutely need
4 to spend. And I know everyone returned, you know, money.

5 And, specifically, in health benefits, because of
6 insurance and Worker's Comp., and those areas, because of
7 the diligence of the professionals that we have onboard, you
8 know, with focused claims and getting people back to work
9 and monitoring how many people we're bringing on, as far as
10 full health benefits are concerned.

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

16 UNIDENTIFIED SPEAKER: Right.

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

19 UNIDENTIFIED SPEAKER: Right.

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

22 UNIDENTIFIED SPEAKER: And what's important is
23 that regenerates the surplus.

24 UNIDENTIFIED SPEAKER: Yes.

25 UNIDENTIFIED SPEAKER: And so, two things occur,

1 big things that we always have to keep in mind about the
2 surplus. The surplus is not there as free surplus. It's
3 not just, kind of, hanging out in a savings account. It's
4 used.

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

9 UNIDENTIFIED SPEAKER: Right.

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

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

16 UNIDENTIFIED SPEAKER: Right.

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

22 UNIDENTIFIED SPEAKER: Right.

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

25 UNIDENTIFIED SPEAKER: So it's surplus/working

1 capital?

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

10 UNIDENTIFIED SPEAKER: Right.

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

13 UNIDENTIFIED SPEAKER: Right.

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

16 UNIDENTIFIED SPEAKER: The surplus.

17 UNIDENTIFIED SPEAKER: If I could put it someplace
18 else, I'd put it someplace else.

19 UNIDENTIFIED SPEAKER: And call it something else,
20 yeah.

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

23 UNIDENTIFIED SPEAKER: right.

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

1 UNIDENTIFIED SPEAKER: Yeah.

2 UNIDENTIFIED SPEAKER: I think, that's probably
3 the most accurate statement.

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

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

13 UNIDENTIFIED SPEAKER: That's right.

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

21 UNIDENTIFIED SPEAKER: Uh-huh.

22 UNIDENTIFIED SPEAKER: In most cases and most
23 municipalities, that's significant and different, especially
24 now. It's probably the opposite. And even your total debt.
25 I mean, you look around at other municipalities. You don't

1 have to look all that far.

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

7 UNIDENTIFIED SPEAKER: So that's what we do.

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

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

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

25 UNIDENTIFIED SPEAKER: So we're good. So that's

1 where we are.

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

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

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

16 MAYOR TUCCI: And I will do that. Absolutely.

17 (Laughter)

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

19 (Laughter)

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

1 arbitrate awards, and stuff like that.

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

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

15 UNIDENTIFIED SPEAKER: It's important.

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

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

25 UNIDENTIFIED SPEAKER: Right.

1 UNIDENTIFIED SPEAKER: So --

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

6 UNIDENTIFIED SPEAKER: And working as a team.

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

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

13 UNIDENTIFIED SPEAKER: That's right.

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

16 UNIDENTIFIED SPEAKER: It's all about the people.

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

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

21 UNIDENTIFIED SPEAKER: Yeah, I'm closing.

22 (Laughter)

23 UNIDENTIFIED SPEAKER: Well, so --

24 MADAM CLERK: Sounds like a motion.

25 (Cross-talk)

1 UNIDENTIFIED SPEAKER: Just so we're clear, right,
2 so you're authorizing this budget, with any minor
3 adjustment, technical adjustments we need to make.

4 UNIDENTIFIED SPEAKER: Right.

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

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

12 UNIDENTIFIED SPEAKER: Uh-huh. Right.

13 UNIDENTIFIED SPEAKER: So -

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

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

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

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

24 UNIDENTIFIED SPEAKER: All right. Is there a
25 motion to adjourn?

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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)

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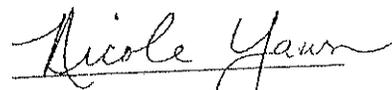
CERTIFICATE OF TRANSCRIBER

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.

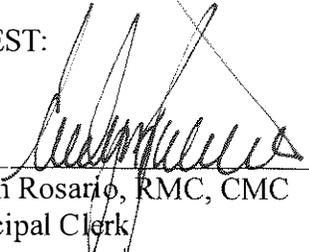
In witness whereof, I have affixed my signature this 24th day of April, 2012.



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:



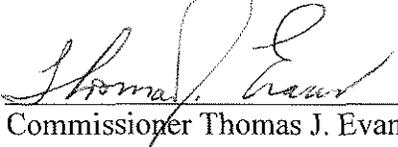
Evelyn Rosario, RMC, CMC
Municipal Clerk

Abstained

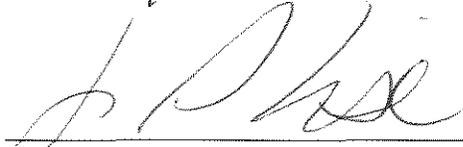
Commissioner Steven Rogers



Commissioner Mauro G. Tucci



Commissioner Thomas J. Evans



Commissioner Joseph P. Scarpelli

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