
TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, NEW JERSEY

Minutes of: Township Council Special Meeting
Date of Meeting: May 17, 2006
Time of Meeting: 7:30 P.M.
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Clerk Battaglia called the Special Meeting of the West Milford Township Council to order.

Adequate Notice Statement

Clerk Battaglia read the following statement:

Please note that in accordance with Chapter 231, Public Laws of 1975 of New Jersey, adequate advance notice of this special meeting was sent to the Herald News on May 11, 2006 and was advertised in the Herald News in its issue of May 14, 2006; copies were provided to the Record, Star Ledger, Suburban Trends and Greenwood Lake News and posted continuously on the bulletin board in the main corridor of the Town Hall and on file in the Office of the Township Clerk.

Board of Education President, Midge Touw called the Board of Education meeting to order and read their adequate notice statement.

Pledge of Allegiance

Board of Education President Midge Touw led all in attendance in a salute to the flag.

Roll Call

Present: Councilmembers Philip Weisbecker, Joseph Smolinski,
Robert Nolan, James Warden, Carmelo Scangarello

Absent: Mayor Joseph DiDonato, Councilmen President William Gervens

Also Present: Township Administrator Richard Kunze, Township Clerk Antoinette Battaglia
Dominic DiYanni from the law firm Dorsey & Semrau until the arrival of Fred
Semrau, Esq., Township Attorney at 9:10 p.m.

Board of Education Business Administrator, Steven Cea, called the roll for the Board.

Nomination for Chair

Clerk Battaglia asked for a nomination from the floor for a Council member to Chair the meeting. Councilman Scangarello nominated Councilman Weisbecker to chair tonight's meeting. Councilman Nolan seconded the nomination and the Council concurred by unanimous voice vote.

School Budget Discussion

Councilman Smolinski advised that he must recuse himself from discussion and voting on the school budget because he has a conflict.

Councilman Weisbecker noted that the figures on the resolution presented are incorrect and he read aloud the correct figures. He advised that the Council had met last evening and heard from Matt Donohue, a consultant hired by the Council to review the school budget and report back to them. Tonight, the Council will discuss proposed cuts with the Board of Education and vote on a resolution which will certify the school tax levy to the County.

Steven Cea advised that Mr. Donohue spent a day with the school staff and posed excellent questions to get to the heart of the budget. He advised that the school provided information and guidance as to how the budget was developed. He urged the Council to consider the implications of any proposed cuts to the budget. He requested an opportunity to review each of the proposed cuts, in order, as reflected in Mr. Donohue's report to the Council.

Mr. Cea stated that, on face value, reducing the general fund balance appears reasonable because state statutes demand that anything in excess of 2% of the budget will be applied to the next budget. However, he stated, the Board of Education (BOE) tries to keep the fund amount consistent to minimize negative impacts on future budgets. The impact of such a cut will be felt two years from now.

Cuts to the capital reserve would liquidate those funds and allow the BOE to fund the two proposed projects. However, these funds can only be used for capital projects.

Mr. Cea asked the Council to remember that, when the BOE put forward the referendum in 2003, they promised not to increase the tax levy on debt service. The debt service account is funded to that end and the funds are set aside for that purpose. The proposed cut to this account will impact the BOE's ability to commit to that promise. Councilman Nolan stated that this statement is predicated on state aid staying flat forever. Mr. Cea responded by saying that debt service aid

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has not changed for over ten years. With principal being paid down, we actually see less aid. He is simply advising Council of this because he does not want the BOE to be held accountable if they cannot fulfill their commitment to the taxpayers because of this cut. Knowing that the budget was defeated, as were almost 50% of the budgets across the state, and that cuts must be made, he feels it important that the Council be aware of the issues the BOE must grapple with. The Superintendent of Schools, Mr. Kamp, interjected, stating that the Council does not have to recommend any cuts; they can accept the budget as presented. He stated that he does not view the vote as an indication that the voters are unhappy with the school system. In West Milford, the school districts spend less than the state average on a per-pupil basis. Administrative costs are the lowest in Passaic County; there are no new programs in this budget; and there is no allowance for new staff in this budget. He reviewed a number of areas that have been negatively impacted by the budget and opined that the budget was defeated because of voter dissatisfaction with the Governor's proposed tax increases and the increased cost of fuel.

Mr. Cea stated that it is not prudent to cut miscellaneous revenue. He advised that revenue was up this year and that is not expected to happen again. If the fund balances are reduced, it will cause a reduction in interest bearing monies that contribute to miscellaneous revenue.

Mr. Cea stated that, in the past, the food service has lost money. The BOE has utilized retained earnings to keep the program solvent. They anticipated having sufficient funds in retained earnings to keep this account solvent for about three more years. Many BOE members noted that the food service staff is very dedicated, local people, who do everything in their power to keep this program running. If this program is cut, in their opinion, local people will lose jobs. Councilman Nolan stated that the Council is not proposing cutting the program but rather recommending using available monies to fund it.

Mr. Cea stated that the concept of reviewing the ten-month report to cut line items, as reflected in the reports enumerated items 6 through 13, is sound. However, he noted, all the billings in that report are not up to date. Some bills have not been actualized through April, miscellaneous revenue received a \$90,000 infusion this year from worker compensation funds, and special education did not realize the anticipated revenue.

Mr. Cea provided an overview of the budget process. He stated that the current tax impact on the average home is approximately \$186. The Council and Board discussed proposed projects in the budget and the impact the proposed cuts would have on those projects as well as the impact on future projects. They also reviewed the history of the capital reserve account.

Councilman Weisbecker stated that the Council is only recommending how much can be cut from the budget. The BOE will be charged with either accepting or rejecting their recommendations and will ultimately decide where the cuts will be made. He stated that the Council is recommending that \$369,000 be cut from the budget and asked the BOE to comment on that figure. Discussion ensued about legal services, textbooks, capital reserve, courtesy busing, and sports programs. The Council and the Board then reviewed the line items that may be subject to a \$5,000 cut each. Some BOE members reiterated that the budget is very lean and that any cuts will have a negative impact on the school and the children. The Council reminded the BOE that they are currently in the midst of preparing the municipal budget. They acknowledged that everyone is facing tough fiscal decisions and noted that, in an effort to minimize the impact on taxpayers, the municipality may be facing layoffs.

Councilman Weisbecker called for a recess at 9:00 p.m.

The meeting reconvened at 9:10 p.m. with all present as before.

Councilman Weisbecker noted that the Township Attorney had arrived and that executive session would not be necessary tonight. He asked the Board for their opinion about the Council's proposed cut of \$369,000 to the budget. Mr. Cea responded, that if the capital reserve account remains untouched, the BOE would find the cuts acceptable. That would restore \$169,000 to the budget and would mean a net reduction of \$200,000. Councilman Warden countered that perhaps the Council would consider restoring the \$5,000 to legal fees and bring the proposed cuts down to \$364,000. Councilman Nolan asked about the potential of utilizing some of the funds in the unemployment reserve account which has a balance of over \$700,000. Mr. Cea advised that, in 1998, the BOE obtained approval to use the employer component of these funds. Thus the remaining balance belongs to the employees and cannot be touched. The entire balance in the account is comprised of employee contributions. Councilman Warden urged everyone to seek a compromise and fulfill his or her obligations to the taxpayers. He noted that he would like to see the bleachers and gym floors replaced and commended the BOE on the athletic programs in the West Milford schools. He recommended making the cut an even

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\$300,000 by reducing the proposed cut in the capital reserve from \$169,000 to \$100,000. The Council agreed.

Councilman Weisbecker thanked the Board Members for their time and participation in tonight's meeting. He reminded the Board that the Council is making recommendations for specific cuts but that they, the Board, must ultimately decide where the actual cuts will be made. He stated that the Council does not want to cut education or hurt anyone but that they are doing what the voters have asked. This process is a directive from the taxpayers.

Public Comments

Councilman Weisbecker opened the meeting to the public.

Jim Novack, 53 Larchmont Drive, Hewitt stated that he is a long-time resident of West Milford and a graduate of the West Milford school system. He opined that the school is not cutting enough in their budget. He stated that, in his opinion, the school should have provided the Council with the ten-month report that the consultant used as the basis for many of his recommendations. He asked the BOE and the Council to consider meeting more often throughout the year. The people are speaking; they want the budgets cut because they cannot afford the tax increases any more.

Bob Pawlo, 7 Madelyn Avenue, West Milford stated that he has been a resident of West Milford for over forty years. Many residents commute to their jobs and are currently struggling with gas prices that are close to \$3 per gallon; the county may raise taxes by as much as \$200 per household; the federal budget is cutting; and the state is cutting back on aid to municipalities. At this time, West Milford residents are looking at a tax increase of about \$400 between all these entities. The voters voted; the vote is binding regardless of the turnout; a 1% cut is not a lot.

Ada Erik, 1693 Macopin Road, West Milford has been a West Milford resident for longer than either of the last two speakers. She was educated in West Milford and had the best teachers. She commended everyone here tonight for their work on this budget.

Jim Geist, 57 Bayonne Drive, West Milford advised that he teaches in New York City. He noted that debate is healthy and that is true of this process. Noting that many nations do not mandate education for children, it is nice that we can provide our children with an education. He would like to see more funding in West Milford from the Federal "No Child Left Behind" program.

Councilman Nolan made a motion to close the public portion of the meeting.

Moved: Nolan Seconded: Warden
Voted Aye: Weisbecker, Nolan, Warden, Scangarello.
Voted Nay: None.
Abstained: Smolinski
Motion carried.

Council and Board of Education Comments

Councilman Weisbecker opened the floor to the Board of Education and the Council for their comments.

BOE President Midge Touw clarified that the BOE does not perceive an 18% turnout at the election as an invalidation of the vote. They all realize that taxes are high but the BOE is charged with providing our children with an education. She noted that we have not received increased funding for many years and she urged the voters to become vocal and tell the legislators that we need more state aid.

Board Member Drew Murray commented that the proposed cuts are arbitrary and subjective. He stated that it is shocking that the Council can force this on the school.

ACTION ITEMS

Councilman Weisbecker advised that the Council would now take action on the resolution which will certify the school taxes to the County. Mr. Semrau, at he behest of the Council, stated the amendments that the Council has requested to the resolution as originally presented. They are that the reduction to account number 10-307 be changed from \$169,000 to \$100,000 and the total reduction to the school budget would change from \$369,000 to \$300,000.

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RESOLUTION OF THE TOWNSHIP COUNCIL OF THE TOWNSHIP OF WEST MILFORD, COUNTY OF PASSAIC, STATE OF NEW JERSEY CERTIFYING THE 2006 / 2007 SCHOOL TAXES TO THE PASSAIC COUNTY BOARD OF TAXATION

WHEREAS, on April 18, 2006, the general fund tax levy for the base budget and additional spending proposals of the West Milford School District were defeated by the voters at the annual school election, and

WHEREAS, pursuant to N.J.S.A. 18A et seq. the Board of Education did submit the budget documents to the Municipal Governing Body for review and certification of the taxes to the County Board of Taxation; and

WHEREAS, the Mayor and Council of the Township of West Milford have reviewed the defeated school budget and have hired a consultant to assist them in reviewing the aforementioned budget; and

WHEREAS, the Council finds and determines that the following line items contained in the annual school budget for the school year 2006/2007 can be reduced without negative affect upon the thorough and efficient provision of public education in the Township of West Milford School District:

| Budget Line No. | Budget Acct. No. | Budget Account Name Explanation of Cuts | Total Revision |
|------------------------|-------------------------|--|-----------------------|
| 00121 | 10-303 | <u>Budgeted Fund Balance - General Fund</u> In the 2006-2007 school budget, a total of \$772,219 of general fund balance has been budgeted. This consists of \$672,219 of "excess surplus" per the June 30, 2005 audit and \$100,000 of additional unrestricted fund balance. A review of the board secretary's report for the ten month's ended April 30, 2006 indicates that new additional surplus could be generated in a range between \$300,000 to \$600,000. An additional budget revision of \$50,000 would utilize a total of \$150,000 of this new additional surplus. | \$ 50,000.00 |
| 00130 | 10-307 | <u>Budgeted Withdrawal from Capital Reserve</u> Included in the 2006-2007 budget are two separate Spending Growth Limitation Adjustments (SGLA). The first SGLA is for additional special education costs and courtesy busing costs of \$225,299. The second SGLA is for capital outlay equipment costs (high school gym bleachers and gym floor) and band instrument replacements of \$267,707. The April 30, 2006 board secretary's report indicates that the capital reserve account has a balance of \$169,722. This money could be used to help subsidize the cost of the gym bleachers and gym floor. | 100,000.00 |
| 00530 | 40-303 | <u>Budgeted Fund Balance - Debt Service</u> In the 2006-2007 school budget, a total of \$3,509 of debt service fund balance has been budgeted. The debt service fund has \$146,883 of unrestricted fund balance per the June 30, 2005 audit. An additional budget revision of \$40,000 would utilize a total of \$43,509 of this unrestricted fund balance. It would also leave \$103,374 available for future budgets. | 40,000.00 |
| 00253 | 10-1990 | <u>Unrestricted Miscellaneous Revenue</u> In the 2006-2007 school budget, a total of \$104,000 has been budgeted for unrestricted miscellaneous revenue. The total miscellaneous revenue per the June 30, 2005 audit was \$264,360. The total miscellaneous revenue per the board secretary's report for the 10 month's ended April 30, 2006 is \$190,431. An additional budget revision of \$30,000 would increase budgeted miscellaneous revenue to \$134,000. This would still be substantially below actual miscellaneous revenue for the past two years. | 30,000.00 |
| 07550 | 11-000-310-930 | <u>Transfer to Food Service Fund for Deficit</u> In the 2006-2007 school budget, a total of \$40,000 has been budgeted to subsidize any loss incurred in the food service fund. The June 30, 2005 audit reports that the food service fund received a general fund subsidy of \$36,600 when the food service fund had a small profit of \$293 for the year. This resulted in the food service fund having an unrestricted fund balance of \$112,452 as of June 30, 2005. It will receive an additional subsidy | 40,000.00 |

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| | | of \$38,100 for the year ended June 30, 2006. If the food service fund can operate at a profit, it does not need a subsidy from the general fund. If the food service fund operates at a loss, it can utilize a portion of the \$112,452 unrestricted fund balance to subsidize the loss. | |
| 02690 | 11-190-100-640 | <u>Textbooks</u> In the 2006-2007 school budget, a total of \$132,496 has been budgeted for text books. The board secretary's report for the 10 month's ended April 30, 2006 indicates this budget line item has budget funds available of \$22,879. The purchase of textbooks for the current school year should be completed by April 30, 2006. This budget revision of \$5,000 only reduces the total budget by 3.8%. | 5,000.00 |
| 06310 | 11-000-100-565 | <u>Tuition to CSSD & Reg. Day Schools</u> The seven budget line items in the 2006-2007 school budget that comprise "tuition" have been increased \$338,117 which is a 15.7% increase. The June 30, 2005 audit and the April 30, 2006 board secretary's report indicate available budget funds greater than this \$5,000 budget revision. | 5,000.00 |
| 06610 | 11-000-219-320 | <u>Purchased Professional - Educational Services</u> In the June 30, 2005 audit, only \$474 was incurred on this budget line item. The April 30, 2006 board secretary's report shows no costs spent on this budget line item. The 2006-2007 budget for this line item is \$25,272. A budget revision of \$5,000 for this line item is reasonable. | 5,000.00 |
| 06920 | 11-000-230-331 | <u>Legal Services</u> The 2006-2007 budget for this line item is \$96,000. The April 30, 2006 board secretary's report shows expenditures for 10 months of \$65,447. A budget revision of \$5,000 for this line item is reasonable. | 5,000.00 |
| 06990 | 11-000-230-890 | <u>Miscellaneous Expenditures</u> The 2006-2007 budget for this line item is \$55,900. The April 30, 2006 board secretary's report shows expenditures for 10 months of \$40,855. A budget revision of \$5,000 for this line item is reasonable. | 5,000.00 |
| 07634 | 11-000-262-620 | <u>Energy</u> The 2006-2007 budget for this line item is \$1,145,420. The April 30, 2006 board secretary's report shows expenditures for 10 months of \$888,852. A budget revision of \$5,000 for this line item is reasonable. | 5,000.00 |
| 07250 | 11-000-270-420 | <u>Cleaning, Repair & Maintenance Services</u> The 2006-2007 budget for this line item is \$35,000. The April 30, 2006 board secretary's report shows expenditures for 10 months of \$23,238. A budget revision of \$5,000 for this line item is reasonable. | 5,000.00 |
| 07270 | 11-000-270-512 | <u>Contracted Services (other than between Home & School)</u> The 2006-2007 budget for this line item is \$39,600. The April 30, 2006 board secretary's report shows expenditures for 10 months of \$6,064. A budget revision of \$5,000 for this line item is reasonable. | 5,000.00 |
| Total General Fund and Debt Service Fund Budget Revisions | | | \$ 300,000.00 |

NOW, THEREFORE, BE IT RESOLVED by the Governing Body of the Township of West Milford, County of Passaic, State of New Jersey that they do hereby certify to the Passaic County Superintendent of Schools the following amounts related to the General Fund to be raised by local taxation for the Township of West Milford School District for the 2006/2007 school year:

| | |
|--|------------------------|
| Total General Fund and Debt Service Fund proposed on the ballot: | \$43,645,077.00 |
| Revised General Fund and Debt Service Fund: | <u>\$43,345,077.00</u> |
| Total Reduction to General Fund and Debt Service Fund: | \$ 300,000.00 |

BE IT FURTHER RESOLVED that the Governing Body does hereby certify that review of this revised budget affirms that it is sufficient to provide a thorough and efficient education for the student body in the Township of West Milford.

BE IT FURTHER RESOLVED by the Governing Body of the Township of West Milford, County of Passaic, State of New Jersey that they do not approve the two additional spending proposals outlined on the ballot at the April 18, 2006 Annual School Election of \$329,650.00. The additional voter proposals # 2 and # 3 sought approval to raise an additional \$329,650 for

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cafeteria tables, planetarium equipment, gym lockers, a computer technician and a high school nurse. These additional voter proposals were defeated in the April 18, 2006 school board election. When existing budget line items are being reduced, new expenditure proposals cannot be justified. The resulting impact of this recommendation is as follows:

Total Budget Revisions: \$629,650.00

BE IT FURTHER RESOLVED by the Governing Body that a certified copy of this resolution be filed with the Board of Education and the County Superintendent of Schools no later than May 19, 2006.

Adopted: May 17, 2006

Discussion: Councilman Warden asked that the repairs to the gym floor not be delayed as a result of this process. Mr. Cea advised that he cannot guarantee that. The school plans to look at the entire picture and try to do this project as soon as possible. However, he noted that it cannot be done by September.

Moved: Nolan Seconded: Scangarello
Voted Aye: Weisbecker, Nolan, Warden, Scangarello.
Voted Nay: None.
Abstained: Smolinski
Motion carried.

Adjournment

There being no further business to come before the Council, the Township Council adjourned the meeting at 9:47 P.M.

Moved: Weisbecker Seconded: Nolan
Voted Aye: Unanimous Voice Vote.
Voted Nay: None.
Motion carried.

Approved: June 14, 2006

COUNCILMAN PHILIP WEISBECKER
PRESIDING OFFICER

ANTOINETTE BATTAGLIA
TOWNSHIP CLERK