

**BOROUGH OF LAVALLETTE (minutes)**  
**BUDGET MEETING OF THE MAYOR AND COUNCIL**  
**LAVALLETTE MUNICIPAL BUILDING – COUNCIL CHAMBERS**  
**Wednesday, February 9, 2011 – 5:00 pm**

**CALL TO ORDER:** Mayor Walter LaCicero, presiding

**ROLL CALL:** Council Members Borowski, Zalom, Stogdill, Lamb, Horan and Filippone

Also present: Christopher F. Parlow, Borough Administrator/Municipal Clerk  
Donnelly Amico, Deputy Municipal Clerk  
Michele Burk, Chief Financial Officer

**READING OF THE OPEN PUBLIC MEETINGS ACT STATEMENT:** Notice of this meeting complies with the Open Public Meetings Act. Public Notice was given to the Ocean Star and the Asbury Park Press. Notice was posted on the Municipal bulletin board and the Municipal Website.

**BUDGET HEARING:** All Departments

Mr. Parlow stated that on the dais are the budget workbooks that have been prepared for Council each contain a several sections that will be discussed tonight.

Mr. Parlow stated that he wants to give them some information about the 2010 budget cap. In the past we had several different caps. We use to have the budget appropriation cap in 1977 and that was a spending cap on the budget appropriation and was increased based upon the cost of living index. Certain budget items were inside and outside of the cap. The State now calls that spending cap the 1977 CAP. In 2007 the State approved the 4% cap on the levy. The levy is the amount raised by taxes. The State now refers to that as the 2007 CAP. There were also a number of adjustments to the levy cap. The State has now changed that to the 2010 CAP. This is now a hard cap on the levy at 2% with adjustments and exceptions such as health benefits, pension, shared services, capital outlay and debt service.

Councilman Borowski questioned if capital improvements were outside the 2% cap.

Mr. Parlow stated that is correct.

Mayor LaCicero stated that even if we had additional ratables do they get factored in.

Michele Burk stated yes the ratables raises our 2% by \$10,994.00 and that is a positive for us.

Mr. Parlow stated that we do not know what our state aid numbers yet and are not ready to introduce this budget yet. Hopefully, we have some state aid numbers soon so we can maybe introduce this budget by the first meeting in March. He stated that it would not bother him if the State would take away all of the State Aid, but with that all of the State regulation as well.

Mayor LaCicero stated that we can not tax what is owned by the phone company.

Michele Burk stated that once the phone company does not supply service to 51% of a municipality's customers they no longer have to pay the franchise tax. Right now we get \$168,000 in state aid in energy receipts but that also includes the gas and cable.

Mr. Parlow stated that last year's levy was \$4,899,423.31 and we are permitted to go over that by 2% without the exceptions which means we can increase our budget \$97,988.47. Now these are just estimated numbers. The only exception we have this year is pension. Our health benefits are remaining the same. Last year we had a vacancy and we also gained a lot with some employees having double coverage opting out of ours. The pension is our biggest problem with it going up significantly with PERS going from \$180,000 to \$227,000 and the PFRS going from \$168,000 to \$223,000. We do get for the exclusion of pension the amount of \$92,930.00 also included in that which means we can go technically above the \$97,988.47 with that exception amount. Also, included in that should be the assessment tax with that adjustment being an additional \$10,994.00 which will then bring the total rise of the budget \$201,912.47 which is basically a 4.1% increase in the levy. What we have proposed is a budget increase in total of \$90,873.00. If we factor out the allowable exclusions in the 2010 CAP that means that the budget based upon the 2% allowable increase will actually be lower than what it was last year. If we look at the overall budget the levy is increases by 1.8%.

Mayor LaCicero stated that it appears to be less than a half a cent increase over 2010, which equates to roughly a \$32.16 increase by residential property.

Mr. Parlow went over a number of highlights within the budget. He reported that surplus used will remain the same at \$668,000. He report that based on 2010 operations the year end surplus was approximately \$1,036,000. So financially we are in a better position this year than last. He reported that the budget also incorporates the 1.5% contribution collected from the employees for health benefits coverage.

Michele Burk stated that detail needs to be put in the budget message.

Council President Zalom questioned if that money comes right back to us.

Michele Burk stated that comes back to us.

Councilman Lamb questioned if we suffered any from the snowstorms?

Mr. Parlow stated that the December storm was allocated to the 2010 budget. So it has no direct impact on the 2011 budget.

Michele Burk stated that \$13,000 was charged to the trust and the rest of the money was charged to the 2010 Public Works salary line item.

Mayor LaCicero stated that we are anticipating 75% from FEMA.

Mr. Parlow stated that we will be having a meeting tomorrow to calculate the amount to submit for reimbursement from the December blizzard.

Mayor LaCicero stated that the only impact going forward is that we had to use \$13,000 in the trust.

Michele Burk stated that there is still \$28,000 in the trust account.

Mr. Parlow stated that he put \$40,000 in this budget for snow removal. When we get the reimbursement check we will decide where we want that money to go.

Michele Burk stated that today she found out that our equalization ratio went up from 77.25 to 81.27, which means our sales are decreased.

Mayor LaCicero stated that pushes out any potential revaluations in the near future.

Mr. Parlow stated that the revenues are limited to how much we can anticipate from last year. The biggest factor is the unknown which the energy receipt tax and we should find out after February 22, 2011. Based on the unofficial orders received from the Mayor and Council all the Other Expense lines remained flat but we did make some adjustments with salary and wages until negotiations are complete. Our insurances are going up for this year. The unemployment contributions have decreased by half and with the Borough changing the telephone from Verizon to Cablevision we saved \$4,600 per year and natural gas decreased by \$1,000 due to some efficiencies we have completed. Fuel oil is a big increase by \$20,500 strictly because of the analysis of last year's usage. The only item in capital outlay is the \$2,436.00 we have received for the snowflakes. The only item that was requested was a snowplow that was priced at \$13,000. Mr. Parlow reported that he will reach out to the County to see if one is available.

Mr. Parlow stated that Section 9 of the budget workbook provides a number of spreadsheets regarding the calculation of debt service. The Borough has been making a large payment toward note principal. In this year's budget we are paying down \$70,000 more than we are statutorily obligated to make. We will not receive a cap exception this year for debt service because we are paying in total the same amount of debt service as last year. We should just keep this level. This year the total is \$546,000 which is the same as last year.

Councilman Borowski questioned if someone asked us how much Lavallette is in debt do we have that exact number.

Mr. Parlow stated that last year we paid \$405,000 towards our debt service. He will have to find that number.

Michele Burk stated that we went from being .22% to .18% in debt.

Mayor LaCicero stated that we will pay another ½ million towards our principal this year.

Mr. Parlow stated that is correct. Last year we did the energy efficient ordinance, boardwalk ordinance and some road improvements.

Michele Burk stated that our gross debt is \$13,601,706.00 and our net debt is \$4,318,139.00.

Mr. Parlow stated that basically included the Current Fund. The only item that was not included in this budget was the messaging system that was discussed. Are we all in agreement to go with the package that is \$1,500.00

Mayor LaCicero and Council all agreed on starting with the \$1,500 message units.

Mr. Parlow stated that we will have people sign up on line and do everything through our website.

Councilwoman Filippone questioned if we have money in this budget for some decorations.

Mr. Parlow stated that the only money we have in this budget is the donation from Mrs. Grosko and the snowflake money from the Beautification. We technically have roughly\$5,000 to spend on decorations from this budget.

Councilwoman Filippone stated that we agreed to purchase the six wreaths for the light poles.

Council President Zalom stated that we also need more swags.

Mr. Parlow stated that the Utility budget is next. The good news is there is no need for a rate increase or a decrease in any of the utility budget. The water debt service should be coming down in the next few years with the bonds being paid off.

Mr. Parlow stated that going forward one of the wells needs to be serviced probably next year. We did one of the wells a number of years ago and it seems to be holding. To replace a well we would definitely need to bond that project. The Scada System was purchased in last year's budget so we are good with that. The water budget is in better shape than the sewer budget. The sewer debt is \$450,000 which is basically the same until 2020 and then we will see a reduction in our debt service. There is over five million dollars in debt with our sewer budget.

Councilman Borowski stated that last year's water budget we used \$43,000 in surplus and didn't regenerate itself.

Mr. Parlow stated that last year we did a rate increase and based on that rate increase there is no need to use the water surplus in this budget.

Michele Burk stated that we have \$87,000 in surplus in the water budget and we do not need to use that.

Councilman Borowski stated that it does not look like we are paying down as much principal as last year.

Mr. Parlow stated that was because we have already paid off a NJ DEP Loan in full.

Mr. Parlow stated that the Electric budget does not need any rate increase or decrease. We did have the \$350,000 emergency last year that needs to be funded in this budget but we clearly made that up already with our revenues. He stated that he has put some money in this budget for some professional services for some type of alternative energy for demand side management. Our bulk energy prices are set to double in 2013 so we really need to look further into this. American Power Net has a group that does the demand side management and is willing to give us a proposal and come and speak with Council.

Mayor LaCicero stated that this will give us the potential we need to offset the potential increase and not see any change in the rates.

Mr. Parlow stated if we go forward with no emergencies in the electric budget we will not have to fund less \$350,000 next year. The surplus is \$781,000 in the electric budget.

Council President Zalom questioned replacing the transformers.

Mr. Parlow stated that the replacement is included in this budget and when we spec it out we will do it over a period of three years.

Mayor LaCicero thanked Chris and Michele for an excellent job.

Mayor LaCicero opened the floor to public comment. There was no one in the audience. The Mayor closed the floor.

**ADJOURNMENT:**

A Motion to Adjourn the Budget Meeting was made by Councilman Horan. The Motion was Seconded by Councilman Stogdill. Vote: All of Council was in Favor.

The Budget Meeting was Adjourned at 6:14 pm.

**CERTIFICATION**

I, Christopher F. Parlow, Municipal Clerk of the Borough of Lavallette, County of Ocean, State of New Jersey, does hereby attest these to be a true copy of the Minutes of the Budget Meeting held on the 9<sup>th</sup> day of February 2011.

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Christopher F. Parlow  
Municipal Clerk