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CITY COUNCIL

BUDGET MEETING

MARCH 13TH, 2025 - 6:30 P.M.

MINUTES

FLAG SALUTE

ROLL CALL

PRESENT: Councilmembers Clark, Evans, Light, Parker, Sykes and Council President Rich DeRose

ABSENT: Councilman LaRotonda

ALSO PRESENT: Mayor Marrone, City Engineer, Ed Dennis, City Clerk, Carie Crone and Kristen Manning, CFO

STATEMENT OF SUNSHINE LAW

NOTIFICATION THAT THIS MEETING IS ELECTRONICALLY RECORDED

WORK MEETING AGENDA

2025 BUDGET DISCUSSION

Councilman Clark – has met with Kristen many times and there are many holes to fill. The bottom line is that there are a lot of changes. The place to start is that for the past 10 years, the taxes have gone up 3.2 cents. In 2024, they went up by 4 cents. With ten years of inflation, \$100,000 back in 2015 is now worth \$82,000. Back in 2021, our sewer fund balance was \$1,144,00; 2022 - \$828,000; 2023 - \$486,000 and in 2023 fees were increased and in 2024 the balance was \$440,000. Lots of times the money from the sewer fund was used to cover our budget. You can allocate certain expenses towards it. Balancing the budge is not easy when costs are going up. We did nothing to increase our revenue base. We planned some revenues and some did not come in yet. If we go over our surplus account, in 2024 we used \$1.9 million roughly of it and we only brought back in roughly \$1,000,000. Now we have a \$900,000 short fall to make our budget work. Doing easy math, one cent in taxes is roughly \$72,000. If you have a \$900,000 gap, to bring it back, you need to increase revenues; increase fees; increasing licensing costs; fines, etc. We are working on that now with each department.

Council President DeRose – looking back at his notes, we discussed utilizing surplus and discussed that we can use this surplus confidently because it will be replenished. What was the accounting issue or financial issue when we were told we would recoup, did not?

Council Clark – we maxed out all our revenues, and even though things did come back in, but there was no excess.

Kristen, CFO – when you max your revenues out, there is no excess to return.

Councilman Clark – In the 2024 budget, \$200,000 for one thing and a one-time signing bonus for the Crown Tower of \$50,000. We had some Covid money for 2022 and 2023, which were roughly \$400,000 a year; which we used to balance the budget, which we no longer had. Last year we used more surplus than. There was never a plan to replace the money from the one-time shots. Now in 2025, we do not have the surplus that we are used to and we need to find ways to increase it. He was a rookie last year at this finance situation, because he never worked at a municipality. It is different than the private world. Questions were asked and answers were given with a one-page sheet, but now questions are asked and we have 350 pages to digest. Too make a long story short, we figured a lot out of in the past few weeks and what is going on and where things are.

Unfortunately, we are losing State aid this year, so we are losing \$72,000 and the school is losing \$2,000,000. Fast forwarding, we feel that Public Safety has been our number one priority. We went out of our way and have tried to make residents happy. With that comes a cost and we have prepared for that. We cannot say hiring the officers was a mistake. We ran down the sewer surplus, the regular surplus and we lost a few one-time fees.

Council President DeRose – Kristen, on behalf of this council and quite honestly, I firmly believe that the entire city, thanks you and your team for your work so far. I am a firm believer of always saying I will give you an answer. It might not be the one you want to hear though. When we brought your team in to do a deep dive, we never could have imagined we would be here. He is grateful we are here because at the end of the day, our jobs are stewards of good government and we must do what needs to be done. We appreciate all the time that you and your team has spent on this. I do not think anybody would have been able to do the deep dive that you guys have done in such a short period of time.

Councilman Clark – echoes those comments. Thank you immensely, for not only doing the work you are, but you are doing what exceeds the salary. We are always talking and the communication is second to none. It is no level that I got last year. It is credit to you and Nellie. It has been eye-opening for us. Do we want to be in this situation? No. Do I think it would have ever happened? Going through stuff last year, he knows surplus was used, but never did he expect all these things come back to us. He never had half of this information in the years past. He met with a previous finance chairperson and we had a great talk. We talked about different things and one of the jokes was about raising taxes. Their firm belief for 6-7 years was to never raise taxes if we had a surplus of \$400,000. The problem is that, that amount is nowhere near \$400,000 today. The goal is to be somewhere between \$2.5 and \$3.5 million in our capital surplus and \$1,000,000 in our sewer. It is going to take years to get there. It will not happen in one year.

Council President DeRose – there will be a plan put in motion. There never was one. Not only will we get a budget and balance it, but we will also have a plan for the next 3-5 years.

Councilman Clark – we met with all the department heads and people who need certain things, line by line. We have cut where we could. To make our budget work, at one point we had a \$1.4 million-dollar hole. As of last night, Kris and I have it at roughly \$300,000. We have a couple of weeks to go,

so if anyone has any ideas, we will take them. He does not think there is much more that we can cut without jeopardizing other things.

Council President DeRose – on that note, we had discussed potentially having to request an extension for introducing the budget.

Kristen, CFO – the auditor had mentioned that we could introduce in April. I thought you needed to do a resolution at the next meeting. We can introduce the budget at the April 3rd meeting. If you want to be safe, you can do a resolution at the next meeting.

Councilman Light – thanked them for the thorough job that you guys have done. We are blessed to have your talent and expertise that we did not have. We have not had the opportunity to see this level of work.

Maybe a suggestion is that we skip the road program one year or throttle it back.

Councilman Clark – it is important to look at some of the things we did and we have spoken to Ed to maybe scale it back. We are lucky and fortunate to have some grants this year to help us out. In 2023, we did about 2 miles of roadways and we spent money on pedestrian safety. We are trying to get a grant to get a flashing pedestrian at NJ Ave. and Highland Blvd. Money was spent on recreation as well. The barrier nets were all replaced at the baseball fields and the tennis courts had work done on them. We get compliments about the courts all the time. Parking was repaired at the multi-purpose field at Pitney Park. The one thing Ed and I joke about are grants. Ed gets us a lot and he does a great job with it. Since 2023 to now, we have received over \$2.9 million dollars in grants. We are getting a raised crosswalk grant at \$550,000 coming in; NJ and Highland Blvd. crosswalk at \$25,000; City Hall upgrades at \$80,000; tennis courts \$71,000; Delaware Ave. - \$275,000; \$619,000 for Crestview Ave and \$50,000 for the second phase. There are a lot of things we have done in two years and it needs to be accounted for.

Council President DeRose – just yesterday he had a great conversation with a resident regarding taxes and the one thing she said was that, she does not care about paying taxes, as long as she knows where it is going to. Are we able to or have the capability to tell people what is going where?

Councilman Clark – if we take someone's paycheck and it is \$5,000 and the mortgage is \$2200 plus all your other bills, you do not know what part of that check went to each item. For us, it is all one big pot of money. It is hard to say. We can give a good idea or an estimate, but you can not claim for every cent.

Kristen, CFO – you are supporting for this year's budget, but you are also recovering from the prior years. Not every penny will go towards this year. We can tell you the percentages of the budget for each department, but not down to the penny.

Council President DeRose – can you explain the accounting method that was used by saying \$1.9 million from our surplus will be used and you get it back the next year, but then losing \$900,000. That is a big chunk of our tax increase.

Councilman Clark – there is zero way that we are every going to get that \$900,000 back. There is no fluff in the budget.

Kristen, CFO – when I started and had to close all the entries from 2024, you were \$200,000 less than in appropriation reserves. That is because the year prior she had cancelled that amount for that

year's budget. You are allowed to do it in that year, but it is not advised to do it. \$200,000 less came in, so we are down to \$700,000. When I close all the revenues out and compare to the year prior, the revenues closed out at \$700,000 less. You can only raise your revenues to what you collected in the prior year. You try to be conservative and do not raise them all the way because you are not sure if you will collect it this year. They were raised to the maximum of what was collected. You also used one-time revenues to balance the budget. The auditors checked once everything was closed out and they came up with the same conclusion.

Council President DeRose – so we will put a resolution on the March 20th meeting and will move forward with an introduction of the budget. Does anyone have any questions or comments?

Eddie Dennis – we went through the capital budget lists and the projects that we are getting grant funds for, should be moved forward on and then just do some minimal roadwork. We could cut \$1,000,000 to \$500,000 for projects and then that will set us up for next year.

Mayor Marrone– this is going to be a tough year financially for us. We all signed up to lead this city through good times and bad and the city is lucky to have the elected officials we have and professionals. Whatever comes down the road, we are here for the people of the city. We are looking into help or aid that the residents may be able to receive to pay their bills. I have confidence in everyone who is sitting up here to lead the town through anything.

Councilwoman Evans – thanked everyone for their work that they have put into this. It is not just attending meetings. It is all the time that you take of your own time to come in and work on it. You are doing a great job.

Motion to open to the public – Councilman Clark – second - Councilwoman Parker
All were in favor.

Harry Hartman – 632 Woodland Ave. – you know I had issues with the hiring of the new officers, but it was done despite you all knowing of the situation with the budget this year. All our audit reports were positive and the ratings were good. He does not understand why this is happening now. We seem to want to ignore that we hired 8 new officers, which significantly impacted the budget. I do not have a problem with hiring, but it might have been handled a little differently. The concern is, where is our limit? When is it decided if we need to raise taxes?

Councilman Clark – to keep up with inflation, you need to raise taxes, maybe not the exact percentage of inflation, but some. Every year costs and expenses go and you might have to raise taxes.

Councilman Light - we have not decided to do anything yet, until we see where we stand financially. No commitments have been made yet as to what is going to be cut and what we are keeping.

Harry Hartman – the decision about hiring the new officers was made already

Councilman Clark – the costs for the new police officers to us after the grant is roughly \$140,000 for the next three years. We had a plan in place that we were going to hire these new officers and it was going to be a 2 cents increase. In addition to that, our ambulance costs went up by about \$40,000 and some other items go up.

Mayor Marrone – you probably asked for exact numbers and we did not have them at the time. We knew the new hires would raise the taxes.

Ron Filan - 242 Coolidge Ave. - he is glad you made the decision to hire new officers because it is embarrassing that we had less cops on the force than we did in the 90's. It will be good to have more out there on the street. Some people have forgotten all the bad things that have happened at the

Shop Rite and at all the motels on the pike. They do a great job and we should be proud of them. He also is happy that council made the decision to change some professionals. It will be good to have new eyes looking over our finances.

Council President DeRose – wanted a clarification about the new officers. Is it 8 new ones in terms of new to the number or are some of the replacements?

Chief Laughlin – a little over a year ago, we were up to 28 full time officers. We had six people leave and down to 24. Since January, we put 6 in the academy and one transfer from another department. We did not hire 8. We are currently at 32. We got back to the original 28 and four additional officers. They will not be ready until they graduate in July and then go through training and probably be out on their own in November. We also got rewarded the \$500,000 cop grant last year.

Greg Seher – 625 Yarmouth Ave. – he does not think that it was ever represented that adding services would be free. Whether it is public or private, it costs money. He agrees with separating the CFO and Administrator position. It is never a good idea to be your own boss. He asked if a breakdown of the budget would be given to make it clearer for residents. What are you doing to cut items out? Will that be explained as well at a future meeting? The answer was yes. Will the comparison budget between 2024 and 2025 be available as well? To the new police hires, you are doing what is good for the city and sometimes that costs more money. You are making tough decisions.

Motion to close public portion – Councilman Clark – second – Councilwoman Parker
All were in favor.

Councilwoman Parker – where do we stand on raising fees that we had talked about?

Kristen, CFO – it is being worked on.

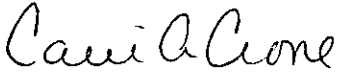
Council President DeRose – that is part of the plan moving forward.

Councilman Sykes – he is new here, but many of these members are putting in a lot of time working on this and doing the best they can to get you the information and to put this city in the best possible position to be efficient as possible, to get it back to where it needs to be. Being as transparent as possible, there is a going to be plan, where there never was one. All the time people are putting in is not going unnoticed or unappreciated. He is glad to be part of this administration and help any way he can.

ADJOURNMENT

Motion to adjourn – Councilman Light – second – Councilwoman Parker
All were in favor.

Respectfully submitted,


Carie A. Crone, City Clerk

Approved: 5-15-25