

## *Finance Committee*

24 February 2014

The Finance Committee met Monday, February 24, 2014 at 6:00 PM. Present were members of Council, Mr. Frey, Mr. Gambatese, Mr. LoPresti (6:30), Mr. Marko, Mr. Packard, Mr. Schlessel and Mr. Ward. Also present were Finance Director Mary Kovalchik, Mayor Cicero and Fire Chief Carroll along with three members of the public. The purpose of the meeting was to discuss budget appropriations for 2014 and other financial issues. A copy of the Draft Appropriation Budget had been distributed to all members of Council electronically along with detailed Financial Review information in advance of the meeting for their careful evaluation in preparation for this session and many questions had been posed prior to the meeting. After calling the meeting to order Chairman Ward called upon Mayor Cicero who had asked for the opportunity to provide some opening remarks.

Mayor Cicero commended Council for their unanimous support of City programs through its careful review and in its appropriation of needed funds last year and prior. He called attention to the Capital Funds Review and the General Fund Review that had been prepared by Finance Director Kovalchik and asked each member if there were any questions about the conclusions highlighted in those documents. While there were no questions, several members referred to the reports as “brilliantly put together”. Mayor Cicero went on to detail some of the sobering realities that are before our community stating; “while we have been fortunate to receive significant estate tax distributions in the past to support capital purchases and to offset lost income tax revenue and lost property tax valuation and lost state local government support, those days are over and we have to address reality. We need to look, once again, at our revenue by eliminating the income tax credit or by some other means in order to assure Lyndhurst survives these challenging times.” He further stated, “should Council not act, I will have no choice and am committed to do whatever necessary, even if it is lay-offs, to protect the City’s bottom line but that will not be a Lyndhurst that our residents are accustomed to, it will not be a Lyndhurst we can be proud of.” He expanded that thought further by stating “we are living in very different times with very different challenges that we are definitely meeting head on. We are on the cusp and cannot let Lyndhurst down.”

The Committee’s discussion then turned to consideration of the Capital Requests that had been presented by the various Departments and the Lyndhurst Municipal Court. The Committees of Council had reviewed these requests at meetings held over the past few months and have made recommendations to the Finance Committee for approval of these items pending the availability of funds. Mr. Ward reminded Committee members of the cautions outlined in the review prepared by the Finance Director with regard to our Capital reserves. While it is fortunate the City basically has no debt, due to Mrs. Kovalchik’s watchful eye and this Council taking advantage of opportunities, the funding for future needs will be a tremendous challenge.

The following total amounts for Capital purchases have been approved:

	AMOUNT	MOVED	2 <sup>ND</sup>	VOTE
Police Department requests	\$ 255,891	Schlessel	Frey	7-0
Fire Department requests	\$ 113,500	Packard	Frey	7-0
Building Department Requests	\$ 000			
Lyndhurst Municipal Court requests	\$ 215,000	Marko	Packard	7-0
Public Lands & Bldg. Requests	\$ 410,000	Marko	Packard	7-0
Community Center Requests	\$ 8,975	Schlessel	Packard	7-0
Finance Department requests	\$ 17,155	Marko	Packard	7-0
Service Department requests	\$ 258,000	Schlessel	Packard	7-0
Street Improvement requests	\$1,054,417	Packard	Frey	7-0
Storm Sewer requests	\$ 120,000	Packard	Frey	7-0
Sanitary Sewer requests	\$ 720,000	Packard	Frey	7-0
Technology Upgrades	\$ 80,200	Packard	Frey	7-0
Miscellaneous Engineering requests	\$ 298,000	Packard	Frey	7-0
<b>TOTAL ALL REQUESTS</b>	<b>\$3,551,138</b>			

It was moved by Mr. Marko, seconded by Mr. Frey that all items be approved for funding. A voice vote was taken with all members voting aye.

Chairman Ward then turned the Committee's discussion to the consideration of General Fund Expense items as they had been presented by the various departments. Mr. Ward pointed out the nearly half of the total General Fund budget is devoted to Safety and Security of persons and property in the City. Over \$7 million to maintain, as best we can, the security of our residents which is no small amount of money and it is no small task. The Committee considered and recommended funding the operations of the City as follows:

		MOTION	SECOND	VOTE
Police Department	\$ 4,238,452	Frey	Packard	7-0
Fire Department	\$ 2,795,614	Marko	Packard	7-0
Public Health	\$ 54,884	Schlessel	Packard	7-0
Planning Commission	\$ 12,512	Schlessel	Packard	7-0
Board of Zoning	\$ 12,736	Schlessel	Packard	7-0
Architectural Board	\$ 7,552	Schlessel	Packard	7-0
Building Department	\$ 401,829	Frey	Packard	7-0
Parks	\$ 201,190	Packard	Schlessel	7-0
Brainard SprayPark	\$ 69,981	Schlessel	Packard	7-0
Lyndhurst Pool	\$ 286,652	Packard	Schlessel	7-0
Recreation Events	\$ 17,000	Marko	Packard	7-0
Community Partnership on Aging	\$ 154,465	Packard	Schlessel	7-0
Refuse Collection	\$ 670,608	Frey	Packard	7-0
Recycling	\$ 255,477	Packard	Marko	7-0

Leaves	\$ 159,658	Packard	Marko	7-0
Trees	\$ 259,090	Marko	Packard	7-0
Mayor	\$ 210,264	Marko	Packard	7-0
Income Tax Administration	\$ 235,333	Marko	Packard	7-0
Finance Department	\$ 459,695	Schlessel	Packard	7-0
Law Department	\$ 172,365	Packard	Marko	7-0
Service Department	\$ 517,602	Packard	Schlessel	7-0
Civil Service Commission	\$ 36,934	Schlessel	Packard	7-0
Council	\$ 132,680	Schlessel	Packard	7-0
Municipal Court	\$ 1,150,509	Marko	Packard	7-0
General Administrative	\$ 410,000	Frey	LoPresti	7-0
Lands & Buildings	\$ 481,912	Packard	Marko	7-0
Statutory	\$ 393,333	Packard	Marko	7-0
Transfers	\$ 895,325	Packard	Marko	7-0
Engineering	\$ 40,550	Schlessel	Packard	7-0
Unclaimed	\$ 5,000	Schlessel	Packard	7-0

**For a total GENERAL FUND amount of \$ 14,729,770**

which will leave an anticipated balance, if every appropriated dollar is expended, of \$ 1,849,480 at the end of the year.

A motion was made by Mr. Marko, seconded by Mr. Frey that the General Fund appropriations in the amount of \$ 14,729,770 be approved. A Voice vote was taken with members voting, in the same manner they had voted for every category of General Fund expense, YES.

**Other Funds are budgeted as follows:**

Special Revenue Funds	\$1,162,510.82
Law Enforcement Fund	\$ 7,500.00
Law Enforcement ESA Fund	\$ 7,500.00
Debt Service Fund	\$1,229,500.00
Special Assessment Funds	\$1,616,038.32
Trust & Agency Funds	\$1,177,665.27
Capital Improvement Funds	\$2,639,938.00

It was moved by Mr. Schlessel, seconded by Mr. Frey that the amounts recommended for Special Revenue, Assessment, Debt Service, Trust & Agency and Capital Improvement Funds in the amount of \$7,840,652.41 be approved. All members voted yes.

The City also administers several Court Funds which have appropriations as follows:

Court Probation Services	\$ 15,465.38
Court Special Projects	\$ 316,010.30

<b>Court Special Projects IDIAM</b>	<b>\$ 13,500.00</b>
<b>Court Computer Fund</b>	<b>\$ 285,539.69</b>
<b>DUI-Indigent</b>	<b>\$ 40,000.00</b>

**It was moved by Mr. LoPresti, seconded by Mr. Packard that the expenditures outlined for the various Court Funds in the amount of \$670,515.37 be approved as presented. The question passed unanimously.**

**The Grand Total of all Funds is \$ 23,240,937.78**

**Chariman Ward then brought the discussion back to where Mayor Cicero started it, by asking members' viewpoints on how to address the serious shortfall the City is facing without either a severe cut in personnel or a rise in income. Mayor Cicero had mentioned removing the Income Tax Credit that our residents who work outside Lyndhurst enjoy which is a direction that Council, in its previous discussions had dismissed as it placed a total and unfair burden completely on the shoulders of Lyndhurst residents. Mr. Ward suggested Council revisit the subject of placing an Income Tax increase before the voters which would spread the burden on non-residents who work in the City and our working residents equally. Mr. Gambatese asked if Council would consider having the State Auditor's Department conduct a Performance Audit of City Operations first. Mr. Ward reminded Mr. Gambatese that Mr. Gambatese had been assigned a committee – an assignment he accepted, last year, to explore that concept more thoroughly and that, over an 8 month period, Mr. Gambatese had called no meetings and had provided Council no impetus or rationale for such an exercise nor a tangible benefit the City would derive for the time and great expense such an audit would entail. Mr. Gambatese protested it was not up to him to call such a meeting but Mr. Ward reminded him it was the same as any other Committee of Council with all of the rights and responsibilities expected any other Committee Chair. Mr. Ward stated further that he had reviewed numerous Performance Audit reports and the community responses to same. None of the communities were similar enough to Lyndhurst to where they would be considered "peer communities". None of the Audit recommendations were in areas that would benefit Lyndhurst as many of the communities had unique facilities, operations or opportunities to those in our City. Other members echoed concern at the cost of an audit being weighed against an ambiguous unknown outcome. Mr. Frey pointed out that the General Operations of the City are outlined in a 21 page budget that breaks down every single discipline clearly and succinctly and that at no time ever has Mr. Gambatese offered anything in the way of constructive suggestion to trim anything. Mr. Frey asked Mr. Gambatese where, in the 21 pages, he is implying there is waste but Mr. Gambatese would not answer. Mr. Frey stated that Mr. Gambatese should come up with some concrete suggestion before sending the City on a wild ... goose chase. Mr. Marko indicated that anyone looking to see how our Departments are performing could look at the budget requests and see how many lines of expense are coming in well below what Council has appropriated which is in itself an indication of how they are performing. Mayor Cicero stated that should Council put a request before him to have such an Audit he would veto it, especially since the Mayors he has spoken to that have gone through the process characterize it as a waste of time and money.**

**Mr. Marko asked Mrs. Kovalchik if she could update the income tax scenarios that Council had before it last year, just the two that had been decided**

upon. Mrs. Kovalchik asked what the effective date might be and Mr. Ward replied January 1, 2015. Mr. Ward further stated that there should be enough time to place a ballot issue before the public that would not rescind, automatically, the credit should the measure fail which was a concern for some when Council previously discussed it. Mr. Packard suggested that several public meetings be held to inform residents and that, “while grateful for our regular attendees, we held this meeting in these Chambers in the hope more people would be in attendance”. Mr. Ward asked if the information requested could be prepared in time for Council’s March 17<sup>th</sup> meeting.

With no further business to discuss it was moved by Mr. Packard, seconded by Mr. Schlessel that the meeting be adjourned. The meeting adjourned at 7:25 p.m.

Respectfully Submitted,

Patrick A. Ward.  
Chairman