

February 16, 2021

This is a workshop meeting of the Mayor and Council of the Borough of Victory Gardens, held on February 16, 2021.

Mayor Holeman called the meeting to order and declared a quorum present.

Pledge of Allegiance to the Flag of our Country.
Please remain standing for a moment of silence for our military.

This meeting has been advertised in one newspaper, The Daily Record, in compliance with the New Jersey Open Public Meeting Act.

ATTENDANCE: Councilwoman Cheatham, Councilman Glass, Councilwoman Hedgepath, Councilwoman White, Councilman Lorenzo.

LATE: Councilwoman Garcia Montes arrived at 6:07 p.m.

ABSENT: None

The Mayor stated that tonight's meeting is for discussion on the 2021 Budget. At this time the meeting was turned over to the Chief Financial Officer.

JOe said that speaking with Debbe and the Mayor, he put together the three page packet that he handed out to the Council this evening. Our goal was to try to come in with this budget as flat as we could from last year. That should meet our needs for the hopefully the next 12 months. I think we are in a good spot to do that.

The first page of what I gave you is the preliminary revenues and the other 2 pages are the preliminary expenses. There are no raises in this budget for anyone this year. There are no increases in O & E line items.

Based on the data we received so far, there is a slight decrease in the RVRSA. We are uncertain at this time what our garbage fees will be as we are going out to bid on a new contract. It will be hard to finalize this budget until we know what those figures are going to be. I do have some wiggle room built into the budget.

Overall it looks like this budget is down from last year. That is because our grant population is a little different than it was last year at this time. At this time last year, we had the CDBG grant paperwork in hand and we knew what our award for 2020 was going to be. We don't have that yet this year. I have nothing budgeted in here. When we do find out what it will be, we will do a Chapter 159 for that if we get awarded any monies thru CDBG.

We do know that our DOT grant is going up. We have a new award this year from DOT for \$120,000. That has been built into this year's budget.

Our revenues are down in a few spots. Because of that, it is changing some things that we are doing this year. We had another tough year with the municipal court. Court revenues have been declining over the past few years - but with the pandemic going on, courts were closed, tickets weren't written and our court revenue is way down.

Also down this year is the construction revenue. We had a good year with this last year but again, with the pandemic, people haven't been doing any building or modifications on their homes. With the pandemic, no one wanted anyone in their house doing work.

Another revenue that was down was what we collect in sewer fees. We talked about that previously. With a lot of the businesses being closed for a major part of the past year, we did not generate the gallonage overages. I have less anticipated in sewer collections.

I am anticipating far less in interest. This is due to the changes in the market. Last year we made our projected target. I doubt very much if we will do that this year. Rates have fallen. We made our target last year because the day the rates were announced that they were falling, I locked up a lot of our available cash in a CD before the rates plummeted. At the current rates, there is no way that we will make \$35,000 in interest this year. I am hoping that the market makes a comeback in 2021 but we will have to wait to see what happens. We are looking at a far lower number in interest for this year.

The Mayor asked what we made in interest last year? \$36,928.12 .
Joe said that was because he moved swiftly when the rates started to fall. Right now we don't have an option with trying to make money off of money that we have.

So to keep the budget as lean as possible, I lightened our Capital contribution this year. It was \$35,000 and I brought it down to \$20,000. It is not mandatory that we put money into Capital every year. We are sitting on \$850,000 in available cash over in Capital.

Most of the projects that we have been doing over the past few years have been us running down old balances so that we could get work done on open ordinances. We have also been using a lot of grants in that area also. We have not really been using the dollars that have been banked in Capital and we are doing most of the new projects thru Community Development and thru the Department of Transportation.

I put a lot of money into CDBG this past year but that was the plan. Interest money could have helped bolster Capital. If the market recovers, that will be the plan going forward. Also, due to the fact that the Borough does not issue debt is a big help.

Councilwoman Montes asked if anyone is getting a raise this year? None of the staff. Attorney Feintuc is getting a raise. That was in his contract. The Clerk said it was in the minutes. I believe it was a 2% the Clerk said. Joe said his legal line item is fine. We spent less last year and with the 2% it will be covered on what we have in the line item. Leon and the Attorney are the only ones that bill us hourly. He also has increased by 2% that as well should be covered in his line item.

Councilwoman Montes asked if there was somewhere in here where we had a big cushion where we could take some of it off? Joe said the only place where we have a little money in the budget are those line items where we have uncertainty during the upcoming year. Again, the RVRSA litigation is still here. Engineering costs, depending on what comes up during the year, the garbage contract has not been decided yet because we are going out to bid again. There is a small cushion in the RVRSA line item. We are not putting that down even though they passed along a small decrease. The rest of the line items in the budget, there are some departments that we set aside some money for contingencies if they need them but in the past they haven't spent all that money. The construction doesn't spend a lot of money but we are talking about very small dollar amounts. Planning Board is the same but again, they are all small amounts. There are really no big savings to be had.

The Mayor asked Joe if he said the RVRSA will be going down this year? Yes, they gave us a billing indicating that their monthly fee will be coming slightly down. We don't know what is happening with the litigation so we have to have that money in there. Last year the RVRSA went up by a very large increase.

Councilman Lorenzo asked about the Roads O & E? We only used half of that last year. That is correct. Can we reduce that? You could but I wouldn't. We budgeted this money but the last 2 years we haven't had a lot of snow. This year already we have been getting hit really hard. We aren't even through the rough part yet. We are supposed to get upwards of 9 inches again this week. Then we have to have enough in the budget for the end of the year also. I don't think it is a good idea to adjust this line item.

One of the things that we can look into, and it hasn't been done here before, we could set up a storm emergency trust. A lot of other towns do this. It allowsthem to take the unexpended balances from the Road O & E and it allows you not to allow it to lapse back to surplus it allows you to set it aside for future emergencies for future storms. It started out as a snow emergency trust but back when Katrina, and Sandy hit the State changed the legislation to make it a storm emergency trust so you can use it for any type of storm. That is something that hasn't been done here and we can certainly explore that idea. So when we have a year where we don't use all the money in O & E for the road we can earmark those dollars to go into this savings for them to go into in case it is needed. The guys had over 26 hours of overtime with this past storm. We may want to look at stockpiling salt. The clerk said we normally do. They wanted to get rid of all the old stuff we had in the garage. So we let it go down. Now that it is used we just ordered and it looks like we may have to order more.

Councilwoman Montes said that Joe said the taxes he put in for 3½%. Yes, I may be able to knock that down a little. In order to do that we would have to use a little more fund balance. We have some flexibility. I can pot some numbers together. The Mayor asked if Joe could do that and give us the difference from the 3½ to 2½%? It probably would be about \$11,000 swing. I would lower the current tax revenue by \$11,000 and then take another \$11,000 out of fund balance. Two years ago we were using \$375,000 out of surplus. This past year we used \$395,000. I was using the interest. We no longer have that interest. Im trying to get it back to \$375,000 which is what we have been using for the last few years. I have us budgeted now at \$368,000 and if I am going to move that number by \$11,000 that would bring us back up to \$379,000. I can split the difference and make it 2½%.

Councilwoman Montes asked how much the houses would be going up based on your figures? Per house is a different calculation. I don't know that figure. Joe said he will work out the figures and do it at 2½, 2, and 3½ on an individual house. I will have that for the next meeting.

Joe said he was trying to do what he could so there were no raises in the budget and lowering our capital by \$15,000. I reduced Capital from \$47,000 down to \$20,000. If court picks up and construction picks up and the interest rates go back up then we can look at putting more money back in Capital. I know we like saving for the future. We have been very lucky over the years with the grants that we get and that is good because we haven't had to dip into the capital dollars.

Councilwoman Montes asked if we are still the only town that doesn't have any debt? Joe said no. He thinks that Butler doesn't have any or has a small amount. Being debt free is a great way to do business. In another 18 years that reserve from the school taxes will be gone.

Joe asked the Council if there is anyone that wants him to look at anything else for the next meeting? No one had any other items to consider.

Motion to open the meeting to the public by Councilwoman Montes, seconded by Councilwoman Hedgepath and approved on verbal vote. None opposed.

Jim Janone - When is the next reval being done for the town? The Clerk said that Mark usually updated on a yearly basis. Right now we don't have to get one done. When the time comes the County will let us know. Jim said towns are supposed to do it every ten years. We know that. Joe said as Deb said, Mark updated on his own. An Assessor can review and update properties as they see fit. What is our total cash investments? Joe said we are sitting on currently about 2.8 million. What is the balance of the monies we still have the school board? We use \$48,000 per year. Joe said multiply that by 18 and you will have your answer. You mentioned about the RVRSA that we have two different line items where money comes out? There is litigation built in with the RVRSA and then and then we have money where we pay legal. I hear that litigation is winding down on RVRSA. We don't know that. Our attorney said it may be winding down. He stated that awhile ago. We haven't heard anything as to when that might be. You said that court fees were down. How much? They were down by \$1,200. We anticipated \$3,000 and didn't make that. We budgeted \$5,000 the year before and never realized that. Court revenues have been in a steady decline for the past 3 years. I have mentioned this before, if we need money why don't we sell that lot by the condos? We aren't doing anything with it. Why don't we just sell it? They sold a piece of land in the Borough that went for \$72,000. Yes, but that was a lot bigger than ours. How much did we anticipate in the budget for schools? No. We factored in a 2% increase for the schools and it ended up severely higher. We have no control over what the school does. I'm confused. I got an email from Minkowitz over at the schools. He said that there have been no payments from Victory Gardens for transportation this year. The children haven't gone to school and it will remain that way at least until March 31st. I see that we pay a monthly fee. We never did get a bill separate for transportation. We were always told that it was included in what we pay Dover for students the Clerk said.

Motion to close the meeting to the public by Councilwoman Montes, seconded by Councilwoman Cheatham and approved on verbal vote. None opposed.

Councilwoman Montes asked what would happen if we had no increase in taxes? Joe said you would have to make it up somewhere. It wouldn't be good. A zero percent tax increase, it would be a \$5,000 reduction in revenues, and we would have to make it up somewhere else. I can't shift it back to fund balance because if you keep going to the well all the time, eventually the well is dry. Any trying to save for a rainy day goes right down the toilet.

Motion to adjourn our meeting by Councilwoman Montes, seconded by Councilwoman Cheatham and approved on verbal vote. None opposed.

Submitted By:

Deborah Evans

Deborah Evans
Borough Clerk