

**MINUTES OF THE MEETING OF THE
MAYOR AND COUNCIL
OF THE BOROUGH OF FRANKLIN
HELD AT THE FRANKLIN MUNICIPAL BUILDING
46 MAIN STREET, FRANKLIN, NJ
AUGUST 18, 2009**

Mayor Crowley called the meeting to order at 8:15 AM and requested the Borough Clerk to call the roll. Upon roll call, the following members of the Governing Body were present: Ms. Miller, Mr. Snyder, Mr. Stoll, Mr. Zschack, and Mayor Crowley.

Absent: Mr. Barton, Mr. Limon

Mayor Crowley led the assembly in the flag salute.

Mayor Crowley stated "This meeting is being held in compliance with the provisions of the Open Public Meetings Act, P.L. 1975, Ch. 231. It has been properly advertised and certified by the Clerk."

NEW BUSINESS

Resolution Amending 2009 Budget

Ms. Miller made a motion to adopt a resolution amending the 2009 Municipal Budget to include \$200,000.00 in Extraordinary Aid received from the State of New Jersey and \$50,000.00 from the sale of assets. Mr. Snyder seconded the motion.

Mayor Crowley informed the Council that the Finance Committee will be meeting after the meeting to look for further cuts to the budget.

Mr. Wolak, Administrator, informed the Council that this is an introduction of the budget amendment and not the final adoption of the budget. We have added in the \$200,000 in extraordinary aid from the state and also reassigned \$50,000 from the sale of assets. Right now at this introduction level the budget would have a \$.12 increase. As you well know we started off at \$.26 when we first introduced the budget and we brought it down to \$.22, and this will bring it down to \$.12. So in reality we cut the municipal budget by \$.13.

There being no one from the public who wished to address the Mayor regarding the 2009 budget amendment, Mayor Crowley requested a roll call vote.

Upon roll call vote:

Ayes: Miller, Snyder, Stoll, Zschack

Nays: None Absent: Barton, Limon Abstentions: None

Resolution Tax Levy CAP Waiver

Mr. Stoll made a motion to adopt a resolution approving the application to the Local Finance Board requesting a Tax Levy CAP waiver. Mr. Zschack seconded the motion.

Mr. Wolak explained to the Council that after the introduction of budget the State reexamined all the municipal budgets and said money that we originally put in for allocations to show we were in our cap has been excluded. It was specifically the \$200,000 that we normally use to offset the budget from the water side. In order for the Borough to go to the Local Finance Board and file for a waiver for a credit of the \$200,000 we need a resolution from the Council. The worst case scenario is that they do not give us a waiver of these particular funds, where we will have to make up actually \$158,000. We have the ability to do this in the current budget, the only source of revenue I see that is flexible enough to do that would be the sale of assets but that would wipe out the remainder of the sale of assets. Even though we took \$50,000 from it before, we still had \$150,000 remaining. If we come in with \$158,000 that will basically wipe us out. My concern is if we wipe it out, and that's why I think it is critical we go down to the State and fight for it, is because coming next year, and you've all been aware, I've been sending you the notices as I've been getting them as per the proposed increases with the pension and possible health care and so forth and so on. And assuming that the state is saying that there even going to be worse,

and this has been reinforced by our local legislators who have had an opportunity to look at it. Right now we're talking about next year's budget. I know it's premature because we haven't finished this one but I would assume we are \$300,000 in the hole before we start. Because if we lose extraordinary aid and we have those other increases we're \$300,000, which means we're \$.12 in the whole before we start looking at the 2010 operating expenses. And we all know that we are going to have salary increases. I don't think we're going to have significant contractual increases other than health care but next year has a very bleak outcome. I do not see a tremendous resource coming in as far as revenue. Based upon the fact that we were able to get all the connection fees paid for by Senior Housing, I think we will be OK on the water side but the municipal side we are going to be short. Even on the water side, where in the past we've borrowed from, that option is not going to be there. So next year is going to be an uphill battle and I just want to make sure that everybody is aware of it and that's why I thought it's prudent for us to go down to the State and spend a day and argue with them and try to recover this \$158,000. The CFO and I put a preliminary list in because normally when you go before a waiver they may not give you 100% waiver they may give you a percentage. But based upon the loss of revenue, the cut in the other parts of state aid and so forth, we're going in there and say actually we lost \$400,000. We're hoping that if they cut us and only give us a 50% waiver that will still bring us to that \$200,000 which will exceed that \$158,000 we need and therefore we'll still be where we are today. That's the game plan.

Mr. Rome, CFO, explained to the Council that he spoke to the auditors who said to be prepared because the State will ask a lot of questions and will want to know what our plans are to allow this. If we tell the State we are looking at projects and development it's fine to have a little optimism but don't make it sound like it's 100% slam dunk because then the state may say we don't need their help next year. We need to sell the fact that we do have a plan; it's just not coming together the way it should be because of DEP and stringencies that the Governor put back is making it difficult.

Mr. Wolak explained that because we have introduced, and normally we were going to make the final adoption at the first week of September and I know the committee is going to review it, we have to wait until we appear before the Local Finance Board before we can formally adopt. Hopefully the application will be acted on within two weeks so we still may meet that first September but at the latest I would think we'd be ready to adopt at the last meeting in September.

Mr. Zschack questioned what if the State does not give the Borough a waiver, it's \$158,000, there is actually two choices right? One we use the money from the sale of the assets and the other one is we cut \$150,000 from our budget.

Mr. Wolak stated that was correct and that the committee could tweak the budget here and there but there is no other places to cut other than cutting personnel.

Mr. Zschack stated he just wanted the record to show that there is another option to using that money. Mr. Zschack added that he did not think it was a viable option but it is an option.

Mr. Wolak stated he talked to the CFO about curtailing capital projects but was informed those particular numbers were not figured into this particular CAP. They are not considered to be a CAP reduction.

Mr. Rome, CFO, added the Borough will be alright with next year's water budget but we still have the auditor pursuing those rate increases because we desperately need to put those rates back up. They haven't been touched in so long that we are way behind the eight ball. We have been relying on that sewer allocation money and it's just not there anymore. We've accomplished a lot with that as far as repairs and maintenance on the system over the last ten years so that we haven't incurred any more debt on the water/sewer side but now in order to move forward we do need to bring those rates up just to meet the operating costs. Since those rates were struck in the early nineties our SCUMA bill has doubled.

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There being no further questions or discussion by the Council, Mayor Crowley requested a roll call vote on the tax levy CAP waiver.

Upon roll call vote:

Ayes: Miller, Snyder, Stoll, Zschack

Nays: None Absent: Barton, Limon Abstentions: None

ADJOURNMENT

There being no further items for discussion by the Mayor and Council, Mr. Zschack made a motion to adjourn the meeting at 8:29 AM, seconded by Mr. Snyder. All were in favor.

Paul B. Crowley, Mayor

Patricia Leasure, R.M.C.