



**MINUTES**  
**Budget Workshop**  
Tuesday, February 13, 2007  
7:30 P.M.  
**BOROUGH HALL COUNCIL CHAMBERS**  
Municipal Place  
Emerson, NJ 07630

**Call to Order**

Mayor Lamatina called the meeting to order at 7:35 pm. Police Chief Michael Saudino led the salute to the flag followed by moment of silence at Mayor Lamatina's request.

**O.P.M.A. Statement**

Mayor Lamatina read the Sunshine Statement stating that the meeting of February 13, 2007 was adequately noticed and complied with all the provisions of the Open Public Meetings Law. Further, that this meeting of **February 13, 2007** was a re-scheduled meeting after publication of the Annual Meeting Notice. Notice of this meeting was faxed to the Bergen Record and Ridgewood News, posted on the bulletin board in the Municipal Building and had remained continuously posted as the required notices under the Statute.

In addition, a copy of this notice was on file in the Office of the Municipal Clerk and had been available to the public since its approval by the governing body.

**Roll Call:**

Mayor Louis J. Lamatina-Present  
Councilwoman Marcia DeSalvo-Present  
Councilman Christopher Heyer-Present  
Councilman Kenneth Hoffman-Present  
Councilman Francis P. Milone, Jr.-Absent  
Councilman Brian Todd-Present

Also present were Carol Dray, Borough Clerk, Joseph Scarpa, Borough Administrator, Auditor Gary Higgins Philip Boggia Borough Attorney and CFO/Treasurer, Nancy Burns.

**1. NEW BUSINESS**

Discussions:

a) **Discussion of the 2007 Budget (Workshop session)**

Auditor Gary Higgins gave his summarization of the budget process to date adding that the budget was \$222,000 over the CAP. Mr. Higgins revealed that the surplus for the 2007 budget had \$477,000 less available cash than in 2006 and that the surplus was down approximately \$300,000 for the period between 12/31/05 to 12/31/06 as a result of the emergencies last year. The available actual surplus for use in the 2007 budget was only \$300,000.

He continued by stating that if the \$100,000 in revenue were to be realized from the senior housing project, it would bring the amount exceeding the CAP down to \$122,000. Mr. Higgins cautioned the Council that the State would allow the funds to be taken in as revenue but a certification would be required that the funds coming in were unrestricted funds. Mr. Higgins reiterated that the funds have to be unrestricted in order to be utilized towards tax relief.

Mr. Scarpa remarked that in 2006 \$151,000 was spent in legal fees, but that figure would be reduced to \$65,000 in 2007 in anticipation of a decrease in labor litigation costs. The Planning Board funding had decreased from \$25,000 to \$6,000. The insurance costs of both the liability premium and settlement were \$180,000. The Police budget included a car, but for the most part, the emergency services departments had stayed the same albeit slight increases in the Police Department, mandatory equipment for the Fire Department, minimal increases in the volunteer ambulance funding and Uniform Fire Safety for printing costs. The increases in the Department of Public Works were related to the bargaining unit contract. The 2007 budget had no money budgeted for additional personnel in any department including a part time property maintenance person.

Mayor Lamatina questioned the omission of an additional employee in the property maintenance department because he understood that the revenue received from that department would fund the salary for a part time employee in the property maintenance department. Mr. Scarpa replied that there was an additional \$25,000 for a new vehicle.

Three adjustments were made to the budget after a meeting with Mr. Higgins, Mr. Scarpa and members of the Council earlier in the day and those were Council salaries, the Construction Code Official salary and Police salaries. There were no reserves for tax appeals or accumulated taxes. The borough would save \$41,000 if no capital improvements were done and would need to borrow or bond to do any at all. The change in the number needed to cut a tax point went from \$60,000 to \$136,500 as result of the revaluation.

Mayor Lamatina expressed disappointment that there would be a tax increase this year since he had read on the Emerson website last year that there would be a zero tax increase in 2007. Mayor Lamatina asked Mr. Higgins if he had been part of the planning or rhetoric claiming a zero tax increase in 2007 by the former administration. Mr. Higgins answered "Absolutely not". Mayor Lamatina asked Mr. Higgins if he considered the former mayor's claim that there would be no tax increases as irresponsible and Mr. Higgins replied that he had no more control over what people said than Mayor Lamatina. Mr. Higgins reiterated that those were not his words nor would he ever make the statement that there would be a zero tax increase since he was not in possession of a crystal ball. Mayor Lamatina commented that he felt upset for the residents because the budget would not reflect a zero tax increase. Again, Mr. Higgins denied that he had ever said there would be a zero tax increase. Mayor Lamatina wondered what triggered the tax rate to rise by 5 points. Mr. Higgins responded that considering the town had just been through a revaluation; he could not understand how that claim could have been made since no one would know if there would be a shift in the ratable base. Mr. Higgins also reminded the council of the \$250,000 spent in emergencies from last year amounting to one and a half tax points in this year's budget. He further maintained that he did not do a surplus regeneration calculation nor was he employed to do so adding no one could have known of the emergencies since they transpired during the year. Mr. Higgins stated that he only certified by signature that the budget was mathematically accurate. Mr. Higgins claimed that he was not a consultant on the emergencies when asked by Mayor

Lamatina if he had spoken to the former mayor or the liaisons or had any input on the zero tax increase claim made by the former Mayor.

Mayor Lamatina again expressed his disappointment and frustration by the actions of the prior administration that left no option of reducing the budget short of not doing any capital improvements. In his opinion, even that would still not be enough of a cut to reduce the tax increase.

Mr. Higgins explained how the emergencies were actually double jeopardy since the borough must pay for the emergencies in the following year simultaneously restricting the surplus for that year. If the emergencies did not exist, there would be an additional \$221,000 in available surplus and the borough would not have a \$221,000 appropriation. Those two amounts were 2/3rds of the tax increase by result of the emergencies; hence, a double impact. The increase would be one and a third to one and a half without the emergencies. When questioned by Mayor Lamatina, Mr. Higgins clarified that the emergency resolutions were to pay legal fees and police overtime, and together would have a double impact in this year's budget.

Mr. Scarpa believed that approximately \$250,000 in police overtime was expended or \$150,000 over budget. The 2007 budget appropriated \$125,000 in for police overtime. Mayor Lamatina questioned if the excess last year had been \$140,000 and Mr. Scarpa confirmed that was correct. For the record, Councilwoman DeSalvo stated that Mr. Scarpa had explained that as salaries rise the overtime rate rises. Council President Loffredo summarized that the big-ticket items were the emergency appropriations, the decrease in the surplus and the contribution to the pension.

Councilman Todd inquired what the increase for insurance had been this year and Mr. Scarpa replied \$110,000. Councilman Todd remarked that had there not been changes made in the health insurance plan for the Police and DPW, the cost to the borough would have been astronomical. Councilman Hoffman seemed to recollect that promises of a zero tax increase were after the emergency appropriations vote.

Mayor Lamatina considered the promise reckless and disappointing at the very least. Mr. Scarpa restated that there was no money available for tax appeals or litigation settlements. Mr. Higgins recommended introducing the municipal budget on March 13, 2007. Mayor Lamatina agreed and suggested to Councilman Todd that he and Councilman Milone execute a final cost-cutting examination of the budget in search of greater savings. Councilman Todd encouraged the rest of the Council to do the same.

Mr. Scarpa reminded the Council of the \$100,000 drainage study not built into the budget.

Mr. Higgins advised the Council to seek tax relief by applying for the CAP Waiver in time for the Local Finance Board's April meeting, offering to provide a resolution for the meeting of February 20, 2007.

## 2. REPORTS

### a) Office of the Borough Administrator

Mr. Scarpa suggested that the Council consider adopting a policy of not accepting cash for borough transactions, just checks or money orders, prompted by safety concerns and fiscal responsibility adding that several towns had adopted such a policy.

After a brief discussion, the council agreed to apply the policy to property tax payments only at this time.

☛ Council President Loffredo **moved** to ban the use of cash for paying property taxes only at this time seconded by Councilman Todd and approved unanimously by roll call vote.

- b) The Municipal Clerk had no report at this time.
- c) The Borough Attorney had no report at this time.

### 3. PUBLIC COMMENT

In the interest of time, speakers are limited to five (5) minutes. Speakers with prepared statements should provide eight (8) copies for the Council.

Before opening the meeting for comments from the public, Mayor Lamatina reminded everyone to turn off their cell phones, keep their comments as brief as possible and try to limit them only to governmental issues of concern to an Emerson resident. He further requested that if a subject matter was addressed and answered, and to refrain from repeating it unless they had something new to contribute. A five-minute rule was in effect for each speaker at the discretion of the Council. Mayor Lamatina asked that everyone do their part to be civil, to the point and respectful of another's point of view and opinion. He further warned that speaking out without recognition would not be tolerated and a second warning may result in ejection from the council chambers.

☛ **Councilwoman DeSalvo moved** to open the meeting for comments from the public, seconded by Councilman Hoffman and carried unanimously.

Chief Michael Saudino, Emerson Police Department opined that the emergency appropriation in 2006 for Police overtime was the result of the layoff of a police officer who happened to be the lowest salaried police officer. Chief Saudino had cautioned the Police Committee as to what the costs would be if the officer were to be laid off and felt that the action had been irresponsible and politically generated.

Michael Saudino, 116 Randolph Avenue, alleged that the Emerson citizens were lied to regarding tax increases and budgets. He opined that the purpose of those lies was to reelect the former Mayor. Councilman Hoffman agreed with this statement.

Gina Calogero, 3 South Dorchester Road, questioned if the revaluation analysis report was received from the Tax Assessor and, if so, why there had been no public discussions about it. Mayor Lamatina recalled receiving the report after the November election along with the former Mayor and Mr. Scarpa. Mr. Scarpa confirmed that the report was received on December 6, 2006. Ms. Calogero proposed that if the CAP waiver were granted, would the Borough residents then be entitled to the new rebate that was tied to the CAP? Mayor Lamatina deferred to Mr. Higgins who responded that the outcome was not predictable. According to Ms. Calogero, she recalled that former Mayor Setteducati stated at the meeting when the emergency appropriation was voted upon, that the cost to the taxpayers would be zero. Ms. Calogero wanted to know if any of the Council members would have voted differently had they known what the expense to the taxpayers was; and, if the former Mayor had even researched the costs associated with it. Ms. Calogero suggested that the Council research the easements granted by United Water that may have been responsible for the increase in cost of Emerson Woods. Ms. Calogero referenced a bill for approximately \$4,000 that Mr. Smith, the former borough attorney, may have inadvertently submitted for his personal time for an appearance at one of the hearings in the case of Chief Saudino versus the Borough and had been subsequently approved by Councilman Milone. She recalled Mr. Smith stood before Judge Harris at that meeting and stated that he was attending 'pro se' and she suggested that he be asked to refund the monies if any had been paid or, if not, for

the council to give the bill further scrutiny volunteering to fax a copy of the bill to Mr. Scarpa. Ms. Calogero was concerned that misinformation remained on the borough website. Mayor Lamatina responded that the borough was about to enter into a \$3,500.00 contract with another company to rebuild the website within a matter of days out of concern that the former mayor had administrative access to it. Councilperson Todd and DeSalvo questioned if it was a different company and Mr. Scarpa replied that the email postboxes had already been changed. Mr. Scarpa added that there had been virtually no restriction to the administrative access to the website but Ms. Calogero reminded the council that Councilman Hoffman had been denied administrative courtesy. Councilman Hoffman interjected that Mr. Scarpa had offered to post items for him. After a brief discussion, the consensus of the council was that a formal policy outlining administrative accessibility and a general set of rules be developed and adopted.

Mr. Higgins suggested that the Borough contact Mr. Shannon, the Borough Administrator for Wyckoff, regarding their website policies. Ms. Calogero questioned Mayor Lamatina if the former mayor had asked the borough auditor what the tax impact on the resident would be because of the emergencies. Mr. Higgins responded that his only involvement had been to prepare the paperwork, most likely at the request of Mr. Scarpa from his recollection. Ms. Calogero reminded the Council that they were accountable and responsible for the tax increase that was a result of the emergency appropriation by default of never questioning the former mayor. Councilman Hoffman clarified that he and Councilman Heyer voted 'no' on the emergency appropriation.

Gary Schwinder, 99 Linden Avenue, expressed his disgust of the legacy left by the former Mayor who continually stated at meetings that there would be a zero tax increase and attempted to poison the town against the Police Chief. Mr. Schwinder opined that the former Mayor left a legacy of lies regarding tax increases and empty promises, which Mayor Lamatina would now inherit. Mayor Lamatina remarked that he made a conscious choice to keep Councilman Todd and Milone as liaisons to the Finance Committee, and reappointed the borough auditor so that they could deliver the zero tax increase. In the spirit of harmony, and because it appeared likely that the calculation had been a self-serving political device used by the former mayor for reelection purposes, Mayor Lamatina asked that any Councilmember who felt that the zero tax increase was all smoke and mirrors acknowledge it so that the Council could move on. Councilman Todd stated that former Mayor Setteducati made that claim; that no one on the Council made that statement. Mr. Schwinder questioned the status of the former mayor's claim that the monetary contribution from the Armenian Home improvement project was imminent and Councilman Todd responded that the timeframe of the project and date was never known.

Tom Fagan, 177 Colonial Road referenced the Planning Board brochure sent out by Chairman Bair; specifically, questioning how it had been funded and where the funding had come from. Mr. Scarpa responded that the money came from the administration budget, not the Planning Board budget. Councilwoman DeSalvo clarified her previous statement that she had understood that the Planning Board had monies available for various communications but Mr. Scarpa indicated that they did not and reiterated that the funding for the brochure had come from the administration budget. Mr. Fagan wondered if there was any truth to the hearsay that Dr. Bair went to Mr. Scarpa before the mailing went out to inquire if adequate funds were available for the expenditure. Mr. Scarpa replied that the conversation between him and Dr. Bair came after the mailing went out. Mayor Lamatina queried Mr. Scarpa on how something like that could occur and Mr. Fagan questioned who authorized the printer. Mr. Scarpa explained that the printer used for the brochure was not the one normally used by the Borough prompting Mr. Fagan to inquire who gave the printer authorization and who authorized use of the postage. Mr. Fagan suggested that the council seriously reflect as to how anyone could walk into a printer and a post office and authorize the use of public funds so that it never happens again. Councilman Hoffman believed

that to the best of his recollection, the Planning Board neither discussed nor voted on any brochure and that was the important aspect. Mr. Fagan reiterated that, in his opinion, the Borough could not move forward without 'cleaning house' and owed it to the taxpayers to seek accountability of a person's actions who went to a printer and spent taxpayers' money in absence of following the proper procedure. Mayor Lamatina offered to consult the borough attorney for the best course of action. Mr. Fagan queried the auditor as to who in the borough had authorization to spend taxpayer money without following proper procedure. Mr. Higgins referred the question to Mr. Scarpa who explained that many people do not, although, they should utilize the statutory encumbrance system. Mr. Fagan followed Mr. Scarpa's response with the question who issued the purchase order for the brochure he considered a political piece and whether the voucher had been paid. Mr. Scarpa replied that it had been paid adding that, in retrospect, had the proper procedure been used, it would have been determined that no funds were available to do the printing and mailing, and what had occurred, instead, was technically against the law. Mr. Fagan again demanded to know who authorized the work. Mr. Scarpa replied that many people sign a voucher, but, ultimately, the entire council did when they signed off on the bill list resolution. Mr. Scarpa maintained that it was not entirely an uncommon occurrence and happened in other areas, as well. Councilman Hoffman did not recall the council discussing the brochure prior to the printing. Mayor Lamatina queried the Council for their preference to continue to investigate the matter to determine what happened. The Council voted unanimously to further explore the issue and Mayor Lamatina suggested that further discussion take place at the next council meeting. Mr. Fagan wondered if the borough auditor was aware of any other discrepancies in the use of proper procedural practices. Mr. Higgins informed him that the CFO could best answer his question since he was not responsible for the day-to-day operations of the borough. Mr. Scarpa stated that an annual memo was distributed to department heads reiterating that the encumbrance system was the law; however, the edict was not always followed. Mr. Fagan questioned inappropriate comments allegedly made by a Planning Board member to the Borough Clerk and Mr. Scarpa replied that the matter had been addressed and was under further discussion. Mr. Fagan then referenced a prior campaign piece from the previous November promising decreased taxes and questioned Councilwoman DeSalvo, through the Chair, what her plan was to decrease taxes. Councilwoman DeSalvo explained how former Mayor Setteducati convinced her that the tax rate would be either flat or decreased. He based this on his experience of how the budget process had worked over the past four years. Councilwoman DeSalvo explained that she was not as intimately involved in the budget process as the former Mayor; but understood that he had knowledge of all the details of the budget and that the budget could be prepared using a number of different options depending on the goal. Councilwoman DeSalvo had confidence in the former mayor's plan based on what she had understood adding she was fully convinced that he could carry it out. Councilwoman DeSalvo expressed her willingness and commitment to work alongside the present council to prepare a budget that everyone could agree on without contentiousness. After meeting with Mr. Higgins and Mr. Scarpa earlier that day, she stated that she was better educated in the budget process and realized that the budget should be the best and most advantageous to the residents. Mayor Lamatina asked if it was accurate to say that the former mayor had been wrong about the budget. Councilwoman DeSalvo responded that she believed that the former Mayor could have gotten the job done had he remained but understood after speaking with the auditor that it would have only been possible by extreme actions and more revenue.

Councilman Hoffman felt that the former Mayor fooled many people and his hope was that he would never fool anyone again.

Seeing no other hands, **motion** to close for the meeting for comments by the public was moved by Councilman Heyer, seconded by Councilwoman DeSalvo and carried unanimously

February 13, 2007

The Mayor and Council thanked Mr. Higgins for staying and coming to the meeting.

**21. ADJOURNMENT**

With no other business to address, at the request of Mayor Lamatina, Councilman Heyer **moved** to adjourn the meeting, seconded by Council President Loffredo and carried at 9:43 p.m.

Carol Dray, RMC

March 30, 2007